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- 1 2. The Grammar of Indian
 2 Finances by T. Hesketh B.
 7. 1886. X7-2 P.
- 2 2(a) Professor J. Shield Nicholson's
 theories of "Money and
 monetary problems"
 (The Science of gold and silver
 currency) X61 P. DO
- 3 5. Royal Commission on the
 administration of the expenditure
 of India. 1895: letter by D. Naoroji
 X76.2. MAST
- 4 8. A needed reform in Indian
 administration by Romesh C.
 Dutt. 1898: V2, L, 8. M9
- 5 9. Legal Tender - Correspondence
 with the Editor of "The Bankers'
 Magazine" by Jas. C. Smith.
 1909. X61: 5. 3
- 6 10. The Bengal Tenancy Bill
 commonly called the Bengal
 Rent Bill. 1884
 X9(J): (2762)

12. The relation between famine 7
and population - I & II 1909. 2
by Sister Nivedita
Y: 4353:6k5.1

14. Remarks and extracts from 8
official reports on the Bengal
Tenancy Bill, by J. Daloz.
X(1): (2262) 1884.

16. Sir Antony P. McDonnell's 9
famine administration by
The Hon'ble Seth Raghunath Basal,
Y: 4353:67.2 1898

17. The Causes of famines in India 10
by Rev. J.T. Sunderland.
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18. The sterling debt of India by 11
M.R. Sundaram Aiyar, 1912.
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EAST INDIA ASSOCIATION PAMPHLETS

(No. 20)

THE INCIDENCE OF THE INDIAN INCOME TAX

The East India Association,
3, Victoria Street,
London, S.W.

PRICE ONE PENNY.

N B.—It will be understood that the East India Association does not necessarily endorse every statement made in this pamphlet.

THE INCIDENCE OF THE INDIAN INCOME-TAX.

THE average income on which income-tax is assessed in Great Britain is about £900. The smallest income upon which the tax is leviable is £160. In Germany the average taxable income falls below £120, the smallest income on which the tax is leviable being £45. There are about a million persons who have more than £160 a year in Great Britain, and these have 50 per cent. more income than the 5,400,000 taxable persons in Germany. In India there were 255,792 persons assessed to the income-tax in 1906-07, and their income amounted to not less than £56,941,480. This gives an average income of over £222, the smallest being £66. But it must be remembered that in India no income derived from land is liable to income-tax. Consequently the income-tax in India is comparatively trivial, and affects only about a quarter of a million people; and even of these the Government officials pay more than one-fifth of the whole tax.

In Prussia, again, 36,000,000 out of the 38,000,000 assessed to the tax (or 94·7 per cent.) have an income below 3,000 marks (say, £150). Thus the 2,000,000 who have an annual income above 3,000 marks pay 66 per cent. of the whole income-tax. This leaves about one-third of the tax to be paid by people whose income falls far below the average of the tax as assessed in India. It is evident, therefore, that the income-tax in India is infinitely more moderate in its incidence than in Germany.

It is also worthy of note that in spite of the raising in India of the minimum in 1903 from £33 to £66 (which caused an immediate loss of £200,000, whilst relieving

4 *The Incidence of the Indian Income Tax.*

250,000 people, or the half of those assessed), the g receipts at once began to rise again, and in 1907 exceeded anything that had ever been collected w the minimum was exactly half what it is now. Surely t again, is some proof that the general wealth of India is any rate, not decreasing.

July, 1910.

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p 2

Handwritten signature

THE GRAMMAR OF
INDIAN FINANCE.

7.2

T. HESKETH B.
FINANCIAL DEPARTMENT OF THE G.

THE GRAMMAR
OF
INDIAN FINANCE

BY

T. HESKETH BIGGS, F.S.S.,

Financial Department of the Government of India.

LONDON:
P. S. KING & SON, PARLIAMENTARY AGENCY,
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1886.

[*Half-a-Crown.*]

P R E F A C E.

INDIAN Finance is always considered a most intricate subject, and the Indian accounts are looked upon generally as quite unintelligible. I have ventured, therefore, to publish this short "Grammar of Indian Finance," in the hope of its being of some assistance to those who really desire to study the subject, and that it may help to prevent the formation of those erroneous ideas regarding the bankruptcy of India of which we have of late years heard so much, and whose publication has done incalculable harm to India, in whose interests they were brought forward. It does not pretend to be more than a very brief history of each head in the accounts, with a few remarks on the facts brought out by these figures.

The figures I have worked on are those of the published *Finance and Revenue Accounts*. Although these, as I have pointed out in my remarks on Exchange are not strictly accurate, owing to true pounds and conventional pounds (of 10 rupees equalling one pound) being taken together, they are for all purposes of general comparison correct enough. In those cases where strict accuracy was necessary, or where it was desirable to take exchange into account, I treated the figures precisely as I now find they have been in the last Financial Statement, viz., by converting the English portion into rupees at the recognised rate of exchange, and then for the convenience of the British reader, rendering the rupee values of both English and Indian figures into pounds at the rate of **Rs 10** equalling **£ 1**.

I have dealt with the accounts for the ten years from 1874-75 to 1883-84, for this reason: that those of the latter year are the last published in a complete form, from which I could obtain all the information I required.

The Financial Statement for 1886-87, published in Calcutta in March, was received after the following pages were written. In it the head of Exchange has been abolished, and exchange is shewn correctly against each head concerned. It contains the actual receipts and expenditure for 1884-85, nine months' actual with an estimate for the remaining three months of the year for 1885-86, and the estimated figures for 1886-87.

The financial year 1884-85 was one of depression in trade, which affected injuriously the Customs, Forest, and Railway Revenue. A smaller

number of chests of opium were sold, and there were considerable remissions of Land Revenue both in Madras and Bombay, owing to a scanty rain-fall, and short collections in Bengal to the amount of £80,000. Owing to these causes the revenue of the year aggregated £70,690,681 only. That this falling off is due only to temporary causes, and that there is no real halt in the onward march of Indian revenue, is proved by the fact that Salt, Stamps, Excise, Assessed Taxes, and Registration showed the usual increase, and that the revenue for 1885-86 was calculated to amount to £75,598,100, and that for 1886-87 estimated at £75,798,700.

In my remarks on Salt, I have noticed that the receipts in 1882-83 and 1883-84 did not shew that there had been that increase in consumption which could be the only justification for the reduction of the rate in March, 1882. The revenue for 1884-85 shows an increase of £361,823 over that of 1883-84; but that for 1885-86, nine months of which are actual receipts and three months estimated, £164,287 only. Sir Auckland Colvin states that there has been some increase in the consumption of salt since the duty was lowered, but that in 1885-86 it was very small. Some increase must naturally follow from increase in population. Much greater facilities now exist also for obtaining salt owing to the large advance made in railways and roads the last few years. A considerable, if not the chief, part of the increase is no doubt due to these causes. Even admitting for the sake of argument that the whole increase claimed in consumption is due to the reduction of the rate, it is too small to prove anything but that the lowering of it in 1882 was a grave mistake.

It is only necessary for me to add, as an Officer of the Financial Department of the Government of India, that the opinions expressed throughout are my own personal views only.

T. HESKETH BIGGS.

LONDON,

May, 1886.

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ERRATA.

Page 10, 3rd line, for "~~Rs~~ 375,77" read "~~Rs~~ 375,777"

Page 18, Opium, 9th line, for "and 1884-85 were 54,400 only" read
"were 54,400, and in 1884-85, 46,698 only."

Page 24, Assam, 2nd line, for "~~Rs~~" read "£."

Page 29, Post Office, 7th line, for "£50,000" read "£110,000"

" " 8th line, for "£150,000" read "£100,000"

Pages 77 and 79, in head line, for "Provincial" read "Indian."

See pages 116-161
for the latter part of the book

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SUPPLEMENTARY.

PROFESSOR J. SHIELD NICHOLSON'S THEORIES OF "MONEY
AND MONETARY PROBLEMS."

I have recently come across "Money and Monetary Problems," an admirable little work written by Professor J. Shield Nicholson, M. A., D.Sc., Professor of Political Economy in the University of Edinburgh, some time Examiner in the Universities of Cambridge, London and Victoria. It is given to few academic men to give us so frankly an exposition of Economics as this worthy Professor has done. Some of his expositions and postulates command my sympathy and concurrence, but when he has applied his otherwise able elucidations to the advocacy of bi-metallism, it is no surprise that here I should part company with him.

General opinion on the work.

I have no doubt that he has brought an open and well-stored mind on all the essays that find room in the work under notice. With the modern luminosity of his knowledge, he has not, however, shaken off the fetters in which laborers in the two opposed camps find themselves involved in conducting this most puzzling controversy doomed to extinction in a few years. The fetters of mono-metallism and bi-metallism seem to have been converted into the inevitable garland of flowers, which no Indian bridal party may escape wearing, be that garland of rose or jasemine. So every controversialist—the proudest financier, or the poorest political economist—must take pleasure and pride to wear either the one or the other of the garlands. The writer must then be either a mono-metallist or bi-metallist: he pridefully wears one of these stupid badges and comes before the public. It is needless to state that the object of this work is to show both the badges being nothing less than a vicious cant, which has perplexed the world for a century without proportionate gain.

The two delusive badges of the Currency controversialists.

At the fag end of even this largest work on the "Science of Gold and Silver Currency," I can hardly do more than dip here and there into the important treatise of Professor Nicholson, who must excuse my dealing with his work with thorough candour, free of any academic prejudice or prepossession.

The Professor's work should be considered without any academic prejudice.

The wild error of Financiers and Economists that Rupee prices in India have remained stable.

Professor Nicholson commits a serious error when he states "in India . . . no depreciation, but rather appreciation, of silver relatively to commodities has taken place." Both the poor and the generality of the people have to pay from four to eight times the rupees paid for almost every necessity of life, say, fifty years ago; every form of skilled or unskilled labour now demands several times more of money than before. The rupee has thus considerably depreciated, and the universal cry is for more of pecuniary profit and wages to maintain life. This is the general tenor of life in India, the want prevailing of much more money. There must consequently be more depreciation of silver and the converse of less appreciation of commodities and labor to make the people better content.

The effects of the price of metal on prices.

Professor Nicholson gives life to monetary economy when he admits that the real meaning of the value of "money is its value as compared with things in general." And I should add with the differing cost of its production. "Even if the annual supplies of the precious metals are quadrupled in twenty years, the effect on the total mass will be comparatively small." I go further and say that the effect is likely to be *nil*, and will often be on the side of appreciation, for both the theoretic and practical demand for the precious metals is hourly on the increase. I cannot, therefore, quite accept the conclusion of Professor Nicholson, "that any increase in the annual production . . . would not so much tend to bring about an inflation of prices, as to keep them from falling." (Ch. VII., p. 157.) Truly speaking, both gold and silver prices are in proportion to their respective values, as affected by the quantities of commodities pitted against them. It is not denied that generally gold prices suffer from appreciation contrary to the depreciation of a few decades past. The case of silver, too, is analogous. The silver price of almost every staple of life was in the past much lower than to-day; hence the gold value, which is the ultimate standard of wealth-value in all things and in all countries, has appreciated. Look to the illustration from another point of view. A maund of rice or six seers of ghee were once obtainable for Re. 1, respectively; the same commodities now cost about three times that amount, which is tantamount to the expenditure of more gold value for the same quantity. In this sense the supply of rupees is continuously falling off in the same way that the gold-supply in England is continuously

falling off, considering the increasing demands of the age. In both cases it is the gold value of commodities which is appreciated; and were it not for the increasing supply of silver, however deficient the increase may be, considering the increase of demand for it, India would to-day be on the brink of starvation. Economists and financiers should thus consider gold as the prince of all other commodities, universally pliable, circulable, and predominant. There is appreciation of gold, with all the additions to it, and depreciation of silver, not simply because the cost of production and carriage may be less, but also because the supply of the prince-metal, notwithstanding the vast additions to it, is much less than the continuous practical and theoretic demand for it. If gold had not appreciated, the price of commodities too would not have appreciated, in that more silver has to be paid for them, which means more demand for gold, the supplies of which are less than the other supplies of the world. Every economist and financier has therefore to fall back upon circulating as much silver as is obtainable in lieu of the deficient gold-supplies, which do not seem to be forthcoming in the quantity that the world requires. The conclusion of Professor Sness, a most diligent Geologist of Austria, is, the production of gold must considerably decrease whilst that of silver continuously increase. And Professor Nicholson strongly advocates the linking together of the metals at a fixed ratio, for "the "falling off in one will "so far be balanced by the increase in the other for a considerable "time, and so far as the factor of production is concerned prices "would tend to be more steady," (pp. 14-15). A ratio which may do for free exchanges of gold and silver coins till the limit of a few shillings in law and practice, but that few internal petty dealings to be taken as a factor for larger transactions and international commerce becomes perfectly irrational. Though Professor Nicholson acknowledges that any "great increase in the annual production "of one metal may have an entirely disproportionate effect on "prices," he still calls upon the Government to adopt bi-metallism with a fixed ratio. "Accordingly, an international agreement as "to the metallic foundations of a general monetary system would "appear to be the natural outcome of the commercial and financial "development of the world." This single conclusion vitiates the value of his entire treatise, otherwise so interesting and valuable a reading. It is not merely the increased supply of a precious metal which is a factor in the formation of prices, but there are un-

The ratio value between gold and silver treated by the Professor as an arbitrary ratio, while it is evolved from the ratio values of all other commodities.

limited and undefined factors at the same time relating to the production and circulation of commodities and the compressed competition between them which go to fix the prices of the hour. Here is an infinite variety of ratio prices which ultimately determine into respective silver and gold values, or the ratio value between them. The reader can now easily understand the impossibility of fixing the latter ratio for any time; unless it is let alone, as all other prices and values are formed by ever-changing hourly human associations. How completely Prof. Nicholson confounds a very small artificial factor with a very large and universal one, which is the point at issue, will appear from the following passages extracted from his paper on "The effects of great discoveries of the precious metals" read before the Chartered Accountants' Students' Society of Edinburgh, on December 1st, 1886, (pp. 234) :—

"I trust you will not think this metaphor exaggerated; but we are so much accustomed to hear money spoken of as so many counters—so many units of measurement—that it seems desirable sometimes to point out that money governs prices, and that great movements in prices operate in a convulsive, partial, spasmodic manner on the interests of various classes and the stability of various social institutions; that all the production, distribution, and exchange of wealth rests on prices—the price of land, the price of capital, the price of labor; that whether like it or not, the great mass of the nation is most intensely interested in the acquisition and consumption of wealth; and accordingly, when any great revolution occurs in prices, we are likely to find the most appropriate illustrations of the effects of money, not in children's game of cards, or in the abstractions of the pure mathematician, but in the great forces of nature or art—in earthquakes, tidal waves or gunpowder. Not that I mean to imply that the effects of the discoveries in the sixteenth century were disastrous. On the contrary, there seems to me no reasonable doubt that if the stock of the precious metals had not been increased, simultaneously with the opening up of new routes to the East and West, and the growth of the individual enterprise, the progress which took place would have been impossible."

Though unfettered movements of values of commodities and of large masses of wealth

Mark again what the Professor's authority, Tooke and Newmarch on the History of Prices, "the most laborious and judicial work on the historical side of the Political Economy ever written," says on the effects of the production and distribution of the precious metals :—"We have the fullest warrant for concluding that any

“partial inconvenience that might arise from the effect of the
 “American supplies of the sixteenth century in raising prices was
 “compensated and repaid a hundredfold by the activity, the ex-
 “pansion, and vigor which they impressed for more than one gene-
 “ration upon every enterprise, and every act which dignifies
 “human life or increases human happiness.” Referring to the
 equally great industrial and social changes in consequence of the
 Californian and Australian discoveries in 1848 and 1851, res-
 pectively, it is mentioned by the same authority that all the
 mechanical and commercial development was due to “the
 “influence of the new supplies of gold, year by year, which has
 “probably been that particular course or train of courses, which
 “has modified in the most powerful degree, the economical and
 “commercial history of the last nine years,” (pp. 236).

have built the
 commercial
 world, the
 Economists
 point to fixed
 rates as rege-
 nerators of
 the commer-
 cial world.

With such remarkable results of the free action of the money
 or the wealth-metals, the blind advocacy of a stereotyped ratio
 of hostile values for whatever recurring periods must seem indeed
 as “children’s game of cards,” or the “abstract fancies of the
 mathematician.” This is what European Economists, and law-givers
 on money have always endeavored to force on us. They are
 dealing with forces like “earthquakes, tidal waves, or gunpowder,”
 and their strength to manipulate such forces is but the strength of
 the children’s game of cards, or the formal computations of
 mathematicians. The rock on which they continuously split their
 ship, lies in attempting to deduce the laws of the Medes from the
 mysteries of the infinite. The ambition to lay down monetary laws
 has driven them into the most fantastic regions. So long as Professor
 Nicholson describes influences as they naturally exist, so long he
 is instructive and correct. But he spoils all his labors as soon
 as he begins to dogmatise in all the preconceived grooves of
 bi-metallism. This dogmatism of economists in supplying us with
 ready-made laws for the conduct of money and metallic
 wealth, when we have as much idea of the working of commodities
 and prices as we may be said to have of each moment’s inclinations
 and movements of infinitely various and countless birds let in a
 Park, is the one ground on which we may safely overlook their
 lucubrations.

The influences of prices are the aggregate dynamic forces of
 wealth, energy, and genius, the hourly working of which no one
 can ascertain. If we cannot command this primary knowledge,

which economists professing universal knowledge assume to know and reduce to rules and regulations, it is difficult to believe that any law-givers can give an arbitrary ratio for whatever country or clime. Professor Nicholson himself admits in his work that gold prices at any one place are influenced by the prices prevailing in other parts of the globe, and which circumstance must constantly affect a ratio singly or collectively passed. Every discovery and every stage of any vast influx of wealth gives an extraordinary impetus to human activity and world-wide commerce. Look at the fluctuations which have taken place on such occasions,—how immense, how vast. The same aspect is continued, though with decreasing dynamic force, while the first effects of the discoveries assume modified forms through lapse of years. You have still the fluctuations of trades and profits, but on a smaller scale; but still unascertainable in respect of the multitudinous little forces which influence them. The same mystery which proves human incapacity to enforce stereotyped prices, also incapacitates any Government from interfering with the influx of wealth in a country, the natural wants of which badly require it for the prosperity and activity and progress of nations.

Once an infinite divergence having taken place between the values of gold and silver, the respective values as also the ratio-value must always vary.

History has taught us that, save when the divergence between the values of gold and silver were light, no stereotyped ratio was of any use except in the exchange, and that locally, of a few coins; and that was the reason why Germany threw out her silver as soon as she was possessed of large quantities of gold at the end of the Franco-German War. The observance of a fixed ratio in the present times, when the divergence of the two values has much increased owing to the modern spirit of economic and commercial changes, would be much more impossible than at any other period of the world's history.

Examples of the erratic movements of ratio values.

That no written laws can prescribe a stereotyped ratio will appear from the following figures as to how ratios conducted themselves with the varying productions of the two metals:—

	<i>Ratios.</i>
Commencement of the 16th Century.	
Silver and Gold produced	343 to 65·7 = 11 to 1 = 11oz. Silver = 1 oz Gold.
In the course of the century	73 6 to 21 4 = 12 to 1 only gradually
Commencement of the present century ...	76 4 to 31 6 = 1·61 to 1 = 13 61 oz. of Silver to 1 oz. of Gold.
In the middle of the present century ...	23 1 to 77 9 = 13 30 to 1 = 16 61 oz. of Silver to 1 of Gold
In 1871 75	42 7 to 67 3 = 15½ to 1
After 1875	56 9 to 43 6 = 20 to 1.

And yet Professor Nicholson asserts that the ratio

The course of the ratio has thus been as erratic as the rate of production of the two metals, the demands for each being such an uncertain commodity in themselves. Prof. Nicholson, however,

maintains that "the changes in demand again are mainly due to the coinage regulations of various Governments" (pp. 241). And yet again in the same breath he states, (pp. 242): "All things fluctuated in their values during the same period (as above-quoted), whilst the relative values of gold and silver alone remained undisturbed The value of the precious metals, compared with commodities, in other words, general movements in prices and the relative values of gold and silver, which largely determine the course of trade between gold and silver-using countries, are now more than ever they were beyond the power of any single nation to control."

was steady, and though he admits that the relative values of Gold and Silver fluctuated.

I cannot understand how the learned Professor could use the above figures in arriving at the conclusion, that the ratio remained steady. Let me request him to look over the figures again, and he will find that there has been nothing like a stability of ratio. A ratio rising from 11 to 1 to 24 to 1 cannot be a steady ratio. When the production of gold increased, much vaster in proportions, the value of silver declined much more than when the productions were not much divergent. When there was not much of silver, but there was more of gold, the ratio kept steady.

Professor Nicholson's premiss, therefore, that with varying productions the ratio has kept steady, all the demands on precious metals being regulated by the coinage regulations of various Governments, is entirely groundless. Hence, too, his inference that it is in the hands of nations to maintain a stable ratio must fall to the ground. It is impossible to foretell with any amount of statistics what ratio may be on a given market day, especially in modern times when the fraction of a penny may tend onward or throw back the course of commerce in any country. As on extraordinary occasions, when a great find of precious metal may at once affect commerce, so on all ordinary occasions the unnumbered details of both local and foreign living economy, growth, decay, or fluctuation of conditions rule the current exchange rates, and not any coinage regulations of the Government. I do not, of course, refer to any Government action taken in demonetising or monetising any precious metal. For, a general and continuous action on the prices of the metals from day to day is influenced by the ever-differing desires and capacities of individuals and communities to purchase and use, or hoard up any or particular precious metal. As long as this ever uncertain element is involved as also mixed up with the conduct of the

Ratio mainly influenced by the production and circulation of all commodities, and not by Governments

Government in relation to the precious metals, so long will the ratio remain ungovernable by any mere mechanical means employed by a single or corporated administrations.

The real strength of Political Economists rests in explaining natural phenomena, but not in ordaining laws for the same.

The Professor's theory of bi-metallism contending that (pp. 245), if the civilised world adopted a conventional ratio there would be little danger to its stability on the score of supply (when there is growing divergence between the values and the respective distributive quantities of the two metals!), has not a leg to stand upon. He seems to be irremediably wedded to the old teachings which mislead the literate and the illiterate alike up to this day. In the same work he has disapproved of the closure of the Indian Mints and the attempt made to fix the price of the Rupee. But his own recommendation is much weaker than that of the Government of India to the Secretary of State. What applies to a Government applies to himself in the lines that he has quoted:—

'Tis excellent to have a giant's strength,
But tyrannous to use it like a giant

It is very desirable for Political Economists to have the power of explaining natural phenomena, but most dangerous when they use that power to tie down the phenomena to a set of written rules.

A stereotyped ratio which affects each independent money constituent is said to be subject to the compensatory action of political economists.

Professor Nicholson maintains bi-metallism as being the theory of the market value incapable of diverging from the conventional ratio fixed under international agreement! He notices the distrust of the opponents who maintain any union would be worse than one nation of bi-metallism, as the market rate cannot be controlled, it having fluctuated more than 30 per cent "as compared with gold since 1874." "It is impossible to convince them," says he, "by any theory of compensatory action and still less by any simile such as that a stool may stand on three or more legs though not on one;" (pp. 304). A stool to be of any use should have four legs, supposing it be a square stool. It may stand even on two legs, but only to break down immediately it is used. A postulate on all fours is always a safe logic to follow. The author first of all starts on fancy mathematical figures. Before it could be proved that the preposterous conventional ratio of $15\frac{1}{2}$ to 1—preposterous for the present times—could ever hold in the world's transactions, he values both silver and bullion for the bi-metallic use at this fancy rate. The present controversialist is even bolder than all others; for the latter, as soon as they have to grasp the question of what ratio of ratio may be

considered safe, try to solve by employing mathematics; the former straightway plunges into the old ratio as replete with currency blessings.

It should be here noted that the civilised nations have already in money hoards £654,000,000 of gold and £437,000,000 of silver, of which £12,500,000 is said to be in jewels, &c., the silver in non-monetary use being £4,500,000. These are the author's figures, who at one stroke of the pen undervalues gold by 15 or more per cent. Under the guise of this fanciful theory the otherwise powerful logician assumes to carry on the whole controversy. At 15½ to 1 "the free mintage of both metals is involved to any extent and "unlimited legal tender of either metal at the option of the buyer." The erudite Professor here means, of course, that the mint will be bound to deliver gold sovereigns at the value of silver 15½ : 1, otherwise his postulate is unmeaning. If ever a silver-holder takes his silver to the mint under the bi-metallic conditions, he will either demand gold sovereigns at the nominal rate, or as soon as he has got his silver coins, (which he will only do if no seigniorage is charged except the ordinary mint fees), will immediately follow the attractive brokerage, which he will find coming down as soon as he reaches the last brink of the Alnaschar's dream.

Professor Nicholson's rate by which things of lesser market value may overtake things of higher market value, since that fiction sparkles amidst the economic fog of University men.

The Professor says there exist a body of special dealers to conduct operations in bullion at a small profit. What of that? He admits that 'if the market rate diverges from the conventional, (it must, as a matter of course), gold as bullion will exchange 'for more silver, (of course it must), then gold coins will obtain 'of silver coins at the legal rates.' They say *gold* coins will *obtain*, more properly say *silver* coins can never obtain more of gold coins at the dishonest so-called conventional rate. The postulate here sheerly reduces itself to the already existing state of things: if you want to have gold bullion or gold sovereigns for your silver, produce silver quantity at the market rate, or kick over your glass-wares as Alnaschar did, as he found it when rudely disturbed in his delightful roll of reverie. Teachings in plain Æsop's Fables would be much better.

Working of the alchemical process of Nicholson in the subjugation of gold by silver.

But to proceed with the three or more-legged stool of Professor Nicholson. The divergence, he continues, will prevent gold, either new or old, from being taken to the mints and gold coins will be melted. This is section second of the

farce-postulate of one of our greater European authorities on Currency. A bi-metallic system with a suspension of all further gold coinage! But the assumption that gold coins will be melted is based on the supposition that they "must be obtained by a substitution of silver coins for them, either in the banks or in the circulation." Plate being protected, it is assumed that by means of the new over-valued silver coins the gold sovereigns could be bought up and melted, for that would be so profitable. The only doubt first of all is as to the saneness of this process, whoever may follow it! "There can, then, be no doubt that the silver which is to take the place of the gold coins must come from the new silver available for coinage," (pp. 306). How could the gold coinage be bought up at the dishonest so-called conventional ratio: no one with his senses would go to the mint with this offer, or its *vice versa*. "It is quite clear that any one who hoarded would only exchange his hoard of silver for a hoard of gold"—and this, of course, at a brokerage market rate. Then what is it, Professor Nicholson, that could buy up the gold coinage for melting? for there is gold bullion for silver bullion at the open market rate, and surely not at your fancy, conventional, and stereotype rate. Then, again, "the deficiency in the gold coinage caused by melting coins must be met by the new silver." It simply cannot be: it can only be met—supposing the want of a large amount of gold bullion created the deficiency—by the employment of more gold, which, under sane conditions, is sure to be had more or less. But this is, again, a fiction and fable—pure and simple—and no monetary law, in the name of all goodness. Our very commendable law-giver, hailing from Edinburgh, assumes one primary condition, which would not hold water for a moment, that I shall give you a certain amount of silver with a fictitious, a nominal rate, by which much of the gold, the good money, should be bought up and melted. Can any one in his senses believe in the practicability of such a foolish process? On the one side there are Governments who make a certain agreement between themselves; on the other, the whole world and millions and millions of people, who would at the first moment cast your ingenuous proposal to the four winds. The mints for both gold and silver coins can only work as usual on ordinary business-like principles.

But to proceed with the currency jurisprudence of Professor Nicholson.

He decides what must be the fate when no new gold is sent to the mints with the 'disturbed' ratio. This implies that the mints will not coin and deliver sovereigns at a sane rate on the proper quantity of gold being offered! Every condition of the controversy, as thrust upon us by the Professor, shows the improbable. They would offer the conventional silver coins or dollars for aught that one may suppose. So "the £3,000,000 of new gold, formerly available for coinage, must be replaced by silver, and this will reduce the amount of new silver available for driving the £654,000,000 of gold from circulation to the sum of £4,000,000," (pp. 307). Neither the bankers, the merchants, the traders, nor any other people will do anything of the sort. They would not care to take their gold to the mints save under usual conditions. If the mints be closed to the usual state of things, the people will have recourse to their hoards and to their credit money and token; but on no portion of the globe will they do any such mad thing as to get their gold undervalued, or get enormous silver coined only to find them utterly unworkable for any large interval, or foreign or international transactions.

Professor Nicholson pursues his unenviable theory to the bitter end:—

The Professor working his theory to the bitter end.

"The question must also be regarded from the point of view of gold. The amount of gold available for non-monetary purposes will not be increased by the £3,000,000 of new gold formerly minted and by the £4,000,000 of coins driven out by the silver—that is by £7,000,000. Thus there will be available for the non-monetary purposes of the civilised nations £23,500,000, of gold per annum in place of £16,500,000; but such a sudden increase in the demand for gold for non-monetary purposes is palpably incredible, especially when we assume that a similar demand for silver is stationary."

If a deficiency is created in gold currency, both gold and silver bullion will supply its place as much as that could be supplied. As far as that demand could not be met, there would be further appreciation in gold, while the demand on gold and silver for non-monetary purposes will be met in a more or less degree by an exchange of the two bullions with each other, or by the barter of commodities with either of the two bullions. As there will always be more demand for gold and silver, both for currency and non-currency purposes, and the issue of both metals from the mines

How matters will be adjusted when the nominal-valued silver does not exchange for the really higher valued gold.

cannot possibly be stopped, both metals will be absorbed as usual, whether through mints or through private agencies it would not matter in the least. The largest transactions will be permitted on the basis of any bullion that may again offer itself for internal as well as foreign use to the extent put forward, not to speak of other commodities exchanged for like commodities on the basis of market gold or silver values, which will always run unequally only to re-adjust themselves, and constantly with a minute precision. The effect of raising the value of silver, according to the calculation of the Edinburgh Professor, would be to drive out gold to the extent of £20,000,000, to which must be added £3,000,000, formerly used for coinage, and £16,500,000 at present used for non-monetary purposes. The question arises, if 14 3/4 per cent. more gold, thus drawn out of circulation in theory of course, could be consumed in the East or the West. But is not the primary reason that the increase of silver use at a fictitiously high rate, driving out so much of gold of really greater value, is in itself the most impracticable one to conceive?

While nominal-valued silver coinage will not work, the introduction of intrinsically valued silver coinage must prove a happy and prosperous performance.

It may stand to reason that if silver be admitted to unlimited coinage and tender at the market ratio, a large proportion of gold coins may disappear and feed the non-monetary wants and the currency demands of other gold countries. But an increased use of silver at the market rate will certainly increase the industrial competition of both silver and gold-using countries, as there are already historical illustrations pointing to this development, which, on the other hand, cannot possibly be maintained by the Professor's unnatural, anomalous, and disliterate method. If a higher fictitious value is to be given to silver, it may as well remain in the mines, or lie idle in the vaults. While the great evils of the currency deficiencies are plainly admitted by the Professor himself—for otherwise he would not launch enormous quantities of silver in the monetary world—and as it happens that gold is not the only precious metal, the more copious of the other precious metal silver can only circulate in the world's currency on the basis of its own intrinsic or the true rate, as the gold sovereigns do. Why the market rate of gold sovereigns should be jealously observed, while the silver coinage not so, but must be made a bare standard, passes my comprehension. Equal justice has to be done to both coinages. Justice observed as regards gold coinage does not drive out gold from the market. The same justice is due to silver coinage. For in the absence of that very justice its beneficial circulation throughout the world has been

immensely injured. The greater the justice done to silver circulation, the greater will be the human enterprise and industry ending in great increase of commodities, permitting of high silver prices, instead of the present low gold prices, which must consequently attain the level of prices which might suit both capital and labor better than now. For, when living becomes cheaper owing to the factor of the increased use of silver, the sting will be taken out of the present depressed gold prices. Indeed, the gold prices may still decrease with benefit to all, for the demand for gold currency and gold bullion must consequently increase. That demand is already stifled owing to the ban placed on the sister-metal; and like the twin babes stuck to each other, the one cannot have pain or pleasure without the other feeling the same in a corresponding measure. The silver coinage, when universally available on the same condition as the gold coinage, as explained in my International Plan mentioned in Appendix E of this work, the laboring, manufacturing, trading and all other classes will be relieved by the extended currency, which will at once enable them to attend to their own wants and transactions in a far better manner than now, the gold congestion being thus greatly removed.

Unless the production of gold considerably increase with the increased circulation of the silver coinage, any notable amount of gold coinage can hardly be driven out by the increased silver currency any more than gold coinage or bullion can to-day be arbitrarily displaced by silver at market value. As both will be legal tenders, it would be in the competency of any one to offer silver and not gold currency, while special contracts would remain unaffected as hitherto. As far as both bullions are concerned they are perfectly exchangeable into one another as with any other commodities, for the market rates only allow this to be done every hour of the day. Both Government and communities already conduct their transactions which have no trace of monetary monomania in them. In the case of free dualistic use according to the market ratio of the hour, this position is not likely to be changed, for if Government and banks find their gold disappear faster than usual, it is in their hands to retake gold, as much as the world's communities are free to have it on the same principle. Banks and Governments, by this straight method, could be in charge of much more gold than individuals could have it. The former may hoard

Regulated movements of gold and silver coinage when free and unlimited and under no fixed ratio save what the market automatically rules

any amount of gold. But vaster benefits will await those who can afford to have large quantities of silver coinage, which will be available under my plan, but which is not the case at present owing to the habits prevailing as based on ignorance and shortsighted greed. The correction of the present over-valued silver coins would be easy enough by special purchases of silver, and by a levy of light seigniorage on remodelled coins and a special rate of very light taxation for a few years employed in bringing up the new coinage to their just fineness and weight.

Futile at-
tempts at re-
ducing laws
for fixing
stereotyped
ratio with the
definiteness
of jurispru-
dence in civil
or criminal
ordinances of
society.

Professor Nicholson finally believes that the ratio will *never* be disturbed, but this conclusion is based, as I have shown, on a wild hypothesis. He puts forward his fictitious silver coinage for a free admixture with the real gold coinage, which not a single nation will ever attempt. Believing in such a ratio, he further proceeds towards his fanciful solution. "Increased production of silver alone will not disturb the ratio, (but where is the resting ground for the ratio in the first instance), there must be an equally increased demand for gold, (this demand will only come into existence when silver prices run high and are profuse at the market rate, but not when the abortion of bi-metallism is committed on the two metals refusing to exchange), and no corresponding demand for silver for non-monetary purposes," (this demand there would certainly be if silver coinage at conventional rate becomes a failure, as it necessarily must be when the surplus silver is bought up both in local and foreign markets at its intrinsic value). Thus to conceive as a serious argument calling for any discussion that bi-metallism may end into silver mono-metallism, as urged by the opponents of the Professor, and as he notices the same himself as "a glaring absurdity," is in itself a glaring absurdity, and a "wild hypothesis," for the simple reason that no such experiment will ever be attempted, and if attempted will be downright overthrown, or be nullified of itself.

It is labor thrown away to deduce laws for coinage and non-monetary purposes from the increased production of this or that metal under the so-called influence of the universal bi-metallic ratio, for there is little else seen but unperceived laws of value of precious metals under this or other conditions. It would be far better if political economists understood that there are absolutely no fixed laws to govern these values, for if there were

they should be clearly before us. As they are so delusive and calculated to upset all human calculations, we should be wise to take these laws as natural phenomena of causes and effects which, from the infinite multiplicity of their character, could not be reduced like a criminal or civil code and procedure. European economists of all ages have been influenced by a too impracticable ambition, in so far that they have presumed to lay down specific laws for the monetary transactions of the world. As Professor Nicholson wishes to put down "something very commonplace and unromantic in comparison with wild hypothesis," let us further see what that is.

(1) "The production of silver would be to some extent increased," (pp. 310). As soon as the united governments agree to take up specified quantities of silver, its further production will undoubtedly be encouraged. "But since silver is at present produced at very different rates of cost, the increase would only be effected by opening or re-opening less fertile mines or working more difficult veins." I suppose this is said to suit the preconceived theory that there will not be much of production and therefore of depreciation. Purchases of an extensive character will, however, on the spur of the moment, bring all sorts of mines into full play, even new and easy ones may come into evidence, and much depreciation must ensue, and not merely 'depreciation to some extent,' (pp. 397). And any sign of collective Governments coming into the silver markets for large quantities of bullion would at once tend to wide-felt depreciation in its value, which must immediately affect the legal ratio, which, instead of raising the value of silver, must considerably lessen it. Where will then be the legal ratio?—the ratio, instead of being 10 or 15 per cent. over the actual fluctuating ratio, might be still lower by 5 per cent. or so, and must continue fluctuating lower.

(2) "Any silver not required for the arts or the East would of course be added to the coinage of the civilised nations." Not at all so. Save what the Governments may mint according to their covenant, the lowering of the value must create a much larger demand in the East as well as for the arts. It must be seriously understood that the East is much behind the West; that its hunger for both gold and silver in their new state is immense and unsatiated; that since gold is scarce, the East requires a hundred times more of silver than her present stock; that the demand on silver for purposes of ornaments and arts is capable of an infinite increase. There is no possibility of any wanton increase in the silver coinage of the United

Any hypothesis which assumes a world-wide circulation of increasing quantities of gold and silver as resting on artificial laws must be rejected.

nations, since any fixed legal ratio cannot but prove fatal to the augmentation of that coinage. The silver coinage to exchange with gold at a legal ratio $15\frac{1}{2} : 1$, would at once make it an inconvertible coin; and while Europe has any quantity of it for local and retail use, all the additions to it meant for universal transactions would simply become unworkable.

(3) "There would be just as much gold used as before, unless the demand for the arts and the East increased so much as to absorb more than the annual production. In this case the deficiency must be made up from the existing coinages; but if any such increase in the non-monetary demand for gold is probable, the sooner gold-using countries make use of silver as standard money, the better for their commerce." It is quite true that if unusually large quantities of silver are thrown into the market in consequence of the new Union, there will be a general scramble for more gold; and here, too, Professor Nicholson must be confronted with blank disappointment, for, while the legal ratio regulation will be literally dead, there will be a general onslaught by the East on the accumulated gold of the West. And this I should rather desire only to give one spell to the East to become gold-using countries, another to the West to develop itself into silver-using countries. At any rate, the greatest of all blessings would be conferred on the world by an equable distribution of gold and silver wealth between the East and the West. "The mere adoption of universal bi-metallism would not cause such an increase in the demand for gold for the arts, which can only arise from the growth of wealth and population, or some change in the distribution of wealth that would increase the relative power of gold consumers." This is, indeed, blowing hot and cold in the same breath. Can any one doubt for a moment that if the false ratio *operate*, there would be any limit to the desire of the people to possess themselves of as much gold as they could scrape together? And yet the Professor dare not face this unreal spectacle, which shows that all his efforts to construct a beneficent law is so much clap-trap and utterly unreal work; otherwise he should be the first to proclaim the very logical conclusion of his proposition. Any attempt to exchange with gold at conventional rate, which can only be a false rate, would be fatal to bi-metallism; and it is quite true that any artificially *over-rated* silver or silver credit *could not* buy any artificially *under-rated* gold or gold credit. This, Professor

The effects of a bi-metallic ratio on the demand for silver and gold in both hemispheres.

Nicholson, is "commonplace and unromantic" indeed! The learned Professor rightly says that it is "growth of wealth and population or some change in the distribution of wealth (an increased flow of silver to the East, and a consequent larger demand on gold I should suppose) that would increase the relative power of gold-consumers." With increase of population and with increased outputs of silver in the world's market not suffering from any interdiction of Governments, and with unrestricted silver coinage under conditions already so well experienced in the East, the power for the consumption of both silver and gold must increase. It is possible, as the Professor says, that 'a more equal diffusion of wealth will increase the demand for silver,' always excepting, mind, the case of silver and gold tied down to an artificial and therefore what would be a highly injudicial rate. It is the fashion to suppose that the East imports gold as mere luxury, and so thinks the Professor too. Gold is considered as an essential of life in the East, for not even the humbler classes take life to be of any worth unless they have some gold ornaments or reserve. Bi-metallism must stop this flow of gold, for artificially valued silver cannot attract artificially depreciated gold. In the same manner the flow of silver, too, must be arrested when its value is injudiciously interfered with. The Professor concludes that "any disturbance of the ratio once generally adopted, and any extensive substitution of silver for gold as coinage are plainly impossible," (pp. 311). This is dogmatism, pure and simple, as I have already amply demonstrated. As the bi-metallic ratio would remain inoperative, as soon as put into force, both the present gold and silver coinage will certainly remain intact—neither Governments nor communities will undertake wanton losses, nor would endeavour to gain illegitimate profits, as none may be derived. Mr. Nicholson says, 'the want of agreement allows the trade of dealers in bullion of foreign countries,' meaning that an international agreement would put a stop to this trading: nothing could stop the trade of bullion dealers or permit professedly dishonest coinages save by the agency of penal laws agreed upon by the combined nations; and such unison would be as ridiculous a part of such agreement as all the tactics brought forward by the Professor, for, before this could be done—if attempted at all—there would be a general outbreak of indignation.

The Professor, I suppose, gives the highest form to his erudition when he asks to prevent nations from effecting a profitable distribution of the metals. It is the common-sense principle which

The monetary phenomena of past centuries can-

not be translated into the present.

has guided all nations in developing their local and international trade. A more retrogressive teaching can hardly be conceived than the unnatural dogmas advanced by Mr. Nicholson. He says again, that "it should never be forgotten that, whilst in the 16th century the production was about 2 of gold to 1 of silver and became at the end more than 3 of silver to 1 of gold, the ratio only moved from 11 to 12 to 1; and in the 19th century whilst the production of silver to gold was at the beginning about 3 to 1 and in 1860 about 1 to 3, the ratio was practically stable, and continued stable until the *de facto* agreement of the Governments was broken." If the Professor thinks that this argument would favor either bi-metallism or mono-metallism, he is grossly mistaken. As silver was in its infant stages in the 16th century, its ratio to gold was not so much disturbed as it unquestionably would now be. Both precious metals held an almost equal estimation in the early days when the demand for both was so unripe. This they cannot do now, for the demand for both metals has become unlimited as well as uncertain. When we come to the nineteenth century we find a principle at work which is again not novel. A proportionately much greater demand arose for silver than for gold on account of the growth of silver-priced commodities which prevented the gold ratio from rising; but when in 1860 the production was 1 of silver to 3 of gold, and the ratio remained stable, it could not otherwise be, because the Professor would not allow sufficient time to produce the required effect, the opposite of the one which held out so long; and yet when afterwards the union was broken and enormous quantities of silver let loose, while the demand for gold was the same, and continued to increase, the fixed ratio disappeared and took the course of fluctuations which will now last as long as the earth exists.

Why cannot the two opposite camps come to an agreement? Because the object of contention on both sides is utterly unreal. Every writer and speaker and every financier and statesman think nothing else but of a dual standard, with a fixed ratio, or of a gold mono-metallic standard. Both parties dash their heads against an iron wall. Professor Nicholson has entered into a close controversy with gold mono-metallists. Mr. Goschen, once Finance Minister of England, put down bi-metallism as "a veritable Utopia." Quite so. But a single gold standard for the world is another Utopia.

This most passionate advocate of bi-metallism asserts that if, for instance, the price of bread and tape were fixed and invariable, a yard or a pound of the imaginary kind described would be invariable, and so also if general prices "were quite steady, the sovereign would be an invariable standard of value. But, as a matter of fact, the general level of prices does not remain steady and fixed . . ." (pp. 248.) Save the weight of gold in a standard, there are infinite variations in prices every day and in every region of the earth as immeasurable as stars in the skies. "In any contract for any length of time a change in the general level of prices may upset all calculations," (pp. 249). There is no knowing what articles may be in demand at a certain time at the disparagement of others, and how the prices of a thousand articles may be affected in a thousand places on a given time. Hence if any fixture be possible here, a fixture of a certain ratio may also be possible, for all commodities go to indicate the constantly varying values in gold or silver. When appreciation of gold has been constant and not fitful under conditions of great advance in the art of production and carriage, the calamities caused from general depression of prices distinctly point to the inadequacy of currency coins in circulation. "As a matter of fact the general level of prices does not remain steady and fixed." Will, then, the price of gold which buys silver, and the price of silver which buys gold, and the price of both the metals, which buy the endless commodities of the world, remain "steady and fixed?" Any person with an ordinary well-balanced mind will say that as this price can and will never remain steady or fixed, there can be no fixed ratio of bi-metallism. Fixed ratio is impossible, especially because currency progress in England and Europe has been arrested by a false and unsuccessful trial of bi-metallism which, notwithstanding its failure, is still persisted in, for if low prices were due to over-production, the depression would be soon remedied. Professor Nicholson agrees with Mr. Giffen that the ratio would remain steady only if nations did not change their standard. The most of them have mainly the gold standard, though partially linked with bi-metallism, and yet the ratio continues to shift.

"The amount of gold produced is diminishing, and the amount absorbed by manufacturers and the East is increasing," (pp. 254). I agree, therefore, with Professor Nicholson that "with the two metals in full use, [but, mind, omitting the ratio-fetters altogether], the general level of prices will be much more steady, and any appreciation of the double standards will be much more gradual than in the

The Professor's acceptance of the theory that prices never remain steady or fixed demonstrates the ratio values of the precious metals which fix these prices must also remain unsteady!

The Professor's opinion acceptable that when both metals are used prices will remain steadier, the fixed ratio being abolished

according to
the author's
plan.

opposite case." An extended and unfettered use of silver will prove a boon to insolvent countries now existing on the paper credit system; and there is so much of increasing commodities for sale and so keen a desire to be possessed of the metal-wealth in all forms, that the fears of the mono-metallists that gold will be thrown out of circulation cannot but be baseless. The increased silver currency, when not mortified by a fixed ratio, will, indeed, create a greater demand for arts and hoarding; but as an equally large demand will be created in respect of gold, too, it is evident that the circulation of gold will take back the turn for appreciation, and the position of silver cannot but go on improving.

Professor Nicholson treats half-crowns and florins as 'token money,' merely limited representative of the sovereign, "a cumbrous form of an inconvertible metallic note;" and then asks if silver "were raised from this position to that of a standard metal at a fixed ratio to the other metal, is there any reason to believe that it would cease to circulate, and that new supplies could not be put into circulation?" A logic so entirely faulty to come from a Professor of Political Economy, belonging to one of the highest universities of the world! The present highly and superficially valued silver coin, which is limited tender, which the Professor desires to abolish, is surely the same thing as his plan to fix another highly valued artificial rate for silver to have it reckoned as standard metal. It is even infinitely worse, for under his altered plan the silver standard coins are to be made an unlimited legal tender, whereas the present ones have only very limited tender. So it comes to this: if 15 or 20 per cent. over-rated value say, for a million of silver coins, is a vicious policy, the same over-rating for, say, one hundred thousand millions of silver coins, becomes a virtuous thing! Are these the sort of teachings that are stuffed in the minds of the young in the Colleges and Universities of Great Britain? The rate of over-valuation may not exactly be the one above-noted, but according to the Professor, it is to be a conventional ratio, and that a fixed ratio for all times to come, no matter however much the price of silver has gone down, or that of gold has run up! No matter, indeed, if the process is even to continue in the same direction as it must.

The Pro-
fessor's ignor-
ance about
the knowledge
of the people
of India as to

It is wrong to maintain, as stated in page 259, that like the United States green-backs which are depreciated according to the premium rising on gold, the silver prices in India do not also rise, that the people of India have no idea of the ultimate gold basis. The exchange

fluctuations are bargained for in nearly the same way as in other countries, for the ostensible cause of fluctuations in gold values is well known everywhere. The assertion, therefore, that "the people are accustomed to think of values in silver only, gold being looked on simply as pearls or tiger-skins," is founded on profound ignorance. Supposing the Bombay or the Imperial trader was so woefully ignorant, how can that ignorance affect the absurdity of endeavouring to cash more gold for a fictitiously smaller quantity of silver of the Edinburgh Professor? The subsequent passage is still more illogical and ludicrous, (p. 260):—"There is from the Indian point of view no more reason why a fall in the value of silver compared with gold, or what is the same thing, a rise in the price of gold, should raise general prices than a rise in the price of pearls or tiger-skins." Well may India laugh at this English ignorance, if it be at all general. With more of silver circulated in India general prices always rise, but, says the Professor, depreciation of silver compared with gold could raise prices as much as a fall in the price of paper would affect the bank-notes. No absurder theory can be propounded. If silver prices rise in India, the price of imported as well as the local articles must, indeed, rise, which is the same thing that gold has appreciated and silver depreciated further.

the causes of fall in silver value.

When copper coins in Baroda became more profuse than the needs of the place, the usual rate rose from sixty-four to so much as ninety-five and even a hundred pieces; and the general values became higher in nearly that proportion of increase. This is one of the strongest illustrations of the phenomena of the futility of Government-fixed value of coin when even a remarkable divergence takes place from its intrinsic value of the hour. What is now fetched for one pice is nearly one-half less than what it fetched before, when the market was not inundated with the extraordinary quantity of copper coins. The ratio value fixed by Government was entirely overruled by the market.

A striking example of an extraordinary circulation of copper coins in Baroda, raising the values of things in the same proportion.

"Silver has fallen 30 per cent. in London without any response on silver prices in India," (p. 261). Another absurdity. Prices of labour, food stuffs, manufactured articles and artizanship have immensely risen with, indeed, the fall of silver and the appreciation of gold in England. But the profits have not so much increased because we have to meet much foreign competition. In a similar way, foreign markets compete with the British market in India, which saves us from any very extortionate gold prices. If this is

The cheapening of food and other stuffs for England indispensable by means of increased silver consumption.

bounty on Indian exports, and protection against imports, they must be in vengeance! On the contrary, India stands as a benefactor of the West, for, supposing our markets were shut to her, her calamities would be greater than now. India is content with the thinnest of profits; it pays, besides, a good deal of gold, etc., for the western industries. See what ill-fate would overtake England in one instance only. It is admitted by the Professor himself that 'if farmers reared more of cattle, meat and hides would become much cheaper.' And there are many more such articles cheaply produced for her by India and other silver countries. But the labourers and ordinary masses still require cheaper articles—which appears plain enough from the fact that the dearer metal paid to them as wages is very small in quantity. So if they had all their articles cheaper than now, the present depression would disappear, for they would not then require so much gold for wages as now—the times of such universal depression. Why not then at once accept silver coins at market rates, so that they may readily exchange for the commodities of the East, which would supply the wants of England, leaving a smaller balance of expenditure to be met in England, and thus rendering her industrial pursuits cheaper than now? No matter how all values are more and more lowered, for when necessaries of life could be more readily and more extensively purchased than now, other forms of payments will also partake of that copiousness or cheapness, which will save masses from half-starvation or dearth of employment.

Nicholson admits that a further depreciation of silver "must be an unmitigated blessing." Professor Nicholson would, after all, "pray for a still further depreciation of silver," (p. 263), for that, he says, "must be an unmitigated blessing." It is so indeed. But the writer again indulges in the wildest contradiction of ideas. Silver, which is proposed to be for ever handicapped with a fictitious and over-rated rate of values as measured in all values, and in the gold price of values, according to the Professor's plan, cannot attain the eastern circulation of silver, the blessings of which he has just invoked for Europe.

If the Professor takes the depreciation of silver as an evil in currency, how can an increasing depreciation be an unmitigated blessing? Professor Nicholson gives some description of the evils of the increasing appreciation of gold, (p. 267). "The traders with silver-using countries have begun to see the evils of the depreciation of silver, (rather of its extensive demonetisation, for its increasing depreciation must be 'an unmitigated blessing,' and is the greatest essential needed), and the unaccountable fluctuations in its value

(rather the extensive curtailment of a natural silver currency). The agricultural interests here, as in Germany, are beginning to open their eyes to the evils of the appreciation of gold; and the greatest class of all, the tax-payers, are becoming aware of a want of elasticity in the revenue and the increase in the real weight of public burdens." The writer thinks that these evils incite the people to look forward to stereotyped bi-metallism as the proper remedy. But the forces representing the mono-gold standard are much more powerful, and they are not likely to sell themselves for over-valued silver coinage. No failure can be more useful than of those Economists of Europe who stultify every common sense and the ordinary rules of sound business by campaigning against the gold mono-metallists with the most flimsy instrument that could be devised. This sort of irrational fight keeps them as collected as ever, while the only field on which they could be drawn and routed remains imbedded in darkness.

Professor Nicholson has over and over again urged that '15½ to 1 being the old ratio will always serve as a new ratio and will cause the least disturbance in the various interests involved, and that as soon as that rate was declared by law, the market will voluntarily assume that rate!' What a simpleton this accomplished political economist must be. I need not again explain the utter indifference which the people are sure to evince towards this arrangement, which is not likely to receive the support of a single individual or community, even if any incorporated government were to pass the measure—and that is not likely. The oscillations of the gold and silver markets are in themselves the life and soul of the commercial activity of the world. There is so much of interchange between gold and silver that their respective values will always depend on supply and demand. No sooner, the writer states, that the market obeyed the legislative call, than he adds,—“no one would sell silver to-day at 59*d.* per ounce if to-morrow he expected the price would be 60*d.*” The Professor supposes, therefore, that the market, irrespective of all vital respects, will simply obey the Legislature. The argument that it is almost sure that no nation will agree to the bi-metallic ratio, is dealt with in a very comical but pitiable way. So, to the question, how are you sure that each nation will observe the compact, the lamest answer seems to be given,—“Oh! you require an answer to the most foolish and irritating of all riddles.” Why, the whole of his argument examined in this chapter is the most foolish and most of it an unreal riddle in itself. The mere

prove “an unmitigated blessing.”

“Irritating riddles,” how combated by the Professor.

assertion that by breaking the international agreement—if ever such an agreement took place—the violating nation “will cause more injury to its own subjects than to any one else,” (p. 271), cannot carry the least weight.

According to the Professor two im-possibilities may work out one possi-bility.

It is not explained what that injury would be; but no nation will, in the first place, court such an injury at all. The writer gives one more admirable forecast: “if the monometallists say—as they very often do say—that it is next to impossible to get any nation to change its currency, then they must admit that if once any country adopted bi-metallism at a fixed ratio, it would be next to impossible to induce it to change,” (p. 271). Here the writer seems to be conscious of the entire desperateness of the position that he has taken up. It leads him to expect one nation at least to adopt bi-metallism, which is begging the whole question. Still more curious is the line of argument adopted: if two impossibilities were postulated, one possibility may be evolved therefrom. If so, the last position for a nation to find itself in a devil's sink will surely be much worse than the old one. The possibility, however, is, not even a single nation would ever desire to get into the devil's sink of bi-metallism. India tries to get along the verge of it, but carefully refrains from plunging into it, and has failed to bring the rupee even up to 1s. 4d., as the authorities supposed that much of high exchange will be reached, which my own representations to them demonstrated not only to the contrary, but the continuous fall of the rupee has actually taken place since then.

Weakness of the Professor in refusing to sift the *pros* and *cons* of the bi-metal-lists' case.

Professor Nicholson must be very nervous as to the practicability of his plan, for he distinctly says that he would not make his plan clearer by imagining and refuting every objection brought against it, (p. 272). But this is what a fearless expounder of truth would like to do. The Professor says, “it is enough to answer the objection of the opponents; we are not bound to provide our opponents with objections.” As I am not the supporter of either party, what strikes me forcibly is, the learned Professor has broken down in meeting the objections of his opponents, which is the very reason why he deliberately withdraws from setting forth all the *pros* and *cons* of his own case. The matter is not between these two parties. As it concerns the whole monetary world, any fair controversialist has to discard all preconceptions and industriously bring out every *pro* and *con* for satisfactory disposal.

How the break down of his plan weighs upon his own mind, may now be finally inferred from the concluding portion of his address at the Manchester Athenæum :—

“ Let us assume, then, that the great commercial nations have adopted bi-metallism at the fixed ratio, which so long as the com-
 pact is observed will remain perfectly stable [it never will as
 being out of human power], and try to imagine the circumstances
 under which one or more of these nations might recede from the
 agreement, and the consequence of doing so. The case which is
 apparently most dreaded is that silver will come to the mints in
 excessive quantities and choke the channels of circulation [im-
 possible, because people will very soon find over-valued silver
 coins inconvertible], and that desire for a single gold standard
 will arise. [Certainly so, because the gold standard will not ex-
 change for the fictitiously valued silver one always depreciating.]
 Let us suppose that in England the robust florin of which I
 spoke has largely replaced the sovereign, [no bank or individual
 would foolishly part with gold sovereigns without obtaining their
 legitimate worth], and that in an unreasoning panic a weak
 Government wishes to restore the gold. [An ill-used public will
 certainly force the hands of the Government in this direction.]
 How is this to be done? Now there is only one answer, and I re-
 commend it to the careful attention of our opponents, who are
 never tired of quoting Gresham’s Law—that the worst metal
 always drives the better from circulation.” [Prof. Nicholson here
 confounds depreciating but correctly valued silver with over-
 valued silver, and Gresham meant the cheaper metal, not the
 falsely over-valued which certainly cannot drive out gold, as
 the present over-valued silver coins have not]. . . “ The country is
 full of silver, and the reserves of the banks are in silver, and this
 silver is supposed to be either actually depreciated or in danger
 of depreciation—that is, the gold in the sovereign is considered
 to be worth more than ten florins. Well then, to drive this silver
 from the country and bring back gold, you must not only declare
 that the legal tender sovereign is worthless than ten florins, but
 you must actually make it less than ten florins—you must dimi-
 nish its weight (p. 272).” Pity the whole line of the Profes-
 sor’s argument, for he comes to this, that not only it won’t do to
 under-weigh gold in relation to the over-weighed silver, both
 wretched false measures, but when you are beaten in the no-
 sense policy to make the greater equal the lesser, you must

substract from the greater to re-harmonise with the lesser. "This really amounts to saying that you begin your reform by compelling the banks to sell their stores of silver under the market value, and you debase the standard you wish to adopt" (p. 272). Does the Professor sincerely think that any Government will embark upon any like of his enterprise to fall in the pasty fiasco that he is compelled to picture before himself?

The Professor's complete disregard of the ethics of his problem.

The learned Professor would have the nations first to embark upon a perilous enterprise, which no ethics or practical spirit can sanction, and then presumes that no nation will back out of this agreement but persist in the wrong policy for the fear of breaking its credit, (p. 273). This would be a most debased line of policy that either an individual despot or a collective nation could adopt. 'He who perverts equity, he who adopts what is palpably wrong in the place of what is clearly right, shall be damned as refuse in the sight of man; and he who employs cunning and stratagem in making wrong appear to be right, shall sink in his own mis-acts and be cast into perdition.' The fate of nations who go wrong does not much differ from the fate of the individual whom even the dark ages denounced as an insane despot worthy of being shorn of the rank and dignity held by him. My own contests for years have been with such petty men of indifferent virtues. But Professor Nicholson is decidedly a worthy teacher of the young mind, but he seems to be lost for ever when he over-steps his vocation and endeavours to find a remedy for the evils which he could but half-understand.

Mr. Goschen warned of the fate of "Aristides the Just;" but the just shall ever prosper.

He softly pleads that a statesman like Mr. Goschen, endeavouring to adopt his conclusions, may make "a mistake," but only to gain for him "the regard and sympathy of the public"! Mr. Goschen, who, however, with his robust common sense and an imperturbably enlightened temper, could not be moved to see any rationality in bi-metalism, is further warned of the fate of Aristides the Just on the hands of plotters who were tired "of hearing him called the just." A perverted simile of this character is not likely to seduce any statesman of common sense and probity to the disastrous snares of a bolstered-up, old-world remedy. The Professor's motives are excellent, I admit, which is, indeed, "to bring about a reform which would restore prosperity to industry and commerce, and remove one more barrier from the friendly intercourse of nations." His method to attain this end, however, cuts against the very grain of his motives, and I would respectfully wish him that a study of the problem, as set forth in this work, may induce him to change his

reasonings, rendering them adaptable to the modern spirit of the age, though that may be going against the teachings of his old-world masters. When the public weal or woe is in the scale, even an academician may set aside the frigid teachings of a bye-gone age, and allow full-measured light to be thrown over a problem which has been mystified by any quantity of abstract theories, *a priori* arguments, and pedantic effusions of currency jurisprudence.

In case of India Professor Nicholson believes that "the closure of mints has made silver fall in price, that "there is a considerable estimated deficit (in the last Indian Budget, August 1894), caused simply by the fall in the value of the rupee from its old level," and "that the immediate effect of the closure of the Indian mints was a dislocation of the foreign trade, India for the first time on record having an unfavorable balance, the imports exceeding the exports," (p. 112). A fact of this character must stultify the advocates of bi-metallism, for it shows that even one nation cannot keep up such a ratio as would result in some gain, in this case, to the Indian Government.

With the depreciation of the green-backs in the United States, as based on silver, America further pursued the experiment of purchasing enormous quantities of silver for increasing the currency and securing larger reserves. With a Government of unbounded credit like America the experiment might be expected to be successful; but the case is not so. For the parity of exchange between gold and silver was sought, but, says Prof. Nicholson, "all American economists of any standing are agreed that the depreciation of the green-backs was a very bad thing for American trade and industry, and it seems difficult to see why the same reasoning should not be applied to silver. It is of course quite possible that a rich country like the United States may, if the banks take joint action with the Government in a determined manner, prevent the premium on gold arising, but in the meantime the financial position is serious and the injurious effects on trade are obvious," (p. 114). Though the Professor himself foresees the consequences of an attempt towards parity—and no Government could have launched forth greater resources for the purpose than the American—he tries to lessen the weakness of his position by asserting that, perhaps, concurrent action might stop premium on gold arising. That, however, has been an accomplished fact. A free adoption of the bi-metallic system so far forced gold to leave America, that the Sherman

Professor Nicholson admits that the closure of the Indian mints does not advance the cause of bi-metallism.

Result of the vigorous adoption of bi-metallism in America.

Act was repealed in 1893, for silver failed to command gold at its nominal value. The bi-metallic system being reduced to such disastrous plight in an exceptionally rich and powerful country like America, how any economist worthy of the name can propose it for a single or collective nations passes one's understanding.

The effect of large use of silver in America with bi-metallic fetters ending in a large withdrawal of gold therefrom. From 1792 to 1873 the system of coinage was avowedly bi-metallic, then why was it stopped in 1873? Because that system proved a failure. The silver party again forced enormous purchases of silver, and the gold as a consequence fast began to leave the country, and such has been the bad effects of carrying out the measure of parity that, in spite of the repeal of the Sherman Act, the export of gold from America continued, meaning that even the enormous silver of that country could not arrest that progress owing to the bi-metallic fetters. The stoppage of the Sherman Act even could not arrest the outgoing of gold from America.

The Professor is sensible of the panic that may be caused in France if the people feared that silver coins would depreciate. What is the condition of France with her legal tender in silver existing in such enormous quantities that the fraudulent rate of the coin leads to perpetual fraudulent coinage, for its nominal value is almost double its intrinsic value? How can the Professor advocate bi-metallism for a moment when he declares himself that "if once the mass of the people were to get in a panic about silver, and to begin to fear that this depreciation would be recognised, there would be a financial catastrophe with corresponding disastrous effects on trade?" Here the Professor correctly describes the phenomena.

The object of this work is to prepare the masses to understand the monetary problem and demand its common-sense reform. The glamour of the bi-metallic system will completely wear off as soon as the cobwebs of ages woven round it by political economists of law-giving propensities are torn into shreds before the public at large. The object of rendering this work thoroughly explanatory of all the extravagant abstractions of certain classes of economic philosophers, is to simplify the whole problem for comprehension by the most ordinary mind of the literate. It is only a question of time when the perversities existing on the questions of mono-metallism and bi-metallism will be fully exploded before the ordinary masses of the people, who will be the more responsible persons to guide the currency regulations than the singular academists and philosophers who, with all the erudition which demand our respect and admiration, have only produced dismay and confusion by their erratic and unpractical deliverances.

One of these erratic deliverances, which has neither the basis of fact or common sense, is the definition of Professor Nicholson of what is metallic money, or rather what is its value. Well, he says with unblushing audacity that the value of the material of which money is composed may be anything, but its exchange value is nominal. For instance, he points out the relation of the cost of the paper, as it stands, in relation to the value of the bank-note which is imprinted thereon. To take a more simple example he says, twenty shillings could be exchanged to-day for a gold sovereign. The same is the case with the bronze coinage. The Professor refers also to several other cases of this sort appertaining to other countries as mentioned in Lord Herschell's Report on the Indian Currency. On fictional basis of this sort he rests his law for the world that, "the exchange value of the money in actual use differs widely from that of the material of which it is made." And this is the kernel of the bi-metallic argument. But there cannot be a greater fallacy than that involved in this argument. When the Professor mentioned that one gold sovereign could be easily obtained for twenty shillings in England, why did he not mention or explain the other fact that were you to offer to any one in England a basketful or cart-load of silver shillings at the conventional rate, would you possibly obtain the number of gold sovereigns which a mere arithmetical calculation would require? No such absurd transaction is done, nor, if attempted, will ever be honored.

Nicholson's erratic opinion about the respective exchange value of silver and gold money.

But the further meaning of Nicholson's adroit argument is that the "money actually used is only to a small extent; "by far the larger part is in a purely intangible shape and "is represented in a material shape only by figures in bankers' "books." But Nicholson fails to perceive the line of tangible wealth which sharply departs from the conventional signification of retail coins. It is *not* this conventional signification of the nominal values of retail coins which rule the markets or the banks, or influence the trade or the commerce on the whole. Were it so, my position against bi-metallism or mono-metallism must be damaged beyond recall.

What are then the subtle forces which rule "money," or which "money" itself rules certain influences? The very fact that a few shillings might exchange for a little gold is justified by the predominant value which rules the price of everything—and that is

No, nominal but the actual price of money-wealth rules trade and commerce.

the ultimate gold value. In the far more infinite the lesser represented by a few shillings sinks of course. The effect is infinitesimal. Further on, as soon as matters assume the shape of some transaction, its objective point entirely tends towards the value in gold; for the value that is credited or debited in a bank or firm is virtually in gold. Not even the analogy of an Indian rupee is correct. For, what becomes of its actual exchange value? Certainly none, nominal or conventional, but very nearly approaching the intrinsic value of its metal, as it may any given moment stand in relation to the value at that moment of the prince-metal gold. The exchange value of any quantity of bank-notes or any other credit documents is just the same and in proportion to the bullion backing them. The exchange value of one commodity with another commodity—no matter what the distance may be—has a similar basis, but certainly no stupid, conventional or nominal basis. There is not, and there has never been, such imaginary exchange value. On the contrary, exchange values of monies as between themselves, or between them and any other commodity, are scrupulously regulated by the minutest fraction of representative money. Even the pettiest difference of an unjust preference is settled by the market in the number of retail coins chargeable for a given quantity of commodity. Look at the other phase of the question. If any representative money suffers in over-valuation, owing to its comparative scarcity, even that over-valuation cannot but prove nominal, for it is not the ruling price of the hour of any metal in coinage, as in exchange with that of the prince-metal or with any other commodity, that may create any such large or stultifying difference. But any Government which created such artificial or stultifying difference, must reap all the consequences of such dearth, in that the communities which such Governments rule must suffer to a certain extent in diminished production and circulation of commodities, whilst their compensating action toward the foreign countries with which they have to trade must become more pressing than when their coinage is normally regulated. It is in the power of such ill-used communities, however, as it really is, to bring their values in harmony with the surrounding healthy conditions by seeking favourable markets, or by bartering their commodities for bullion in a foreign country at its market value to be delivered in another foreign country with which it may command commercial relations. And yet it would seem at once it is *not* the nominal exchange value of money which rules even this

part of the world's commerce. In all crucial points of real comprehension of the currency difficulties, I regret to charge Professor Nicholson with a vague use of expressions, with surrendering extremely limited explanations, and abandoning the discussion at a point where it discloses ugly features of contradictions and a mockery of candid straightforward demonstration. That is a pernicious style and a dangerous one to accustom any young mind with; and in my practical experience of several decades I have found people thus academically brought up absolutely deranged in principles, ill-posted in the discharge of their avocations even when such minds are nobly descended, but entirely vitiated and abandoned when the minds dealt with are ignobly descended.

The duty of academicians towards the young mind is to impart to them truthful and conscientious reasoning so often digressed from in Colleges and Universities as in the instance of the monetary economies.

After giving a very interesting and generally a faithful historical account of the development of money with the progress of civilizations, Professor Nicholson again falls into the snare of prescribing a fixed law for the stability of the value of money. We have already observed in the main the extreme fragileness of his argument that it is not the material, but the nominal value of coinage which is the actual feature of money—a resort to a wilful speciousness to uphold the unnatural theory of bi-metallism. And he now further supplies a link of fiction by ruling that another element of proper money is its stability of value, for no contract could be made in the absence of such stability. This is how he explains his proposition forming the fundamental basis of the doctrine of bi-metallism:—

Nicholson's untrue theory of all contracts based on the stability of the value of money.

“ It follows at once that the real meaning of the contract is vitiated if, in the course of the time over which it runs, the meaning of the term money is altered. We thus arrive at the position expressed in technical language that one of the most important requisites of good money is *stability of value*. In order that money may be a good *medium of exchange at any particular time* it must be universally accepted without hesitation, and in order that it may be a good *measure of values over any period* it must itself possess comparative stability of value.”

Here the writer transcends all the practical experience and the habits of the world. No community has been able to act upon any such law; on the contrary, numberless contracts have been entered into from a few hours in the least to portions of a century on the basis of quantity of metallic money or any of its representative or credit tokens. This is the fixed custom of to-day and the custom of

thousands of years past and has admirably answered every requirement of governments, individuals, or communities.

What is the earthly reason to seek the impossible in respect of money, when the same is not the case with the value of any article or labor involved in a contract? The latter value fluctuates as much as the value of healthy money. If, then, the fluctuations of money form an unreal element in a contract, and as money is only one form of value, inherent and directive, the failure to secure sameness of value of other articles in a contract, must vitiate every contract entered into by society, which is a flagrant misvidence of the prevailing state of things, but which, as a matter of course, has always been accepted in respect of a contract from one pound and a contract of a hundred million sterling. The writer should know of the common-sense feature of contracts. The parties entering into a contract ratify no contract unless they take into consideration every possible fluctuation of values, whether of money or of any labor or article forming the very constituents of a contract. Here the theory of contracts, said to be based on the stable value of a money-standard, irrevocably falls to the ground. There is nothing stable except that there is money involved both in the commencement and the end of a contract. The exchange values of money may fluctuate from numberless causes in the course of a contract, but whether a community or Government may become bankrupt, or whole ships laden with gold and silver may be drowned in the sea, or the value of money may be radically and to any extent affected by other causes, direct or indirect, the design of the contract entered into remains the same, though every other thing is subject to all sorts of shifts. The design and execution of the contract is in theory and practice a stability pure and simple and not the thoroughly mortifying ties of ratio values between silver and gold. If any stability in their value may come into existence in respect of any individual contract—all this depending upon the automatic working of the exchanges which is uninfluenced by any academic or legislative law—some consideration may or may not have been paid to it during the negotiation of a contract. Another impossibility why no fixation of the exchange value of coins could be attempted is involved in numerous contingencies like the production of, for instance, any of the precious metals entirely falling off or receiving an impetus of multiplication beyond all anticipations. In a similar manner the greater portion of one or both metal may leave the country involved in contracts. Party to a

contract may all at once devise a machinery or plan by which the profits to him which were primarily estimated at 15 per cent. may now amount to 100 per cent. How are you, in such circumstances beyond all control, to find and provide for *stability* in the value of money or any other article ?

The whole of the Professor's proposition—and for the matter of that of all Bimetallists—is based on false hypothesis, one after another. First after perverting the true character of money by assessing its value not in the measure of wealth as the whole world of common-sense does—but common-sense to economists is no merit in the problem—but in the nominal exchange value pedantically sought to be ordained by economic and statesmen law-givers—another trumpety hypothesis must necessarily follow : if nominal values could be instituted by governments inspired by the pedantic theorems of political economists, the next measure would be to ratify these artificial values for all times to come. A contract may last for 99 years or 999 years, the values of coins must remain stereotyped or, more properly speaking with a pretended perfection of certain academicians, their values should remain uniform and stable. All the learning here seems to consist in a childish adherence more to prudish forms than to real substance : for if these ill-guided expounders were only to know the true value of wealth-tokens, which exist in their moving intrinsic worth from time to time—I mean the so-called stability of their value, which cannot foolishly be made self-reliant nor self-dependent, but which is vitally moved by numerous correlative forces surrounding it—the total irrelevancy of the factor might become apparent to them. It is in the forecasting provision made for profits when a contract is made that the stable efficacy of a contract exists, liable, however, to violent or moderate changes due to various fluctuations of values and prices.

The Professor sets forth all the phases of plausibility in favour of his doctrine of bi-metallism which are, strange to say, the part and parcel of a common-sense creed. But the citation of that creed can do no service to the bi-metallic theory of artificially raising the value of silver over that of gold. “It is said that stability of value is impossible in any material substance whatever. If the words are taken literally and strictly, this statement is literally strict and true. “Fortunately, however, for the happiness of mankind, we do not

Nicholson's theory of natural uncertainty is confounded with his unnatural theory of ordaining fixed values for various monies.

“generally require such minute accuracy . . . Nobody would deny that it is easier to foretell the arrival of a steamer than that of a sailing vessel, and yet, in both cases, the precise time is quite “uncertain.” All this is a clear apology for the doctrine of bi-metallism—an argument which cannot hold water for a moment. The time of the arrival of a steamer with all the known factors might be held under some control. An hour’s late arrival of a steamer bears no intention of a wanton damage to anybody; whereas a forced adoption of nominal exchange values in the highly practical concerns of a trade directly suggests the inception of an immoral disorder of automatic, pecuniary or wealth values. The setting forth of an exchange rate, even for a week in advance, is a mere matter of speculation which two parties to a business have, *volens volens*, to adopt. But the adoption of the exchange value by different governments, professedly to be accepted by numberless communities and hundreds of millions of people, is quite a different thing. It is not stating to them that we shall accept the point of automatic settlement of the respective values of gold and silver whenever the indicator of value moves, but it is commanding the trade and commerce of the world not only to accept once, but to accept continuously, the nominally high value of one metal and the artificially degraded value of another, and *vice versa*, as a fixed and real substance. The Professor cites the common-sense creed which cannot apply to this illustration, but which may apply to the daily bargains of trading individuals which cover near or wanton speculations, and which only concern them and not the public at all. For it is no imposition on anybody else, while the command involved in a legal ratio at once becomes an impracticable or lunatic tyranny, which the people, of course, will, at the first moment, disregard. The application of any common-sense revelation to an intolerable doctrine which may be evoked in the pursuit of such a doctrine, instead of improving the position of its expounder, would seem to damage it on his own hands.

The Professor substitutes artificial probability for the natural monetary matters which common-sense rejects.

I cannot describe the nature of the intelligence which the Professor employs in illustrating the soundness of his doctrine. “In human affairs as the immortal Paley showed by reference to his twelve men of known common-sense and probity, we must be guided by probability [and all monetary contracts, I say, have been guided by this probability], and we must be content with the comparative in place of the absolute” [and the basis of all contracts

have never indeed pretended to absolute correctness, but only to comparative degrees of probableness]. It is the absolute which Bimetallists aim at, for what other thing is the fixing of a higher value for silver, while it is really low, and a lower value for gold, while it is really high, and fixing that for a period; while the values may lower or be raised and oscillate every day ?

The Professor springs upon us another fantastic argument. No one knows the real value of the present worn coins—which is an uncertain thing—while they would altogether be inferior to money of full weight and fineness about which there will be no uncertainty. Is this a straightforward argument ? The real value of the old coins is really unreliable, but they still are of a nominal value, which does not remove their uncertainty. The Bimetallists' new coins will also be of nominal value, as per exchange rate fixed by Government ; but, so far as their weight and fineness are concerned, they would of course be better ones, but eventually worse, and that is begging the whole question. The fact that they are under-valued, that their standard monthly and yearly will be a delusive one, make them as much of uncertain value as the old ones. A clever mixture of realities with unrealities must only expose the more the hollowness of the position of the Bimetallists.

The Professor, in describing the variations in the exchange value of gold, admits one primary thing, that “the same weight of gold does not always mean the same value,” just in the same way of course that the same weight of silver or copper does not always command the same exchange value. If a superabundance of gold may be had, “then coins would become so abundant that everyone would be able “to offer much more money for anything he desired to purchase”—which is approximately true. But here mark the law evolved from the brains of the economist: “as bank-notes and other forms of “paper may have a value in exchange altogether exceeding the value “of the materials used in their manufacture, similarly, though in a “less degree, this is true of the material of silver and copper coins “compared with their nominal value.” Is there any condition of analogy between simple blank paper and sheer silver, gold, copper, or the real *money* wealth made out of this material ? In the latter case, the value of the metal and of the standard money represented in that metal are mere *assigned* twin-values. In the other case, the paper on which the quantity of a standard metal is impressed is almost worthless, so that no comparison whatever exists between

the value of the paper denoting a bank-note, and the value of the metal in the standard coin. There being no similarity between the two values, it would be as absurd to say that the paper on which the bank-notes are printed can influence its price any more than an exaggerated gold value given to a silver coin can affect its intrinsic value; but the former theory is in itself much more absurd than the latter.

Nothing can more forcibly depict the fantastical nature of the bimetallic position than this very argument under which the Professor should be able to buy up all the silver lying in the vaults of any Bank if he could only print off, with Government permission, and own notes of the same value. Of course, no one would heed him in the Bank. But supposing he took metallic money enough to buy up all that silver in theory and practice he would be conferred with by the Bank authorities. The cardinal distinction between the two transactions marks the superfantasia in the very best argument of the Edinburgh Professor. And the fact that certain political economists are driven to such unreal and desperate shifts, with a view to give colour to a propounded law that is in itself mere chaff, must convince the impartial public as to how pitifully both they and Governments have been misguided all the world over.

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SPEECH

IN THE

LEGISLATIVE COUNCIL OF THE GOVERNOR GENERAL,

BY

MAJOR THE HON'BLE E. BARING,

ON

THE BENGAL RENT LAW.

MARCH 13TH, 1883.

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MY LORD,—Before proceeding to comment on the important question upon which this Council is now called upon to deliberate, I should wish to make one preliminary observation. It is, I am aware, difficult to argue the issues involved in the discussion on this Bill, without appearing a partisan of either the zemindars or the ryots. For my own part, however, I altogether deprecate any such inference. My wish is—and I am sure the wish of the Government collectively is—to preserve an attitude of strict impartiality, to consider carefully the arguments which may be advanced whether in support of this Bill or in opposition to it, and ultimately to assist this Council in arriving at such decisions as may be most conducive to the public welfare and most just to the conflicting interests involved.

My hon'ble friend Mr. Kristodas Pal commenced the able and interesting address which he delivered to the Council yesterday by saying that he must not be regarded solely as an advocate of the zemindars, for that his sympathies and convictions were quite as much with the ryots as with the zemindars. I was glad to hear that statement of my hon'ble friend, but I must confess that, although I listened with great attention to my hon'ble friend's speech, I did not hear any arguments advanced from the point of view of the ryot. I do not at all complain of this. On the contrary I think it is a matter of congratulation both to the Government and to this Council that the views of the zemindars should be so ably and fully represented in this Council as they are by my hon'ble friend. On the other hand I trust my hon'ble friend will not be surprised if to some extent I take up the converse of his situation, and that he will not think, if I dwell more especially on those views which are especially associated with the interests of the ryots, that I have any bias in the matter. I have no such bias. The reason why on the present occasion I dwell more especially on the claims of the ryots is because the superior

education of the zemindars, and the fact that their interests are ably represented both in and out of this Council, enables them to bring forward their views to greater advantage than the circumstances of the case permit to the ryots. It is, therefore, desirable that the arguments from the ryots' point of view should be fully and publicly stated and examined.

My hon'ble colleague Mr. Ilbert in moving for leave to introduce this Bill explained the circumstances under which the present Government has thought it its duty to undertake a general revision of the Rent Law in Bengal. It is not necessary, therefore, that I should dwell on those circumstances. I will only make one observation on the past history of the case.

In the course of the discussions on this Bill it may perhaps be said—and, indeed, outside the walls of this Council room it has already been said—that Your Excellency's Government, finding the relations between the zemindars and ryots in an unsatisfactory condition, resolved, *proprio motu*, to initiate legislation with a view to placing those relations on a more satisfactory footing. A statement of this sort would very inaccurately represent the facts of the case. Whatever may be the individual views held by members of the present Government upon the important political, social, and economic problems involved in the legislation now proposed, nothing is more certain than that those individual views have in no way contributed to raise the issues now under discussion, nor have they accelerated or retarded by one day the advent of the time when the reform of the land laws of Bengal must perforce have been undertaken.

In order to appreciate the reasons, whether remote or immediate, which have rendered legislation on this subject an unavoidable necessity, it is necessary to look back to a time when the personnel of the Indian Administration—whether that of the India Office, of the Imperial Government of India, or of the Local Government of Bengal—was different to that which at present exists.

The facts which the present Government of India found in existence were (1) that, after some tentative efforts at

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partial legislation, a Commission had been appointed as a preliminary measure to a general revision of the Rent Law of Bengal; and (2) that the majority of Commission, backed by the concurrent testimony of a long array of high authorities in past years, were of opinion that such a revision should be undertaken. Lastly, the Government of Bengal urged that a general revision of the Rent Law should be undertaken and submitted a draft Bill having that object in view. Under these circumstances I venture to think that it would have been a dereliction of duty on the part of the Government if we had declined to undertake the onerous and responsible task which now lies before us.

Independently, however, of this issue, which is one of comparatively minor importance, it remains to be considered whether the Government—in which term I include both the Government of Lord Lytton, which appointed the Rent Commission, and the present Government, which has to deal with its report—is justified in undertaking a legislative measure of such importance.

It appears to me desirable that this question should be further examined especially as the necessity of any general revision of the Rent Law has been denied by my hon'ble friend the Maharaja of Durbhunga and Mr. Kristodas Pal.

The necessity for legislation is urged from two quarters. The zemindars wish for certain amendments in Act X of 1859, their main grievance being that the existing law does not give sufficient facilities for the enhancement and recovery of rent. The grievances of the ryots may conveniently be summed up in the phrase—borrowed from the discussions on the reform of the Irish land laws—that they desire in a greater or less degree the attainment of the three Fs.

I am aware that my hon'ble friend the Maharaja of Durbhunga stated yesterday that the zemindars of Behar do not require any legislation at all. At the same time I think I shall be right in saying that very recently the desirability of amending the law in the sense of giving greater facility for the recovery and enhancement of rent was not generally disputed, and that even now a very large body of opinion is in favour of such legislation. I need not,

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therefore, discuss this branch of the question. But the necessity of any further considerable revision of the law beyond what is necessary to facilitate the recovery and enhancement of rent is disputed. It is alleged that the present system of land tenures in Bengal has not hampered the prosperity of the Bengal peasantry; that no sufficient evidence exists which would justify a general revision of the Rent Law, and that before any such revision is undertaken, further detailed enquiry is necessary.

*allegation
of Government
that system has
not checked
up to prosperity*

Then there is another argument to which allusion has not been made in this Council, but which I have seen frequently stated outside the Council. It is well known that the advocates of legislation adduce the riots in Pubna and elsewhere as a proof of the necessity for legislation. To this it is replied that these riots were caused by Government officials. As regards this statement, I will only say that there is a strong presumption that it is unfounded. I have certainly never seen any evidence in support of its correctness, and I observe that Sir George Campbell, speaking some while after the riots, said that he "believed, speaking generally, it is certain that the law was, and, so far as the original matter of dispute goes, still is, with the ryots."

I confess that an argument of this sort reminds me of those well-known lines in "Rejected Addresses" which, I remember, have once before been quoted in this Council—

"Who makes the quartern loaf and Luddites rice?"

"Who fills the butchers' shops with large blue flies?"

And then the author goes on to say that the Emperor Napoleon I. was responsible for these things. To the best of my knowledge and belief the officials in Pubna and elsewhere were no more responsible for the disturbances some few years ago than Napoleon I. was for the flies in the butchers' shops, and that they are perhaps less responsible than that potentate was for the high price of the quartern loaf.

Turning now to the question of the prosperity of the peasantry, I wish to remind this Council that my hon'ble friend Mr. Kristodas Pal cited the rapid growth of the Excise revenue as a proof of the growing prosperity of the people. No doubt the Excise revenue has of recent years grown

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rapidly, and the growth of this revenue is an indication of increasing prosperity. But my hon'ble friend must pardon me if I say that this fact does not prove his case. The question to be decided, for the purposes of the present issue, is not whether the peasantry of Bengal are prosperous or the reverse. Prosperity is a relative term. The question at issue is whether the existing laws regulating the system of land tenures in Bengal hinder the peasantry of that Province from being as prosperous as they otherwise would be.

It may tend towards the elucidation of this question, if I give some figures with a view to showing the measure of agricultural wealth possessed by the population in the principal Provinces of British India, more especially as this is a point to which my hon'ble friend Mr. Kristodas Pal alluded in the course of his very able and interesting speech of yesterday. In the Central Provinces the yearly value of the crop is Rs. 21.6; the payments Rs. .72; the balance Rs. 20.9. In Bombay the yearly value of the crop is Rs. 22.4; the payments Rs. 2.2; the balance Rs. 20.2. In the Punjab the yearly value of the crop per head of population is Rs. 18.5. The payments for purposes of Government and irrigation per head amount to Rs. 1.4. The balance left in the hands of the people is Rs. 17.1. In Madras the yearly value of the crop is Rs. 19.0; the payments Rs. 1.7; the balance Rs. 17.3. In Bengal the yearly value of the crop is Rs. 15.9; the payments Rs. .81; the balance Rs. 15.1. In the North-Western Provinces and Oudh the yearly value of the crop is Rs. 16.4; the payments amount to Rs. 1.6; balance Rs. 14.8. It would be easy to show that of the total payments, including rent, made by the people of each Province of India, a great deal less finds its way into the Government Treasury in Bengal than elsewhere. Thus in Bombay, where the land-tenure is nearly all ryotwaree, 88 per cent. of the payments made are devoted to purposes of Government, being either paid into the Treasury as revenue or devoted to the support of establishments required for public purposes. In Madras, where about $\frac{4}{5}$ ths of the country is under the ryotwaree tenure, the proportion is 69 per cent. In the North-Western Provinces and Oudh,

per head of population

*comparative (to be used)
value of produce & rate of
taxation*

under a zemindaree system and temporary settlements, the proportion is 60 per cent. In the Punjab, where there are a very large number of cultivating proprietors, the proportion is 54 per cent. In Bengal under the Permanent Settlement, the proportion is believed not to exceed 33 per cent. This, however, is not the point with which I am immediately concerned. What I wish to show is the degree of agricultural wealth possessed by the several populations. I am aware how dangerous it is to place implicit reliance on statistical calculations of this sort. Notably, in this instance, it is to be observed that the produce of the cultivated area is not the only source of income to the cultivators. Milk, ghi, curds, hides, wool, live-stock, and fuel, have to be taken into account. For instance, the value of stock, dairy, and forest produce in the Punjab, has been calculated at no less than 12 crores of rupees annually. At the same time, when we find that statistics, worked out without reference to any particular result,—for these calculations were not made with special reference to the measure now under discussion—lead to the same conclusion as those which would result from general knowledge of the subject, and from *à priori* inferences, it is, I think, impossible not to attach some importance to them. What, therefore, is the conclusion to which these figures point? They show, in the first place, that, under certain conditions, the ryotwara and zemindaree tenures are consistent with an equal degree of agricultural wealth. Thus the agricultural wealth of the Central Provinces stands at the top of the list. The reason is obvious. In the Central Provinces there is no keen competition between cultivators for land, but rather there is competition between landlords to get cultivators. But if we find a combination where the zemindaree system exists, accompanied with great pressure of the population on the soil, but unaccompanied with any sufficient protection afforded to the cultivator against the landlord, it is there that we should expect to find the least degree of agricultural wealth. And that is precisely what we do find. The degree of agricultural wealth in the North-Western Provinces and Oudh and Bengal is considerably less than that of the other Provinces

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of India, and the North-Western Provinces and Oudh are in a slightly worse position than Bengal, because we know that the pressure of the population on the soil in those Provinces is somewhat greater than is the case in Bengal.

I have so far compared the agricultural wealth of Bengal and other Provinces. I now proceed to institute a comparison between different portions of the Province of Bengal itself. The circumstances incident to the tenure of land, and consequently the degree of agricultural prosperity attained in different parts of the Province, present some wide differences. Thus in the Chittagong Division we are told by the Commissioner that the landlords "stand in awe of their ryots." In some other districts, Dinagepore for instance, there is evidence to show that "the demand for ryots "by zemindars is more than the demand for the lands by "ryots."

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Of course where any real competition for ryots exists, the latter, if they are unduly pressed, move off to other estates. In other districts where this state of things is reversed and the congestion of the population leads to excessive competition for land, there is abundant evidence to show that, under the existing condition of the law, the agricultural prosperity of the country is hampered. Perhaps the best way of bringing this point out clearly will be to compare the condition of different parts of the Province which present dissimilar features in respect to the system of land tenures.

Many official reports might be quoted to show the prosperous condition of the people of Backergunge and the adjoining district.

Thus an official report written in 1868 speaks of the cultivators of the Backergunge district as "litigious" and "very easily excited." But the report goes on to say—

"Nothing strikes one more in going through a village in this district than to see substantial homesteads, well-kept gardens, well-stocked poultry, and farm-yards. It is no uncommon thing for the substantial howladars of this district to keep their own poultry, not only for sale, but also for home consumption. Then, again, I do not think the ryots of any other district would have borne the heavy losses in cattle, from the murrain which had raged here to a most appalling extent, so well as the Backergunge ryots have done. I have sometimes been

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“really surprised to see how easily the ryots have replaced their losses by the purchase of more cattle. * * * * * In the steady social advancement of the people, in their independence and substantial comfort and well-being, Backergunge, a district comparatively unknown, neglected, and despised, is about the best illustration of the blessings enjoyed under our rule.”

Many passages from more recent reports might be quoted in corroboration of this description. Thus, in the annual report on the Dacca Division for the year 1877-78, the following passage occurs:—

“The great and astounding calamities which followed the cyclone have been met and tided over; the soil is fertile; the people self-relying, industrious, and perfectly able to defend their own.”

Why is it that in Backergunge and in some of the adjoining districts such a remarkable degree of prosperity exists? The reason is not far to seek. “Backergunge,” an official report says, “is essentially a district of peasant proprietors.” “Almost all the actual cultivators,” another report says, “have to a certain extent a proprietary right in the land they cultivate.”

I do not say that this is the only reason why these districts are exceptionally prosperous. I am aware that the rise of the jute industry has poured considerable wealth into these districts. But when this wealth accrued, what was the first use to which it was turned? The cultivators knew well enough that the acquisition of a proprietary right in the soil was essential to their permanent welfare, and accordingly we find that the first use to which they turned their newly acquired wealth was to take every opportunity of acquiring such a right. The statistics of Registration show that in the three years 1877-78, 1878-79, and 1879-80, no less than 342,596 perpetual leases were executed in Bengal, by far the greater portion of which were executed in the districts of Jessore, Backergunge, Furreedpore, Noakholly, and Chittagong.

I turn now to Behar, and the contrast is indeed remarkable. There we find a peasantry, which is described by Sir Richard Temple, speaking with all the weight of his great experience, as “in a lower condition than that of any other

“peasantry with equal advantages which he had seen in “India.” I see no reason to suppose that this description is in any way exaggerated. It is corroborated by the late Colonel Hedayat Ali, himself a zemindar, well acquainted with the habits and customs of the people of Behar, and whose opinion is stated on reliable authority to be unprejudiced and valuable. “The ryots of this Province,” he says, “*viz.*, the heads of families, and even the women and the “male adult children of the agricultural classes, though they “labour hard, are yet in a state of almost utter destitution, “and that owing to the heavy assessments laid on them.” Let any one look at the tables giving the average monthly wage of an able-bodied agricultural labourer, which are periodically published in the Gazette. He will find that the average wage in the Patna district is from Rs. 3 to Rs. 4 a month; in the Gya district from Rs. 2-8 to Rs. 3; in the Shahabad district Rs. 4; in the Durbhunga district Rs. 2 to Rs. 3. Elsewhere in the rural districts of Bengal we find the wage of the agricultural labourer ranging from a minimum of Rs. 5 in the Moorshedabad district to somewhat over Rs. 9 in Backergunge, Mymensingh, &c, the usual rate being about Rs. 7 or Rs. 7-8. These, I think, are very eloquent facts. If any further evidence be needed, it is sufficient to compare the remarkable recuperative powers shown after the disastrous cyclone by the cultivators of Backergunge, and the adjoining districts, with the feeble powers of resistance against famine shown by the peasantry of Behar in 1874. Those who were concerned with the administration of India in that year are not likely to forget the fearful aridity with which, in spite of every effort of the Government, scarcity was with utmost difficulty prevented from turning into wide-spread mortality from starvation in those poverty-stricken districts. What is the reason of this condition of things? It is thus stated by two very able officials, Messrs. Geddes and MacDonnell, in their report of January 7, 1876 :—

“The whole conditions of agricultural industry in Behar,” they say, “are such as to render it precarious. There is no sufficient certainty as “to tenure. It is impossible for the population to fall back this year

Behar
 Province
 Agricultural
 Labourer
 Colonel
 Hedayat
 Ali

“solely on accumulated reserves, whether of grain, of property, of money, or of éredit. * * * The people who plough and sow, and who ought to reap, have not a reasonable assurance as to the fruits of their industry.”

It is well known that in Behar a large quantity of land is held under what is termed the *bhaoli* or métayer system of tenure. All who are conversant with questions of this sort know, generally, what there is to be said for and against this system of tenure. It has found an apologist in one of the most able economic writers of the century. I observe, however, in a series of articles republished from the *Hindoo Patriot*, and in which the cause of the zemindars is defended with remarkable ability, that it is stated that “the *bhaoli* tenant is as much secured in the possession of his holding as the métayer tenants are in Continental Europe.” A description is then given of the métayer tenancy in France. This description is taken textually from the pages of Arthur Young who was a very acute observer on agricultural matters. It describes not the métayer tenancy which now exists in some parts of Europe, but that which existed in France before the Revolution. It was in respect to this tenancy that Arthur Young said that—

“there is not one word to be said in favour of the practice, and a thousand arguments that may be used against it. * * * * * Whenever this system prevails it may be taken for granted that a miserable and useless population is found.”

It was strongly condemned by one of the greatest French administrators,—Turgot. Mill has, indeed, defended the métayer system, but then after alluding to the alleged prosperity of the people of Italy, where this system of tenure exists, he says—

“I look upon the rural economy of Italy as simply so much additional evidence in favour of small occupations with permanent tenure.”

Now, in the first place, it is to be observed that Mill's account of Italian prosperity under the métayer system, which was based on the account given by Sismondi, is now believed to have been incorrect. It was refuted in a report by Mr. Herries, on the land-tenures of Italy which was laid before Parliament in 1871. And, in the second place, per-

Behar
 Hindoo Patriot
 Turgot
 Mill
 Sismondi
 Herries
 Arthur Young
 France
 Italy
 Land-tenures
 Parliament
 1871

manent tenure, which, as Mill says, will always generate considerable agricultural prosperity, even under the disadvantages of the peculiar nature of the métayer contract, is exactly what the Behar tenant has not got. This is what the Behar Committee said on this subject:—

“An examination of the *jamabandi* papers of Behar estates has shown that while 60 per cent. of the present ryots have held some land in the villages in which they reside for more than 12 years, less than one per cent. of them hold at present the same area of land which they held 12 years ago. * * * This is an evil which is due to the general failure on the part of the landholders to comply with an obligation which the law has, from the earliest period of our rule imposed upon them, namely, that of giving pottahs to their tenants specifying the boundaries and areas of their holdings.”

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The meaning of this is, I conceive, that the intention of the Legislature in 1859, which was to facilitate the acquisition of occupancy rights, has been completely defeated. But the whole of the Report of the Behar Committee should be read in order to gain an accurate idea of the evils of the *bhaoli* system. It is shown by the report of that Committee that when the ryots decline to accept the zemindar's terms as to the share of the produce, the zemindar declines to make the appraisement. Further, when the appraisement is made, the zemindars do not allow the ryots to take away the grain.

“It will be seen,” the Committee says, “that the zemindars of South Behar practically take by way of rent as much of the crop as they choose to claim.”

I think with such facts as these before us, it is impossible to deny that the relative prosperity of the people of the Eastern Districts in the one case, and the relative depression of the agricultural classes in Behar in the other case, must to a very great extent be traced to the different systems under which land is held in those districts of Bengal.

It is said that sufficiently detailed enquiry has not yet been made, and that sufficient evidence has not yet been accumulated, as to the necessity of any general revision of the Rent Law of Bengal. I am unable to admit the validity of this contention. Abundant evidence might be cited to show

that in some parts of Bengal greater facilities are required to enable the zemindar to recover the tenant's rent. As, however, this point is not, generally speaking, disputed, I need not dwell on it any longer. Looking at the question from the ryots' point of view, we have the concurrent testimony of a large number of experienced officials, both past and present. We have the further testimony of a Committee composed of experienced gentlemen, both official and non-official, on the condition of the affairs of Behar. We have the very able report of the Rent Commission. We have the concurrent testimony of four successive Lieutenant-Governors. We have, moreover, as regards the levy of illegal cesses, the results of very careful enquiries instituted by Sir George Campbell in 1872, supplemented in many cases by abstracts of oral evidence, and a large quantity of documentary evidence.

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It will be borne in mind that, as could readily be shown by reference to contemporaneous literature, one of the chief objects of the authors of the Permanent Settlement was to prevent the levy of *abwabs*, or illegal cesses. Nothing is more clear than that this object has not been attained. I should like to read to the Council a list of the cesses which were reported by the Commissioner of the Presidency Division in 1872 to be levied in the 24-Pergunnahs. They are no less than 27 in number. They are as follows:—

(1.) *Dāk khurcha*.—This cess is levied to reimburse the zemindars for amounts paid on account of zemindaree dāk tax. The rate at which it is levied does not exceed three pice per rupee on the amount of the tenants' rent.

(2.) *Chanda*, including *bhikya* or *maugon*.—A contribution made to the zemindar when he is involved in debt requiring speedy clearance. It will be seen, therefore, that if, as my hon'ble friend (Mr. Kristodas Pal) says, the ryot goes to the zemindar when he is in difficulties, it sometimes happens that when the zemindar is in difficulties he goes to the ryot.

(3.) *Parboony*.—This is paid on occasions of poojah or other religious ceremonies in the zemindar's house. The rate of its levy is not more than four pice per rupee.

(4) *Tohurria*,—a fee paid on the occasion of the audit of ryot's accounts at the end of the year.

(5.) Forced labour or *bagar*. This labour is exacted from the ryots without payment.

(6.) *Maroocha* or marriage fee,—paid on the occasion of a marriage taking place among the ryots. It is fixed at the discretion on the zemindar.

(7.) *Ban salami*,—a fee levied on account of the preparation of goor or molasses from sugarcane.

(8.) *Salami*, including all fees paid on the change of ryots' holdings, and on the exchange of pottahs and kaboolyats.

(9.) *Kharij Dakhil*,—a fee commonly, at the rate of 25 per cent., levied on the mutation of every name in the zemindar's books.

(10.) Taking of rice, fish, and other articles of food on occasions of feasts in zemindar's house.

(11.) *Battah* and *Multa Kumrae*.—The former is charged for conversion from Sicca to Company's rupees; the latter on account of wear and tear of the same.

(12.) *Fines*.—These are imposed when the zemindar settles petty disputes among his ryots.

(13.) *Police Kurcha*,—a contribution levied for payment to police officers visiting the estate for investigating some crime or unnatural death.

(14.) *Jummojattra* and *Rash Khurcha* are exceptional imposts levied on occasions of certain festivals.

(15.) *Bardaree Khurcha*,—a fee levied at heavy rates by a farmer taking a lease of a mehal.

(16.) *Tax or income tax*, levied by a few zemindars to be reimbursed for what they pay to Government on account of this tax. (The list, from which I quote, was, it will be remembered, prepared in 1872 when the Income Tax was in existence.)

(17.) *Doctor's fees*.—This is levied exceptionally by a few zemindars on the plea that they are made to pay a similar fee to Government.

(18.) *Tautkur*,—a tax of 4 annas levied from every weaver for each loom.

(19.) *Dhaie mehal*,—a fee levied from every wet-nurse carrying on her profession in the zemindar's estate.

(20.) *Anchora salami*,—a fee levied by persons carrying on an illicit manufacture of salt.

(21.) *Hal bhangun*,—a fee paid by a ryot on his ploughing land for the first time in each and every year.

(22.) *Mathooree jumma*,—a tax levied on barbers.

(23.) *Shashum jumma*,—a tax levied on moochiés for the privilege of taking hides from the carcasses of beasts thrown away in the bhagar of a village.

(24.) *Punniah Khurcha*.—The contribution made by the ryots on the day the *punniah* ceremony takes place.

(25.) *Bastoo poojah Khurcha*,—a contribution made for the worship of *bastoo pooroosh* (god of dwelling-houses) on the last day of the month of *Pous*.

(26.) *Koshud Khurcha*,—a contribution levied to supply with provisions some district authority or his followers making a tour in the interior of the estate.

(27.) *Nazarana*, or presents made to the zemindar on his making a tour through his estates.

I took this list at hazard from a number of others given in the reports addressed to Sir George Campbell in answer to his enquiry in 1872. It does not appear to represent an exceptional case. In some districts fewer cesses are levied; in others the evil has apparently attained even larger dimensions. Indeed, a case is cited in Orissa, as an example of the credulity of the ryots, where the fixing of a line of telegraph posts was made an excuse for the levy of an additional cess.

It is sometimes said that the ryots themselves have not asked for any legislation. That statement is not correct. The ryots have, in some cases, petitioned Government, and if they have not come forward more fully on their own behalf the reason is not far to seek. The Collector of Bhaugulpore reported on the 15th May 1872 that—

“if a formal enquiry were instituted, it would be almost impossible to make any ryot come forward to divulge what he had paid; it is only incidentally that we come to hear of the exactions.”

And in forwarding the reports of 1872 to Sir George Camp-

bell, the Member in charge of the Board of Revenue (Mr. Schalch),—whose views, generally, were certainly not unfavourable to the zemindars—expressed himself in the following terms :—

“ Even when the ryots are aware of their rights, they very naturally prefer to bear the almost insupportable burden of oppression, rather than to follow a course of opposition which would probably result in even greater oppression,—nay, even in utter ruin.”

I do not think that under these circumstances it can be any matter of surprise that the ryots in some parts of Bengal have not spoken out more plainly than has been actually the case. Rather, I think it a matter of surprise that they have spoken out so clearly as they have done.

It appears to me, therefore, that the evidence upon which the necessity for a revision of the Rent Law is based, is sufficiently conclusive.

I now turn to the consideration of a wholly different point.

It has been urged that legislation of the nature now proposed is contrary both to the spirit and to the express terms of the Permanent Settlement; in fact that it involves a breach of the contract made in 1793 between Lord Cornwallis on behalf of the British Government and the zemindars. So much has already been written and said on this subject that I will not attempt to discuss it at any length. Nevertheless the imputation of breach of faith is so serious, and the moral obligation on the part of the British Government to adhere scrupulously to any solemn pledges given to the Natives of India, of whatsoever class, appears to me to be so binding, that I should wish to state as briefly as possible why I consider that the argument adverse to the present Bill, based on the supposition that it involves a breach of contract, is wholly untenable.

I do not know that the spirit in which, as it appears to me, the British Government should approach the question of dealing with the Permanent Settlement has ever been more clearly and comprehensively treated than by Sir James Stephen in his speech on the Local Rates (North-Western Provinces) Bill in 1871, and I wish to dwell briefly on Sir

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James Stephen's opinion because, if I understood rightly, they were, I think, somewhat misapprehended by my hon'ble friend Raja Siva Persad in the address he delivered to the Council yesterday. Arguments had at that time been advanced to the effect that as no one generation of lawgivers can irrevocably bind another to a certain course of conduct, it was idle to object to any law on the ground that it was a violation of the pledges given at the Permanent Settlement.

Sir James Stephen said that he had heard these arguments with regret, all the more—

“because they undoubtedly have a certain substratum of truth.” “The objection to the theory,” he added, “of which they are applications is, not that it is false, but that it is partial; that it applies to legal right and wrong, and does not deal with the question of moral right and wrong.”

Sir James Stephen then pointed out that it was specially to be borne in mind, in considering the moral justice of making any change in the terms of the Permanent Settlement, that the Government of India was not a representative Government.

“A really representative Government,” he said, “may deal with the pledges of their predecessors in a very different way from a Government like ours.”

I think these observations of Sir James Stephen's must command universal assent. Occasions may arise in India, as elsewhere, when it becomes both necessary and desirable for the Legislature of one period to modify, or even deliberately to reverse, the measures adopted at some previous period. But certainly, in dealing with so solemn a compact as the Permanent Settlement, the very strongest possible necessity would have to be shown in order to afford a moral justification for any legislation which might involve a violation of previous engagements. We are fortunately not called upon to decide whether in the present instance a sufficiently strong case exists for any modification in the terms of the Permanent Settlement, for I venture to think that it may be conclusively shown that the legislation now proposed is in strict conformity both with the letter and the spirit of the engagements taken by Lord Cornwallis.

I say both the letter and the spirit, because high legal authorities differ in their opinion as to whether, in endeavouring to arrive at a decision as to the intentions of the Legislature of 1793, we are confined to the text of the statutes, or whether we may seek for a further exposition of those intentions in contemporaneous official literature. On a point of this sort the opinion of a layman is of little value. But I may perhaps be permitted to quote what so high a legal authority as Sir James Stephen said as to the latitude allowable in construing the text of the Permanent Settlement :—

“When I say,” he said, “that, in my opinion, the Permanent Settlement ought to be scrupulously observed both in letter and in spirit, I do not mean to exclude the right on the part of the Government, which is essential to the true interpretation of all such transactions, to take into consideration the gradual alteration produced by time and circumstance and the influence of surrounding facts. A great public act like the Permanent Settlement is not to be interpreted, and can never have been meant to be interpreted, merely by reference to the terms of the document in which it is contained. Its meaning must be collected from a consideration of the circumstances under which, and of the objects for which, it was made; and in considering what is, and what is not, consistent with its terms, we must look at the gradual changes which have occurred in the condition of the country since it was enacted. This is the only way in which it is possible to understand fully transactions of this kind, and it is peculiarly necessary in the case of a transaction which, however important, neither is nor professes to be a complete and exhaustive statement of the relations between the Government and its subjects. The Permanent Settlement regulates only one branch of one part of those relations, and it must be interpreted by reference to others.”

Whether, however, we look for the intentions of the Legislature solely in the text of the Regulations, or whether we admit contemporaneous literature as evidence of those intentions, it appears to me that, in so far as the immediate point under discussion is concerned, we arrive at the same conclusion.

Looking first at the precise words which the Legislature employed, the text of Regulation I of 1793 (Clause 1, Section 8) is sufficiently clear. It reserves to the Government full powers to interfere—

“for the protection and welfare of the dependent talookdars, ryots and other cultivators of the soil.”

It has, however, been urged that Regulation II of 1793, which was passed on the same day as Regulation I, qualifies the reservation in Section 8 of Regulation I. This argument is based upon the fact that the preamble to Regulation II of 1793, after dwelling on the expediency of abolishing the Courts of *Maal Adawlut* or Revenue Courts and transferring the trial of suits which were cognizable in those Courts to the Courts of *Dewanny Adawlut*, goes on to say that—

“no power will then exist in the country by which the rights vested in the landholders by the Regulation can be infringed, or the value of landed property affected.”

I must confess that I altogether fail to see how the language thus used in Regulation II qualifies the legislative power expressly reserved by Regulation I on behalf of dependent talookdars, ryots, and other cultivators of the soil. If the whole of the preamble to Regulation II of 1793 be read, the intention of the Legislature becomes perfectly clear. Prior to 1793 rent and revenue suits had been tried in what were then known as the *Maal Adawlut*, or Revenue Courts. In these Courts Collectors of Revenue presided as Judges. It was pointed out in the preamble to the Regulation that—

“the proprietors can never consider the privileges which have been conferred upon them as secured, whilst the Revenue officers are invested with these judicial powers * * * * * . The Revenue officers must be deprived of their judicial powers.”

Further, these officers were to be rendered “amenable to the Courts of Judicature.”

When this was done the Regulation went on to indicate :—

“No power will then exist in the country by which the rights invested in the landholders can be infringed or the value of landed property affected.”

In point of fact, it is quite clear that the sole intention of the Legislature was to give further security to the zemindars in respect to the permanency of their revenue assessment, by a separation of judicial and executive functions, instead of allowing them to be united in the same individuals as was heretofore the case. The explicit reservation made in Re-

gulation I of 1793 does not, therefore, appear to be in any way qualified by the provision enacted in Regulation II.

I have so far dealt only with the text of the Regulations of 1793, and I have endeavoured to show that full power to legislate, with a view to the protection of the interest of the ryots, was expressly reserved by the Legislature. If, however, we admit contemporaneous official literature as evidence of the intentions of the Legislature, the case becomes even stronger. In the well-known letter to Lord Cornwallis of September 19th, 1792, the Court of Directors express themselves as follows:—

“ But as so great a change in habits and situation can only be gradual, the interference of Government may, for a considerable period, be necessary to prevent the landholders from making use of their own permanent possession for the purpose of exaction and oppression. We therefore wish to have it distinctly understood that, while we confirm to the landholders the possession of the districts which they now hold, and subject only to the revenue now settled; and while we disclaim any interference with respect to the situation of the ryots or the sums paid by them, with any view of an addition of revenue to ourselves, we expressly reserve the right, which belongs to us as sovereigns, of interposing our authority in making, from time to time, all such regulations as may be necessary to prevent the ryots being improperly disturbed in their possession, or loaded with unwarrantable exactions. A power exercised for the purpose we have mentioned, and which has no view to our own interests, except as they are connected with the general industry and prosperity of the country, can be no object of jealousy to the landholders, and, instead of diminishing, will ultimately enhance, the value of their proprietary rights. Our interposition, where it is necessary, seems also to be clearly consistent with the practice of the Mogul Government, under which it appeared to be a general maxim that the immediate cultivator of the soil duly paying his rent should not be dispossessed of the land he occupied. This necessarily supposes that there were some measures and limits by which the rent could be defined, and that it was not left to the arbitrary determination of the zemindar: for otherwise such a rule would be nugatory; and in point of fact the original amount seems to have been annually ascertained and fixed by the act of the sovereign.”

Again, somewhat later, but before Regulation I of 1793 was passed, the Court of Directors expressed themselves as follows:—

“ In order to leave no room for our intentions being at any time misunderstood, we direct you to be accurate in the terms in which our

Collection for revenue & other duties on the ryots & landholders to be made by the Government & not by the zemindars.

“determination is announced. * * * * You will, in a particular
 “manner, be cautious so to express yourselves as to leave no ambiguity
 “as to our right to interfere from time to time, as it may be necessary,
 “for the protection of the ryots and subordinate landholders, it being our
 “intention, in the whole of this measure, effectually to limit our own de-
 “mands, but not to depart from our inherent right as sovereigns, of
 “being the guardians and protectors of every class of persons living
 “under our Government.

Whether, therefore, we look to the letter of the Regulations of 1793, or whether we look to contemporaneous official literature for a further indication of the intentions of the Legislature of that period, it is abundantly clear that power to legislate, in order to define the relations between the zemindars and the ryots, was expressly reserved at the time the Permanent Settlement was made.

I now turn to another cognate point. It is admitted on all sides that the *khudkasht* or resident ryots had certain rights at the time of the Permanent Settlement. A great deal of learning and research has been devoted to enquiring into the precise nature of those rights. I do not propose to discuss this point. But I wish to say something about the rights of a certain important class of cultivators which accrued subsequent to the passing of Regulation I of 1793. At the time that Regulation was passed a large tract of waste and unoccupied land existed in Bengal. These lands were not assessed to the payment of revenue. The whole of the rents payable in respect to these lands was left to the zemindars under the terms of Lord Cornwallis' Settlement. “The rents of an estate,” Lord Cornwallis said in his Minute of February 3rd, 1790—

“can only be raised by inducing the ryots to cultivate the more valuable
 “articles of produce and to clear the extensive tracts of waste land,
 “which are to be found in almost every zemindari in Bengal.”

It has been argued on high authority that, under the Permanent Settlement, the zemindars were left free by the Legislature to let these unoccupied lands to ryots upon whatever terms they thought proper; that in respect to these lands they had almost as much freedom as English landlords; and that the terms upon which these lands were let were a matter of contract regulated by the ordinary principles of demand and supply.

It would perhaps constitute a sufficient reply to this argument to say that the reservation made in Section 8 of Regulation I of 1793, which I have already quoted, expressly declares that, if necessary, legislation will be undertaken with a view to the "protection and welfare of the dependent "talukdars, ryots, and other cultivators of the soil." No class of cultivator was excluded.

But I venture to think that the argument admits of a further answer. It implies that the authors of the Permanent Settlement deliberately intended to introduce freedom of contract as the economic basis on which the relations between the zemindars and the ryots, in respect to a very large class of lands, was to rest.

Now all the evidence which has come down to us goes, I venture to think, to show that the authors of the Permanent Settlement never intended anything of the kind. Lord Cornwallis, in his Minute of February 3rd, 1790, after speaking of the privileges enjoyed by the ryots in certain parts of Bengal, goes on to say:—

"Whoever cultivates the land, the zemindars can receive no more than the established rent, which, in most places, is fully equal to what the cultivator can afford to pay. To permit him to dispossess one cultivator for the sole purpose of giving land to another would be vesting him with a power to commit a wanton act of oppression from which he would derive no benefit."

Moreover, Section 5 of Regulation IV of 1793, which was passed less than a year after the Permanent Settlement, prescribes that, after the completion of certain formalities, "pottahs according to the form approved and at the established rates will be immediately granted to all ryots who may apply for them."

The "established rates," it is to be observed, apply under this Regulation to "all ryots." No exception is made in respect to ryots who cultivate, or to ryots who might subsequently cultivate, the lands unoccupied at the time of the Permanent Settlement. And yet it is surely not unreasonable to suppose that if the Legislature had intended to deal specially with the ryots cultivating those lands which then formed so large a proportion of the culturable area of Bengal,

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its intention would have been expressly stated. Lord Cornwallis and his contemporaries were not ignorant of the fact that rents in Bengal were universally settled with reference to general or local usage, and that perfect freedom of contract, in the sense in which we employ that term, did not exist. On the contrary, abundant evidence might be adduced to show that they were fully aware of it. Indeed, perfect freedom of contract was expressly excluded from the legislation of 1793. Section 65 of Regulation VIII of 1793 runs as follows :—

“ No proprietor of land or dependent talookdar shall contract any engagement with any under-farmer, or authorise any act contrary to the letter and meaning of this Regulation.”

It does not, therefore, appear to me that in respect to the unoccupied, any more than in respect to the occupied lands, it can be contended that the Permanent Settlement placed the zemindar in the position of English landlords free to regulate their relations with the ryots without reference to custom. As Mr. O’Kinealy has said—

“ All that the Permanent Settlement did—all that the great founder of the settlement ever intended it should do—was to give zemindars, subject to custom, a perpetual lease of the lands at a fixed assessment and subject to the restriction of State intervention if the conditions of their leases were violated to the injury of the ryots.”

I have said that Lord Cornwallis and his contemporaries did not intend to introduce freedom of contract as the economic basis which was to regulate the relations between landlord and tenant in Bengal. I may add that, had they endeavoured to do so, they would almost certainly have failed in the attempt. It is sometimes said that an Act of Parliament can do anything. It would be more correct to say that an Act of Parliament may prescribe that anything shall be done. However omnipotent may be the voice of the legislature, whether of England or of India, there is one thing that cannot be accomplished, whether by an Act of Parliament or by an Act of the Indian legislature. The habits of thought and customs of a vast population cannot be changed by any legislative enactment.

What has been the result of endeavouring to plant freedom

of contract in respect to land on the uncongenial soil of Ireland? It is told by the Bessborough Commission, in words that would apply with but little change to Bengal—

“That condition of society,” the Commissioners say, “in which the land suitable for tillage can be regarded as a mere commodity, the subject of trade, and can be let to the highest bidder in an open market, has never, except under special circumstances, existed in Ireland. The economical law of supply and demand was but of casual and exceptional application. It is generally admitted that to make it applicable the demand must be what is called ‘effective;’ in this instance it may be said that whatever was the case with the demand, the supply was never effective. In the result, there has in general survived to him (the Irish farmer) through all vicissitudes, in despite of the seeming or real veto of the law, in apparent defiance of political economy, a living tradition of possessory rights, such as belonged, in the more primitive ages of society, to the status of the man who tilled the soil.”

Again, the legislature of 1793 endeavoured to introduce into Bengal written engagements between landlord and tenant, but failed in the attempt. Neither can this be any matter of surprise. I conceive that, generally speaking, the Bengal ryot, like the Irish cultivator, regarded a written agreement not as a means of acquiring something which he did not possess, but as a recognition that he might be called upon to sacrifice something which was already in his possession,—not as a prolongation of his yearly tenancy, but as an abridgment of the traditional tenancy which allowed him to hold his land as long as he paid the customary rate of rent.

We know now a great deal more about the historical development of the idea of preproperty in land than was known to Lord Cornwallis and his contemporaries. The researches of Sir Henry Maine, M. de Laveleye, and other eminent men have thrown a flood of light on the subject. We know that the separate ownership of land is an economic idea of relatively modern growth; that in almost all countries the soil originally belonged to communities; and that as society has advanced a natural movement has taken place from common to separate property in land as in chattels. Without attempting to discuss the precise status of the cultivators of Bengal at the time when English rule was established, this much

at all events may, I venture to think, be said with confidence, that the disintegration of the small societies holding land in common, which existed in other parts of India, and which still exist amongst the Slavonic races of Europe, was almost complete in Bengal. On the other hand, the idea of individual property in land, in the sense in which we are accustomed to employ the term in England, had not nearly been attained. An intermediate stage had been reached. Community of property no longer existed, but perfect freedom of contract in respect to the land was wholly foreign to the ideas of the people. Custom and not contract regulated the relations between zemindars and ryots before the Permanent Settlement, at the time of the Permanent Settlement, and subsequent to the Permanent Settlement; and custom and not contract regulates to a very large extent those relations still, and would, without doubt, regulate them to even greater extent if the legislature of 1859 had not imported into the country the alien theory of prescription.

I should certainly be the last to press for the interference of the State in the regulation of any matters which can, without detriment to the public welfare, be left to settle themselves without any such interference. I dislike State interference and regard with some apprehension the modern tendency, not only in India but in England, to call in the aid of the State on occasions when it appears to me to be scarcely necessary. I should be the last also to say anything which might appear adverse to the application of sound economic principles to the solution of Indian questions. But I conceive that nothing is more likely to check the advance of sound economic knowledge in India than the misapplication of the canons of political economy. To quote a single trite instance of such a misapplication. If scarcity arises in any district of India the surplus food from other districts will, provided there be roads, be poured into that district in order to meet the demand. That is what political economy means when it says that the supply will follow the demand. But if no roads exist the supply will not and cannot follow the demand, and mortality from starvation will ensue as it has before ensued. So also when political economy speaks of freedom

of contract it means that free choice, dictated by intelligent self-interest, is the most efficient agent in the production of wealth. There are, according to the Famine Commissioners, 9,752,000 tenants in Bengal, of whom 2,789,000 pay a rent of from Rs. 5 to Rs. 20 and no less than 6,136,000 pay a rent of less than Rs. 5, which latter rate, I may observe, implies a holding of from two to three acres. Can any one who is acquainted with the facts say, in respect to the majority of these tenants, that their education, their knowledge of law, and the circumstances under which they till the soil, are of a nature to admit of that free and intelligent choice which is in the essence of the economical, as it is of the legal, theory of freedom of contract? I venture to think that any such contention cannot be maintained. The mass of the ryots are uneducated. In Behar, with its population of $22\frac{1}{2}$ millions, less than $1\frac{3}{4}$ per cent. of the population can read and write, and elsewhere in Bengal the proportion is under 4 per cent. Many ryots are ignorant of their legal rights, and others when cognisant of those rights are afraid to make any attempt to enforce them. Agriculture forms and must continue to form their only means of gaining a livelihood. The ryots, the Rent Commissioners say—

“cultivate for subsistence, not with an immediate view to profit *
 “ * * There is no wages fund, there are no labourers paid from
 “capital. There are practically no manufactures, no non-agricultural
 “industries, no great cities of work where a surplus rural population
 “can find employment.”

Under these circumstances it is idle for the present generation to think of establishing freedom of contract as the economic basis on which the relations between landlord and tenant in Bengal can be made to rest. The legislature must recognise the facts with which it has to deal, and the leading fact with which it has to deal is that custom and not contract has in the main governed the relations between the zemindars and ryots in Bengal from time immemorial, and that custom and not contract must in the main continue in the future to govern those relations.

If the practical aspects of the situation are such as to necessitate the rejection of the theory of freedom of contract

and to force on the Government the obligation of interfering by legislative enactment in order to regulate the incidents of land tenure in Bengal, it is on every ground desirable that that interference should be effectual to remedy the evils which it is intended to cure. Whether that interference will be effectual,—whether on the one hand, due facilities will be given to the zemindars to make good their equitable rights,—whether, on the other hand, tardy effect will now to a sufficient degree be given to the original intention of Lord Cornwallis and his contemporaries in the sense of maintaining the ryots in the enjoyment of their customary rights,—must mainly depend on the decisions which this Council will ultimately take. The Bill introduced by my honourable colleague Mr. Ilbert will, should it be passed into law, do much towards the accomplishment of these objects. It would, in my humble opinion, have done more, and it would have given greater hope of finality in the settlement of the difficult question now under discussion, if the land and not the status of the tenant had been taken as the basis of the recognition of the right of occupancy.

But even as the Bill stands it proposes a large and beneficial measure of reform. I hope and believe that it will be very generally regarded in this light and that, both in and out of this Council, it will be discussed with the calmness and deliberation that the importance of the subject demands.

In the remarks which I have addressed to the Council I have confined myself to certain specific points. I trust that I have shown (1) that, so far as the present Government is concerned, it would not have been performing an act of public duty if it had declined to undertake a general revision of the rent law of Bengal; (2) that whether from the point of view of the zemindars or from that of the ryots, the evidence upon which the necessity of a general revision of the law rests, is conclusive; (3) that the legislation now proposed involves no breach of the contract made with the zemindars at the time of the Permanent Settlement, but may rather be regarded as the tardy fulfilment of the pledges given to the cultivating classes in 1793; (4) that the contention that freedom of contract must, under the

terms of the Permanent Settlement, regulate the relations of the zemindars and the ryots in respect to the lands unoccupied in 1793, cannot be maintained; (5) that custom and not contract has from time immemorial regulated the incidents connected with the tenure of land in Bengal; and (6) lastly, that in view of all the circumstances with which we have to deal, the recognition of this fact should be made the basis of any measure which is now passed into law.

I leave the discussion of the further very numerous points which arise in connection with this Bill to a later stage of the proceedings, when they will, without doubt, receive ample treatment at the hands of other and more competent authorities than myself.

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**Indian Railway
Economics.**

R. D. MEHTA.

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**THE
INDIAN RAILWAY ECONOMICS.**

WITH R. D. MEHTA'S
COMPLIMENTS.

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BY

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OF LONDON, AND MEMBER OF THE ASIATIC
SOCIETY OF BENGAL.

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PREFACE.

So prominent is the part played by the railways of India in connection with the trade and commerce of the country, and the revenue derived from and the expenditure on railways are items of such importance in the Budget estimates and in the financial accounts of the Government of India, that it is essential that the public should be enlightened upon matters relating thereto.

Of the railway questions, the one relating to rates for the carriage of merchandise affects the public most intimately, and being of this opinion I have devoted more than a year to the study of this subject, which is one of great complexity. In my several articles on "Railway Rates," all of which have been published in the "Empire" and in "Commerce," I have tried to place before the public the various features of the subject, the policy and principle underlying it, as well as the anomalies, of which the question is so full. I have also, in several instances, suggested the lines on which reforms could be effected so that a better understanding might be arrived at between the railways and the public and opinions exchanged between them freely. In some cases the anomalies complained of have indeed been removed, but whether there will be any radical change in the policy and whether reforms of a permanent and beneficial nature will be introduced in the near future remains to be seen, regard being had to the indifferent attitude of the Railway Board and of the railway authorities generally. I had intended to complete the articles on "Railway Rates" by the end of the year just over, but my informants

and correspondents from all parts of India are still writing to me, and as there are yet certain startling facts and statements which I think should be brought to the notice of the public, I am afraid I shall have to take up the question again shortly and this is the reason why the pamphlet containing reprints of the articles has not yet been published.

In the meanwhile, another very important matter has cropped up in connection with the Indian railways ; the Directors of the various systems have come out to India from England and a Conference is being held at this moment under the Presidency of Lord Inchcape with the Railway Board ; the object aimed at by the railway companies, so far as I am aware of, being to obtain extended powers and to be allowed greater latitude in the matter of the management of railways and expenditure on Capital & Revenue Accounts. The Capital liability of the Government of India in connection with the railways is great, and as there is a large debit balance on this account, which affects the taxpayers of this country, it is but right that the public money on new lines and in improvement on open lines should be cautiously and judiciously spent. With a view to help the public discussion on this subject I have written a few articles on "Indian Railway Economics," which also appeared in the "Empire" and in "Commerce," two of the leading papers of this city, and I believe what I have said on the subject does not only represent my personal opinion, but is also the voice of the Indian people. For want of time I have not yet been able to fully use the facts and figures in connection with various items of heavy expenditure of different

railways, which, in the opinion of the public, can be minimised, but I hope to write in this connection later on.

The report of Lord Inchcape's Railway Conference will perhaps not be published until finally dealt with by the Secretary of State for India, and I do not know if any notice will be taken by the Conference of the articles I have written. But I feel that those in England, who take an interest in Indian affairs, and also those responsible in the India Office and members of Parliament ought to know what Indian public opinion is on this very important subject. This is why I have thought it necessary to issue this pamphlet, which contains the five articles I have so far written on "Indian Railway Economics." If any good results issue on the publication of these articles I shall feel highly gratified and consider my labours amply repaid.

In conclusion, I offer my warmest thanks to Mr. A. J. Fraser Blair, the able Editor of the "Empire", for the assistance he gave me by inserting my articles both on "Railway Rates" and on "Indian Railway Economics," so readily and prominently, and I am also grateful to him for the encouragement I have always received from him. I should be wanting in my duty if I failed to express here my sincere gratitude, also, to several European and Indian gentlemen who have been kind enough to come forward of their own accord to furnish me with particulars and details from time to time, and for their willingness to continue to help me in the future.

55, CANNING STREET,
Calcutta, *January 1912.*

} R. D. MEHTA.

INDIAN RAILWAY ECONOMICS.

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Lord Inchcape's Railway Commission.

We hear that a Railway Commission is coming out to India, and we also hear at the same time that the commission is not required to enquire into and to report either on the development of traffic or on the convenience of the public or to make suggestions in order to increase the utility and usefulness of the railways from public point of view. The commission, it is suggested, is coming out at the instance of the Boards of Directors in England of the Indian Railways leased to companies for purposes of working, and will report on the financial results of railway working during the last five years, and what is still more interesting is that the investigation will be held in camera.

In June 1909, orders were issued by the Railway Board, with a view to a more effective control over revenue expenditure of Railways, regarding the careful monthly examination by Railway Administrations of the progress of expenditure as compared with the budget grant and to the submission to the Board of a monthly return shewing the results of their comparison. For the same purpose orders were also issued by the Railway Board requiring the Establishment Rolls

* All the letters were addressed to The Editor, "Empire," Calcutta Evening News.

and working estimates to be prepared for the official year. The form of the rolls requires expenditure on special works and renewals to be shewn separately from ordinary recurring charges so that a proper control may be exercised from year to year over each class of expenditure. There was a great cry raised against these orders by the Railway Companies at the time and perhaps this is one of the causes of the commission being sent out. The directors of the several Indian railway companies are also sending out their respective Chairmen and Managing Directors to confer with the Railway Board in India apparently in the very same connection. One would have thought that having regard to the agitation that has been going on for some time past in the Indian Press (both Indian and Anglo Indian) in connection with railway rates, which are considered prejudicial to the interests of the local industries and enterprise in India, the first and foremost object of any railway commission sent out to India would be to enquire into this gigantic evil, but apparently the interests of the Indian public and of the Indian mercantile community are considered secondary to the interests of the shareholders or the annuity holders in England who, however, get their regular payment of interest from the Imperial Ry. Revenue irrespective of whether there is net gain or net loss to the Government from the working of railways.

Mr. Dinshaw Eduljee Wacha, in his recent article in the "Leader" of Allahabad headed "Bird's Eye View of Indian Economic Progress 1901-10,"

remarks "that the worst and most inexcusable feature of the Indian Railway policy is the supreme indifference and neglect to the crying wants and wishes of the public" and it will also be interesting to note what Sir F. S. P. Lely, once a distinguished member of the Indian Civil Service, has said on the very same subject in a letter, dated London the 5th November 1911, in which he writes as follows :—

"The Railway authorities have been allowed to manipulate the trade of India very injuriously to the interests of the continent. Owing to the numerous demands on their time and thought the Governments (both Supreme and Provincial) have never realised the mischief or they would have checked it. Generally speaking, the policy has been to encourage the import trade and to depress the local enterprise and industries."

Since the Railway Commission in question will probably confine its enquiry to financial results of State Railways it will be useful to refer first to the financial condition of the Indian Railways from the point of view of the public and of the tax-payers and then to deal with this aspect of the railway question at some length in this and subsequent articles, before turning attention to the much discussed question of railway rates. The Secretary of State for India is at present in this country and as His Lordship will pass his decision on the report of the Railway commission a few months hence we trust that public opinion in India in this connection will attract his Lordship's attention and we earnestly hope that he will take the tax-payers' side of the question into consideration when giving his decision.

HEAVY EXPENDITURE ON ROLLING STOCK.

During the calendar year 1910, the true result to the Imperial Railway Revenue was a net gain of Rs. 430 lakhs, and it is noticed at the same time that for the year 1910-11 a provision of Rs. 466 lakhs was made in the budget estimates for additional rolling stock for open lines of Railways, over and above the sum of Rs. 650 lakhs provided for in the budget of 1909-10 under the head of "rolling stock." It has been admitted by the Railway Board itself that the distribution of the total allotment under "Rolling Stock" is made in accordance with the demands submitted by railways. This is an admission that each individual railway company makes its own estimate for funds for rolling stock and submits it to the Railway Board, who passes it subject to certain checks probably based on the traffic requirements of each individual railway, but it goes without question that the position is hardly considered by the Railway Board taking into account the traffic conditions, especially those of the through traffic passing over more than one line, and the rolling stock of the contiguous lines on the same gauge. If it were so, the large sums spent on rolling stock on Indian railways would have never been sanctioned. The expansion in the coal trade in the direction of the Punjab from Bengal involving long hauls and consequently delays in turning round wagons must have been one of the causes for the increase in demand for more wagons on the coal despatching lines of Bengal, although it is well-known that not very long ago, during the slump in the coal trade, hundreds of

wagons were lying idle for months together without earning even a single pie. The coal despatching lines naturally want that the traffic should, as far as possible, be loaded in their own wagons or, in other words they do not wish that foreign railways should send them empty wagons for coal to be loaded to the foreign lines, as such an arrangement is perhaps considered prejudicial to the interests of the railways, on which the traffic originates, because in that event the coal despatching lines have to pay hire to the foreign railways sending the wagons, which payment is avoided by the coal despatching lines utilising their own stock. Year after year, the rules and regulations relating to interchange of wagons between railways are discussed by the railway officers, who attend the railway conference at Simla, but the public are kept entirely in the dark as to any settlement that is arrived at between railways, although the funds for rolling stock come out of the Imperial Revenue. The coal despatching lines at once make up a case for more wagons the moment they find that owing to expansion of traffic they have to use foreign railway wagons extensively in order to avoid "hire payments." Although each individual railway will not find it a difficult matter to shew that it requires more wagons it would, we are afraid, not be quite so easy to make up cases for additional wagons if the public interest, through traffic conditions and the existing rolling stock of 4 or 5 contiguous lines on the same gauge are considered together, and it is but right that the Railway Board should take all these factors into account, seeing that all the state

railways, whether worked directly by the State or by agency of companies on behalf of the Government, contribute towards and draw on the same Imperial Railway Revenue. It can be proved conclusively that economy can be effected in the matter of rolling stock if the Railway Board would only require the Indian Railways to do what they ought to do in the interests of the Imperial Revenue and consequently of the tax-payers.

Looking at the statistics published in the Railway Board's Administration Report one finds that during 1910 the East Indian Railway had in use 989 more wagons and the Bengal-Nagpur Railway 689 additional goods vehicles compared with what these two railways had in 1909. Similarly, the Great Indian Peninsula Railway had 445 and the Bombay-Baroda and Central India Railway 769 wagons added to their Rolling stock in 1910. In the case of the two Calcutta lines, the main reason advanced for more wagons must have been the revival in the coal trade, and the Bombay-Baroda and Central India Railway would perhaps shew that they required more wagons on account of the opening of the Nagda-Bara-Muttra line. So far as the B. B. and C. I. is concerned, this railway system was hitherto, owing to its line from Delhi to Sabarmati being on the metre gauge, debared from running through standard gauge stock over its line *via* Delhi, but the opening of the new railway *via* Muttra Baran and Nagda will enable them to utilise foreign railway wagons for the carriage of the big grain and cotton traffic from the Delhi-Umballa-Kalka, the East Indian and the North-Western Railways to Bombay,

and such foreign railway wagons would, on their return journey, bring back traffic from Bombay to the Punjab and the United Provinces. This traffic was previously carried *via* the G. I. P. Railway by the route of the A. D. C. and the Indian Midland. Therefore, there does not appear to be a good case for the B. B. and C. I. to ask for more wagons and seeing that the G. I. P. Railway has lost the *via* Delhi-Bombay traffic, in both directions, one wonders how in spite of these circumstances both these railways demanded and got more wagons from the Railway Board. An important feature which is thus revealed to the public is that in the self-interests of two individual railway companies, who are simply working two separate state lines, the Imperial Revenue is burdened to the great disadvantage of the country, simply in order to satisfy the Directors and the Indian Agents of the railway companies, who are but Government contractors for the working of the railways; whereas in the prosperity or in the adversity of all such railways taken together the Government of India's Imperial Revenue and consequently the tax-payers are most concerned.

It has already been remarked that quite a large quantity of coal is booked to the Punjab from the Bengal Collieries mostly by the East Indian Railway from the Jherriah field and is carried by the East Indian Railway as far as Ghaziabad, Delhi or Umballa, and thence onwards by the North-Western Railway. A portion of the despatches is also made in the wagons of the Bengal-Nagpur Railway by the route of that railway

from the Jherriah Field to Katni-Murwara and from Katni to Delhi over the G. I. P. Railway, and the North-Western Railway takes over the wagons at Delhi. For the information of the public, it will be interesting to mention that the shortest route for such traffic is *not* by any of the two routes above mentioned, but partly over the East Indian Railway from Jherriah to Moghalserai and thence by the O. and R. Railway from Moghalserai to Saharanpur and onwards over the North-Western Railway. The distances from Jherriah to Lahore by all the routes are given below :—

- (1) Jherriah to Moghalserai over the East Indian Railway, and from Moghalserai to Saharanpur over the O. and R. Railway and thence by the North-Western Railway to Lahore—1011 miles.
- (2) Jherriah to Umballa over the East Indian Railway and thence to Lahore over the North-Western Railway—1049 miles.
- (3) Jherriah to Katni Marwara over the B. N. Railway and from Katni to Delhi over the G. I. P. Railway and from Delhi to Lahore by the North-Western Railway—1382 miles.

The shortest route (1), though over a state line worked directly by the state is debarred from carrying the traffic in coal to the Punjab simply because the coal despatching lines are not interested in this route to the extent they are separately interested in the two other routes (2) and (3). But if the traffic were actually to take the Moghalserai-Saharanpur route the rolling stock would be utilised

more economically and the empty running of wagons both in the "Up" and in the "Down" directions would be minimised to a great extent. We shall now proceed to demonstrate this.—During the season, say from middle of March to middle of June, there is heavy traffic in grain and seeds from the Oudh and Rohilkhund Railway to the port of Calcutta which traffic is received at this port in the wagons of that railway. Some of these wagons are no doubt back loaded with coal for consumption by the Oudh and Rohilkhund Railway itself and also for public use at places served by that railway, but a number of their wagons are seen returning empty from Bengal to Moghalserai; if, however, coal for the Punjab and for the use by the North Western Railway were to be booked *via* Moghalserai and Saharanpur there would be no empty running of the Oudh and Rohilkhund Railway wagons at all. When at the same time East Indian Railway wagons are being loaded to the Punjab the O. and R. Railway empties are running in the same direction up to Moghalserai. It may, however, be said that the Oudh and Rohilkhund Railway empty wagons alone would not be sufficient for this purpose, and that their being sent to the N. W. Railway loaded with coal might hamper the grain traffic from the O. and R. Railway to Calcutta and Bombay causing shortage in O. and R. Railway wagon supply. The suggestion, therefore, is that all coal for the Punjab might with advantage be routed *via* Moghalserai and Saharanpore irrespective of whether such coal is loaded in the East Indian or in the Oudh and Rohilkhund wagons, and if the E. I.

2

Financial Analysis.

The liability of the Government of India in the matter of Capital on account of the railways classed as State lines (whether worked direct by the State or through the agency of companies) is increasing every year ; in 1907 such liability was £282,498,342 but in 1910, this figure rose to £321,703,493 or by £39,205,151, of which latter sum £2,561,928 represented premia paid in purchase of the Madras Railway and £1,500,000 on account of new stock of the Madras Railway so that out of the total increase in the capital liability in 3 years of £39,205,151 only £4,061,928 (or a little more than 1-10th) were on account of the purchase of the Madras Railway system. These figures are quite sufficient to show how the capital liability [is rapidly increasing and it will be shewn later on that the net asset is a very insignificant figure when compared with these colossal sums. Mr. Wacha goes on to say that "that the Government readily spends millions like water on railways without an ultimate thought of the taxpayers and the return such capital would give. It is the greatest blot on Indian Railway Administration that it ignores the interests of the permanent population and is eager to satisfy the cry of the interested and migratory European merchants" and the same writer has also remarked that "in the railway ledger of the Government of India there is a debit balance against railways of as many as 40 crores of rupees."

Expenditure on new Railways to meet the wishes of Railway Directors.

The point is whether the increase in the liability of the Government on account of Railway capital every year is desirable unless there is sufficient guarantee that there is not much fear of the public money going to meet the wishes of the Railway Companies' Directors instead of to the permanent benefit of the country and in the real interests of the tax-payers. The late Mr. T. Robertson, C.V.O. Special Railway Commissioner for India, remarked in his report on the Administration and Working of Indian Railways as under .—

“So far, therefore, as liability is concerned it would seem far from there being any danger of an increased capital expenditure on railways there is every reason to believe that any expenditure on new lines of railways, provided of course they are located with judgment will naturally add to the general revenue of the railway.”

The most important question, which next arises, therefore, is whether the expenditure on railways has been since the days of late Mr. Robertson's enquiry in 1902 located with judgment, but the heavy capital liability with a small return does not prove this. Before going over the past history of the railways which have somehow or other already come to existence, it would perhaps be useful in the first instance to go into one or two cases of railways at present on the programme of construction in the Railway Board's Administration Report. It can

undoubtedly be asserted most emphatically that the Chambers of Commerce as well as the Directors of the Railways do at times put forward proposals regarding new railways which are more in competition with a rival port or route than in order to promote the interests of the tax-payers. The case of the Aligarh-Muttra Railway is fresh in the minds of the Indian public, which is a glaring instance where the Bombay Chamber of Commerce want a railway in a country, very well provided with railways from all sides simply in order to attract the traffic to and from the Rohilkhand districts to their port in competition with the port of Calcutta. Experience has also shewn that even assisted railway sidings at places, where there is European influence through the Chamber of Commerce and the Indian enterprise has its interests allied with those of the European capitalists, can be had easily as compared with the great difficulty a purely Indian industry, situated at a place outside or opposed to the interests of such influence has to undergo when it requires the same facilities from railways and has perhaps a better case for itself.

The Railway Board's Administration Report shews that a survey has been made for a broad gauge line from Bayana in order to connect the city of Agra with the Nagda-Baran-Muttra line on standard gauge, apparently on the ground that the benefits of the Nagda-Bara-Muttra line cannot be fully enjoyed by the trade of Agra unless this were done. But who most want it? Obviously the Bombay port and the B. B. and C. I. Railway. We can safely say that the real object is to place this

Railway in a better position to compete for traffic between Bombay and Agra and *via* with the Great Indian Peninsula Railway, who already provide direct broad guage connection between Agra and Bombay *via* Itarsi and the Baroda line apparently also wants to do the same. How is it that the Bombay Baroda and Central India Railway are not now allowed to carry the traffic between Agra and Bombay, for which both the B. B. and C. I. Railway and the G. I. P. Railway routes were not very long ago available at equal rates, but recently the public have been told that they can use but one route *viz.*, that of the G. I. P. This is perhaps why the Bombay Baroda line wants to stand in Agra in competition with the G. I. P. Railway on an equal footing, which they cannot do unless they have through broad-gauge connection. The public will open their eyes if an account is taken of the moneys spent in Agra by railways during past few years mainly because there are so many of them in that city competing with one another, but all of them are State lines responsible for spending public money.

The Great Indian Peninsula Railway have asked that a 5'-6" chord line be constructed from Bir to Bhopal over a distance of 102 miles at a cost of Rs. 166 lakhs, the necessity shown for this proposal apparently being that a double line of rails would otherwise be needed between Bhopal and Itarsi. Naturally, therefore, it must be concluded that the traffic on the section from Bhopal to Itarsi is too heavy for the existing single line.

of rails. But a very interesting piece of history will be revealed when we demonstrate how Indian railways in their anxiety to filch traffic from another railway or route quote block rates and divert traffic from the shortest route or the nearest port and then cry out that the route to which the traffic has been diverted, finds it difficult to cope with the extra traffic thrown on it unless the facilities are extended. There is an important traffic in grain and seeds to Bombay from the Jubbulpore line of the East Indian Railway, from stations on the B. N. Railway, on their Katni Branch and from the main line stations of the East Indian Railway between Moghalsera and Sirathu, for which the shortest route to Bombay is *via* Jubbulpore, and the traffic used to follow that route for years together, but when the G. I. P. took over the Indian Midland Railway they at once, by quotation of very low rates from Katni and Manikpore, and comparatively high rates from Jubbulpore to Bombay, diverted this traffic to the Indian Midland Railway from the Jubbulpore route, which, however, is considerably shorter than either the Katni or the Manikpore route. The result is that this diverted traffic is now hauled over the section Bhupal to Itarsi, which can at once be relieved to a great extent, if this traffic is given back to the shortest route but the G. I. P. won't do this, and the Railway Board perhaps does not know anything about it. Then again another big item of traffic in merchandise between *via* Delhi and Bombay has already been taken off this route and the passenger traffic between Delhi and Bombay will by and by

follow the shortest route *via* Nagda and Muttra, which has been rendered sacred by Their Imperial Majesties travelling over that route on their first railway journey in India. Yet perhaps the case for a chord line from Bir to Bhupal holds good. But this is not all that has to be said in connection with the Bir-Bhopal chord. The main object appears to be to shorten the distance between Bombay and Delhi, Bombay and Agra and Bombay and Cawnpore by the way of the G. I. P. Railway, not only in competition with the Bombay Baroda Railway but in competition with the Calcutta port as well. Besides on the section of the Indian Midland Railway from Manikpore to Jhansi most of the stations are nearer Calcutta than Bombay and prior to the amalgamation of the Indian Midland with the G. I. P. Railway this traffic used to come to Calcutta, but the moment the G. I. P. took over the Indian Midland they introduced highest possible rates to Calcutta and diverted the traffic to Bombay by considerable reductions in the rates for the latter port. Thus it will be seen that the traffic on the Bhopal-Itarsi section of the G. I. P. has been augmented by filching traffic from the shortest route and the nearest port, and then when the traffic became too heavy for single rails to cope with, the G. I. P. at once came forward with proposals for another chord line involving an expenditure of Rs. 163 lakhs. Does not this case alone show how the Railway companies spend public money and now perhaps they want more latitude in this direction and hence the coming out of the Railway commission. The statements made here are mere narration of facts, but these

facts tell dismal tales of how the Imperial Revenue is burdened at the instance of the Railway Companies regardless of the tax-payers' interests. One crore here and one crore there spent on railways in competition with one another is nothing to the railway companies so long as they can spend the money to improve their position in competition with rival railways. It may be said that similar instances will be found in railway working elsewhere. But in England and in America private corporations have undoubtedly spent large sums on railways in competition with one another, but the Government Revenue has hardly ever been used for the purpose of competition which, however, is done in India. It is to be hoped that at the next Budget discussion the nonofficial Members of the Imperial Council will bring forward prominently the points and the cases that are being and will be demonstrated in this and subsequent articles, and will call for fuller details of Railway Expenditure and for more clear and detailed explanations.

There is also a proposal for the construction of a chord line by the East Indian Railway system from Maihar to Mirzapore at a cost of say Rs. 155 lakhs. This line would shorten the distance between Mirzapore and Jubbulpore by about 40 miles. It would seem that East Indian Railway are aiming to improve their position in competition with the Bengal Nagpur Railway for passenger traffic between Calcutta and Bombay.

As already remarked, the actual net gain to the Government from the working of State

Railways was Rs. 430 lakhs, which gives a very insignificant percentage on the total capital liability of £321,703,493 or Rs. 48,255 lakhs or in other words the net gain does not even amount to one per cent., on the total capital liability; in 1908 matters were worse still as there was no net gain at all to the Government from the working of railways instead of which there was an actual net loss. Under such circumstances, the control on both the capital and the revenue expenditure ought to be more rigid both on the part of the Railway Board and the Finance Department of the Government of India. The expenditure of any further large sums, before recovery from the heavy public liability on account of railways except where essentially necessary in the interests of the public, is very questionable. The direct borrowing by the State on Railway Account does not at perhaps seem desirable. But the railway development in India may be said not to have reached its maximum although more trunk lines do not seem necessary. For the provision of feeder lines the guarantee system would be workable if the rate of interest is raised to 5 per cent., but this will necessitate careful examination independently by the Railway Board of any railway project whether put forward by the railways or the public, so that location of the new railways is the result of careful investigation and consideration. The main object should be to guard against the possibility of the Government being burdened with the guaranteed interest except perhaps for the first year of the opening of such railways.

An analysis of expenses.

An analysis of the expenses of the standard gauge state lines shews that the percentage of working expenses to the gross earnings is the lowest on the East Indian Railway, but it must be remembered that this railway has special advantages which help towards these results. In the first place, its gross earnings are phenomenal, owing to exceptionally heavy coal traffic and third class passengers, and naturally, therefore, with very large gross receipts the percentage of the expenditure, a great portion of which is of a fixed nature, is low. This Railway passes through the most populous districts of India, and, therefore, its passenger trains run almost full from start to finish, and the railway is more or less free from heavy gradients except over certain sections of the line only, whereas for instance the Great Indian Peninsula Railway has heavy gradients almost throughout its length from Jubbulpore to Bombay and Bombay to Raichur and also on the Dhond-Manmad line. Moreover, the E. I. Railway commands cheap coal. The Eastern Bengal State Railway spends the largest amount per mile of its railway under all heads. Under the head "Maintenance and Renewals" the expenditure of this State Railway was exceptional as the following comparison will show.—

COST PER MILE IN RUPEES.

	1909		1910	
	1st half.	2nd half.	1st half.	2nd half.
B. N. R.	892	806	772	851
B. B. and C. I. R.	1,285	1,060	1,231	1,348
E. B. S. R.	3,588	2,426	2,615	2,650
E. I. R.	1,592	1,428	1,452	1,564
G. I. P. R.	1,244	1,075	1,089	1,055
O. R. R.	1,662	524	999	943

It is not only that the item of Engineering Expenditure is heavy on the Eastern Bengal State Railway; under the head of "traffic expenses" the total expenditure per train mile as so high as 11 annas in the first half of 1910 and about 10 annas during the second half, whereas even on the North Western Railway the expenses did not exceed 7 annas. The Eastern Bengal State Railway Management cannot be all that the public desire for; we shall shew here how the jute trade of the Assam-Bihar Section has suffered owing to the authorities of the E. B. S. Railway not doing their best in connection.

In one of my articles on "Railway Rates" I observed that in India it is a common practice for Railways to withdraw privileges that have existed for years and to suddenly close a route by prohibitive rates regardless of public interest. As everybody knows, the Assam-Bihar section of the E. B. S. Railway is an important jute producing line and ever since the opening of that line the traffic to Calcutta from all stations in the Purnea District and in the vicinity had been routed and carried *via* Manihari Ghat, the shortest route. On the opening of the Katihar-Godagari route, about 3 years ago, the Manihari route was debarred from carrying the traffic to Cossipore, Kidderpore, Chitpur and other stations in Calcutta, and the rates by this route were raised. Now it so happened that there was a shortage of wagons on the E. B. S. Railway during September, October and November this year and the Calcutta jute traders must have felt the effect with bitter

experience, but I would shew how utterly indifferent the Manager and the Traffic Superintendent of the E. B. S. Railway were in affording relief even at places where relief could have been given. During September and October 1911 the Manihari route was open in that there were no restrictions placed by the East Indian Railway on traffic received and despatched by that route. It is a well-known fact that when the traffic is heavy the lesser the distance, and the greater the number of trips a wagon can make the better for the public in that the traffic is cleared quicker thereby and wagons are released sooner. The lead from say Kissengunge to Manihari is much shorter than either to Godagari or Sara, and if during September and October 1911 the E. B. S. Railway authorities had made use of the Manihari route at the same rates as in force by the longer local route of the E. B. S. Railway there would have undoubtedly been great relief afforded to the public, and the metre gauge wagons would have been released much quicker, but the "dog in the manger" policy of the E. B. S. Railway prevented such an action being taken. The Traffic Superintendent of the E. B. S. Railway admitted that the difficulties at the river (probably at Sara or at Godagari) temporarily closed down the E. B. S. Railway wagon ferries and that they had only the flat transshipment at their disposal so that while traffic was held back at stations on the Assam Behar section the Manihari route was not made use of. Then in regard to compensation as to heavy loss for the delay in despatch of goods from Kissengunge and other places on the Assam-Bihar Section,

which could have certainly been avoided to a great extent had the Manihari route been made use of during September and October, 1911, the Traffic Superintendent, E. B. S. Railway gave the following reply :—

“I have to remark that the Railway can accept no responsibility whatever,” but he does not say why he cannot accept responsibility. That officer concluded his letter with remark that “the E. B. S. Railway is and has been doing everything in its power to meet demands” but, it has been shewn that it had not been doing its best and further when it was pointed out to him that the Manihari route could have been used with advantage, at least during Septemebr and October the reply received was that the Traffic Superintendent was unable to enter into a general discussion regarding traffic working. The Railway Board is directly responsible for the working of the E. B. S. Railway and it is to be seen what action they take in the matter. The question is one that requires thorough investigation. It is quite possible that owing to the transference of the Delhi-Bombay local traffic to the broad gauge new line of the B. B. and C. I. Railway, *via* Nagda as well as of the traffic of the broad gauge section of the B. B. and C. I. Railway to Delhi and beyond, which was previously carried *via* Sabarmati, some of the metre gauge rolling stock of that line might be released and if an investigation confirms this there is no reason why some of its stock should not be transferred to the E. B. S. Railway who are always short of metre gauge wagons.

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Heavy Capital Expenditure and low return.

It has already been shewn that in 1910 the true net result to the Government of India from the working of railways was but Rs. 430 lakhs as surplus profit. Even if we add this net result of Rs. 430 lakhs to the sum of Rs. 593 lakhs, which was also credited to the Imperial Railway Revenue as interest on the capital outlay, the total comes to 1,023 lakhs, but in spite of this the total sum does not give a return of more than 2.1 per cent; whereas, on the other hand, when an expenditure of Rs. 466 lakhs on account of rolling stock alone in the official year 1910-11 is deducted from 1,023 lakhs the result again comes down to Rs. 557 lakhs, which gives a little over 1 per cent., so that you may turn and twist the figures any way you like the result is 1 or 2 per cent. No private enterprise would spend such large sums for this poor return. Besides being responsible for the heavy capital liability of 48,255 lakhs, the Government of India had also to pay Rs. 1,036 lakhs in 1910 on account of the Railway Companies in connection with interest on advances of capital to Railway Companies, interest on debt for purchase of railways from railway companies, interest on capital raised by companies, portion of annuities in purchase of railways from companies representing interest on capital. All these go to establish very clearly that

the actual monetary result to the tax-payers from the working of railways is very small, when it is taken into account that very heavy sums are spent year after year in providing additional rolling stock and new railways and also in relaying of lines etc., but there would have been at least some consolation to the public had not in the spending of the Imperial Railway Revenue the interests of the Chambers of Commerce and of the individual Railway Companies been considered paramount and those of the permanent population but secondary. The spending of big sums in order simply to facilitate competition between railways is a thing, which can hardly be considered in the interests of the tax-payers. It will be very little gain to the permanent population of the country if the Bir-Bhopal and Bayna to Agra Railways are constructed, but if the sums proposed to be spent on these Railway connections are not sanctioned it will be a direct gain to the Imperial Revenue which gain might, with advantage, be spent on irrigation. There has been a fresh survey for a new line from Unao to Madhoganj over a distance of 68 miles, parallel to the Oudh and Rohilkhund Railway main line from Lucknow to Balamu, the latter Railway being not more than 16 to 18 miles from the alignment of the proposed new line. The Oudh and Rohilkhund Railway net earnings did not give more than 2·58 per cent. in 1909 and 2·93 per cent. in 1908 on the capital outlay and yet there is a proposal to construct several branches on that Railway. The Unao-Madhoganj line will undoubtedly be a competitor to the Lucknow-Balamau section of the

Oudh and Rohilkhund Railway as well as to the Cawnpore Achnera Railway, and the belt of the country lying between these two lines sends its traffic at present to either of these two lines. It would be much better if the Railway Board's Administration Report shews more fully the object proposed to be attained by each new railway project. This used to be done a few years ago, when a separate pamphlet called the "History of Railway Projects" was published every year by the Railway Department of the Government of India.

B. N. Ry. and G. I. P. Ry. worked at a loss to Government.

The rapid pace at which the Bengal Nagpur Railway was constructed is well-known, and from the year 1888 to 1903 the Railway was worked at a distinct loss to the Government except during the year 1900. The total net loss to the Government during the period amounted to something over Rs. 25,504,000 on account of the B. N. Railway alone, and thus while large sums were being spent on this Railway year after year there was besides actual net loss to the Government by the working of the B. N. Railway. It was only after 1903 that this railway system commenced bringing in a net gain to the Government but although the railway has a length of 2,395 miles the total net gain to the Government from this Railway from 1904 to 1910 was not more than Rs. 12,607,000 so that the Government in 1910 had recouped half the loss it incurred in the working of B. N. Railway from 1888 to 1903 and it will perhaps take another 7 or 8

years before the B. N. Railway can be said to be a really profitable concern so far as the Government of India is concerned. The Great Indian Peninsula Railway is another line which has all along been worked at a net loss to the Government; on account of the G. I. P. and I. M. Railways such loss amounted to nearly 20 lakhs of rupees in 1910, and this is what happens almost every year. Of the paying lines the Bombay-Baroda and Central India Railway system (including the Rajputana Malwa system) brought in a net gain of Rs. 1,26,26,056 in the year 1910 on the total capital of the two railways at Rs. 32,50,87,816 and by the working of the East Indian Railway system, which has a capital outlay of Rs. 60,82,23,218, the net gain to the Government was Rs. 1,66,23,849 so that it will be seen that with a smaller capital the B. B. and C. I. Railway system brought a better proportionate net gain to the Government than the East Indian Railway system especially having regard to the capital liability of the Government on these two Railway systems and the nature of the countries served by each Railway.

Absolute control of Railway Policy by Traffic Managers and Government of India powerless to interfere.

The Railway policy in India seems practically to be controlled by the Railway Traffic Managers, the Railway Board hardly, if ever, directing or guiding the Railway Managers in their relation either with the neighbouring or the competing lines or with the public. The only public influence that can sometimes be brought to bear upon the railways is that

of the Chambers of Commerce, but such influence though healthy to the export and import trade of the different ports is not always in the best interests of the permanent population. It has been shewn in my several articles on "Railway Rates" that the railway rates to the ports reduced in favour of the import trade have sometimes a very injurious effect on the internal trade and the industries of the country. The theory is that it is to the interests of an agricultural country producing food stuffs in excess of its demand to export the surplus, and perhaps one would think that it is from this point of view that the railways have quoted abnormally low rates for wheat, other grains and oil seeds to the ports for shipment, but the real object of the railways is not so much to benefit the country as to hold their own in competition with the railways serving the rival ports. Apart from all this, the point is whether the country has sufficiency of food stuffs for the population. There is no doubt that there has been an expansion of the food producing areas in India, but taking wheat alone it has been shewn that 25 per cent. of the productions of the Punjab and the Frontier districts, which are the largest wheat producing tracts of India, is exported out of the country, whereas the population in Southern India hardly get wheat for their food, and Punjab wheat can not be had for milling in Bengal, because the railway rates for internal traffic in wheat and wheat flour are relatively high compared with the cheap rates for the export trade. This is also the case with cotton; while the Delhi Cotton Mills are starving and strug-

gling for existence, owing to short supplies of raw cotton, due to prohibitive railway rates to Delhi from the cotton growing areas in the Punjab, the Kurachee export trade is helped in every respect by low rates from the same cotton growing tracts. The Railway Board is subordinate to the Department of Commerce and Industry, and it is to be hoped that in the interests of the Commercial and Industrial Development of the country the policy of the Indian Railways will soon come to be controlled and directed by the Commercial Member of the Council of the Governor-General and that the finances of the railways will at the same time receive very careful attention. The Railway Managers and the Directors of the Indian Railway Companies should not be allowed to spend public money in the manner they have been allowed in the past.

The Oudh and Rohilkhund Railway during 1908 and 1909 involved the Government of India into a net loss of over Rs. 54 lakhs, although during 1910, there was a small gain of Rs. 10 lakhs only. Yet the Railway Board is sitting quiet and seeing that the most important coal traffic from the Bengal Coal Fields to the Punjab is not taking the the shortest route, *via* Moghalserai and Saharanpore. This traffic, if carried by this shortest route would not only bring additional revenue to the Oudh and Rohilkhund Railway, but would tend to reduce empty running of wagons over the East Indian Railway for hundreds of miles both in the up and in the down directions, and consequently there must also be a considerable decrease in the

expenditure of the broad gauge railways in northern India under the head of "Rolling Stock." The exclusion of the Oudh and Rohilkhund Railway from sharing in the coal traffic to the Punjab shows that while one Railway is starving, another Railway is allowed to waste money in building wagons for the traffic, which should, in the interests of all concerned, follow the shortest route. The Bengal Nagpur Railway, in spite of the fact that the Government has not yet recouped the loss incurred on account of this Railway, is allowed to carry traffic at rates much below its cost of working.

Reprinted from the "Empire," Calcutta Evening News, December, 28, 1911.

NOTE.—During 1910, the net earnings of the Great Indian Peninsula Railway amounted to Rs. 2,58,06,771, out of which the Government of India received as interest on capital outlay the sum of Rs. 74,48,102 only at nearly 2 per cent. and the balance went in payment of the annuity of 1,90,28,355 to the annuity holders in England and, in addition, Rs. 4,60,763 was also paid to the Company as their share of the surplus profits, resulting in net loss of Rs. 11,30,449 to the Government of India, whereas, on the other hand, the Government of India added Rs. 1,39,31,050 to the capital of the G. I. P. Railway out of the Imperial Railway Revenue in the year 1910.

4

Results of working of the E. I. Ry.

A great deal appears to have been made of the report of the Directors of the East Indian Railway on results of the working of that railway during the first half of 1911, and no one is more pleased than I am to see these results placed before the public, but there are certain facts in connection therewith which the public ought to know as well. In the first place, the average charge per passenger per mile for the half year referred to is given at 2·43 pies, and from the remarks in a Calcutta paper of 21st instant, one would be inclined to think that this is the cheapest fare charged by any railway in the world, but it will, I think, be remembered that not very long ago it was shown that the third class fares of the East Indian Railway and of the other Calcutta lines were comparatively considerably higher than those of the other Indian Railways; for instance, the Bengal and North Western, the Oudh and Rohilkhund, the Bombay-Baroda and Central India, the South Indian Railways. In this connection the following quotation from my article No. XIII on "Railway Rates" will perhaps be interesting:—

“While a third class traveller over the Bengal and North Western Railway and the Bombay-Baroda and Central India Railway has to pay for 400 miles Rs. 3-5-0 and Rs. 3-12-0 respectively, the East Indian Railway over a similar distance levies Rs. 4-3-0 so that the difference between the fares of the Bengal and North Western and the East

Indian Railways is more than 25 per cent." or in other words, the East Indian Railway fare is 25 per cent greater than that of the Bengal and North Western Railway and about 12 per cent more than what the B. B. and C. I. Railway charge. Therefore, from the point of view of the great mass of the Indian population the East Indian is not the cheapest line in India.

The East Indian Railway possesses various natural advantages which tend automatically towards good results both in regard to the earnings and comparatively cheaper cost of working. This railway has not to contend with heavy gradients except on certain sections of its line when compared for instance with the Great Indian Peninsula Railway (proper); the situation of the East Indian Railway is very favourable in that it traverses the most populous and fertile districts of Northern India and furthermore the Oudh and Rohilkhund and the Bengal North Western Railways are its greatest feeders; the East Indian touches the most important towns and places of Hindu pilgrimage such as Baidyanath, Gaya, Benares, Pryag, Muttra, Kurukhestra, every one of which every orthodox Hindu wants to visit as many times as he affords; all the important coal fields of Bengal are served by this railway and while its coal traffic to Calcutta is constant and heavy and carried in train loads the coal despatches upcountry are for long distances and are gradually assuming huge dimensions. In the consumption of coal alone, which is a very important item of railway expenditure, it must, for instance, cost the

G. I. P. not less than Rs. 6-8-0 per ton before coal can reach any of its junctions with either the B. N. or the E. I. Railways, leaving aside the cost of distribution over its own system, whereas the cost of the East Indian Railway on the same account, *i. e.* coal consumption, was Rs. 1-15-0 per ton on coal raised out of its own collieries and the average cost of steam coal purchased by the E. I. R. was Rs. 2-12-8 per ton (also exclusive of the cost of distribution on the E. I. R.). With these advantages it is not at all a matter for wonder that the report of the Directors of the East Indian Railway shew such apparent good results. This Railway has not got to strive much to attain these results, at any rate so far as the securing of traffic is concerned—both coaching and goods—and it is the heavy traffic alone that has helped the Ry. to attain good results both in earning the revenue and in working the traffic which comes to them almost automatically. Naturally, when the cost of the coal the East Indian Railways consumes is so cheap as compared with what the other railways have to pay, the East Indian can easily afford to spend in other directions out of what it saves in coal. Moreover, however great its expenditure may be when placed side by side with that of the other lines the East Indian Railway must shew a small percentage of its working expenses to the gross earnings. For instance, it has been shewn in my article No. 2 that the Engineering expenses per mile were greater on the E. I. R. than on the G. I. P. Ry. during 1909-10. It is a very important point, nevertheless to find out whether all the ex-

penditure is fully justified from the point of view of the benefit of the permanent population of the country which it should be the object of every State Railway to attain and the E. I. Railway is a State Line to all intents and purposes.

The increase in the number of passengers carried during the first half of 1911 as compared with the corresponding period of 1910 has not been over the East Indian Railway alone; it is shewn that the improvement in the receipts of this railway from coaching traffic amounted to nearly Rs. 6½ lakhs, but it might be interesting to know at the same time that in spite of the fact that the B. B. and C. I. Railway fares are cheaper for the third class passengers the earnings of the B. B. and C. I. Railway system from coaching traffic recorded an advance of nearly Rs. 8½ lakhs in the first half of 1911.

The coal traffic, it is truly observed, is the main stay of the East Indian Railway, but the third class passenger traffic also contributes largely towards the revenue of that line. I should like to point out here that what is the expenditure of other railways included in the cost of their coal consumption is the gain of the East Indian Railway, which is said to "have made great efforts to meet the requirements of the coal trade in the matter of sufficient supply of rolling stock" but I have already observed that the important question is whether the East Indian Railway and the Railway Board and lastly the Bengal Nagpore Railway are doing their best in utilising the existing rolling stock in the interests of the railways as a whole and from the point of view

of the tax-payers, so as to effect economy in rolling stock before turning attention to spending further sums on goods wagons. I again repeat and must continue repeating that had the coal traffic for the North-Western Railway itself and for public consumption in the Punjab been carried *via* Moghalserai and Saharanpur and the wagons sent back by the same route, after discharging coal, much of the empty running of wagons would have been saved and consequently the necessity for spending very big sums on additional wagons would not have been so very urgent and great. There is yet time to effect a saving. It would be interesting to ascertain how many Oudh and Rohilkhand Railway wagons were received *via* Moghalserai loaded with grain and seeds and out of them how many were returned empty and also to take an account of the wagons of the East Indian Railway that were loaded at the same time with coal for the North-Western Railway use and for consumption by the public in the Punjab and the Sindh. The figures for the first half of 1911 would be good for purposes of examination. So far, therefore, as we can see at present the financial results of the working of the East Indian Railway though perhaps satisfactory from the point of view of the annuity holders, can hardly be said to be economic to the Imperial Revenue and consequently to the tax-payers of India.

The Bengal Nagpur Railway, in spite of the fact that its financial results are not very good, is allowed to send its wagons loaded with coal to the Punjab and the United Provinces by a very long

and circuitous route, which necessarily locks up wagons with only one consignment for days together to the detriment of every one, not excluding the railway itself. What I am saying here and have said in my three previous articles on "Indian Railway Economics" is in the interest of the whole of India, acting as I am on the suggestion of the Hon'ble Sir T. R. Wynne, who was very kind enough to observe in his reply to my speech at the last Annual Meeting of the Bengal Chamber of Commerce that Calcutta "was not all India." It seems, however, that in sanctioning expenditure of the large sums on rolling stock the interests of all India are hardly taken into account by the Railway Board. It would also appear that if on the face of these facts the control of the Railway Board in the matter of railway expenditure is in any way withdrawn or relaxed and if the Railway Companies are allowed a greater latitude in spending money in their self-interests and in competition with one another, as they do at present, the Imperial Revenue from railways would be most seriously affected. If my memory serves me right, the Hon'ble Sir Guy Fleetwood Wilson, G.C.I.E., K.C.B., K.C.M.G., the Financial Minister to the Governor-General, at the last budget discussion expressed that the increased control on both capital and revenue expenditure on the part of the Railway Board had its desired effect.

**Bengal and North Western Railway worked
without any liability on the part of the
Government.**

The Bengal and North-Western Railway (proper) is the only one of the big railway systems

in India, which exists without any help from the Government, except in the matter of free land, and it may be well to point out that this railway hands over to the East Indian Railway an enormous traffic at Mokameh Ghat. The Bengal and North-Western Railway has opened up a large tract of the country lying North of the Ganges to the foot of the Himalayas in which the capital liability of the Government has been practically nothing. I am leaving the Tirhoot State Railway out of consideration here. So far as the Bengal and North-Western Railway is concerned, no Government money has been spent in Capital expenditure or in guaranteeing interest or in payment of annuities. Yet it cannot be said that the foreign capital thus utilised in India had not had a proper return. The Railway has been yielding nearly 6 per cent. dividend on the Capital outlay. It may, however, be remarked that this metre gauge system is not a first class railway, but it is to be admitted that this railway has secured to the great mass of the permanent population in India cheap travelling, improved methods of transportation for goods traffic and has developed the country generally without in any way encroaching upon the Imperial Railway Revenue, and further it gives the East Indian Railway—a state Line—an important traffic to carry. It is not, of course, meant that the country does not require first class railways at all, but what is intended to imply is that at the present moment, especially having regard to the heavy capital liability of the Government on railway account, more is necessary in the direction

of developing new tracts by cheaply constructed railways out of capital, in which the liability of the Government of India will practically be nothing except for the first one or two years, than in going on constructing chord lines and providing more wagons on first class railways when the expenditure under these heads, in some cases, is directly or indirectly in order to encourage competition between State Railways. It is satisfactory to observe that the example of the Bengal and North-Western Railway is probably intended to be followed by the South Indian Railway, whose Directors have made a proposal to the Secretary of State for India to construct lines without Government guarantee.

E. B. S. R. Net Revenue Going Down.

It was pointed out in my article No. II. on "Indian Railway Economics" that the Eastern Bengal State Railway spends heavily under all heads of expenditure, and it is now observed that during recent years in spite of an increase in the gross revenue the percentage of working expenses to the total earnings has been steadily on the advance, and the net return on the capital outlay, which in 1895-96 amounted to more than 8 per cent. and was never less than 6 per cent. prior to 1903, gradually dwindled down to 4 per cent. in 1909 and during 1910 the dividend was a little more than $4\frac{1}{2}$ per cent. No explanation for these diminished results has been placed before the public, and it is time that the Railway Board was called upon to give more detailed explanation than has been forthcoming from them in the past.

**Concession granted to Railway Companies
by the Government of India in early
days of Railway Construction.**

It is often observed that the Indian Railways owe their existence to British Capital and enterprise, and that both the direct and indirect benefits, which the rail roads have conferred on the Country, have been great. It would be a piece of ingratitude on the part of the Indian people to deny this, but one cannot help remarking at the same time that the favourable terms that were offered by the Government of India to the Capitalists made it clear to them from the very beginning that there was no safer investment for their money than the Indian Railways. The land was provided free and an interest of 5 per cent. was guaranteed by the Government of India irrespective of whether the earnings of the railway brought this return or not, and if there was a deficit it was to be made good by the Government, so that "the burden of the guarantee fell on the people at large." In fact, the Government fully recognised this, and in one of the despatches from the Secretary of State, during the early days of railway history in India, it was said 'that in England the interests of the people were protected by the Government though the railway companies in that country did not get any direct advantage from the Crown, but that in India, where the Government gave so much privilege in the way of free

land and guarantee they (the Government) should have a better right to control the rates and fares for the interests of the people.' It was further observed by then Secretary of State that 'a railway in India could serve its own interests by accommodating itself to the wants of the people.'

Effect of transfer of Capital to Delhi on export trade of Calcutta and the absolute powers of Railway Traffic Managers in diverting trade.

That there has been a great development of trade in India through the railways it cannot be denied, but it must not be forgotten that the British Capitalists made large profits from the railways, in which their capital was invested, because whether the railways were sufficiently remunerative or not the Indian public had to make good the guaranteed interest, and at the present stage the railways in this country are to all intents and purposes the property of the State, but it cannot yet be admitted that the Railway Managers have recognised that the intention of the Government has been from the very start that a railway should serve its own interests by accommodating itself to the wants of the people. On the contrary, experience shews that the Railway managers want the public to accommodate themselves to the interests of the railways.

It is amusing to see that in commenting on the transfer of the Capital of India to Delhi some have remarked that there would be a diversion of the foreign trade of Calcutta, especially in the

produce, to the ports of Kurachee and Bombay; but it may at once be pointed out that this impression is erroneous. Whether the capital of India be at Delhi or at Lahore the export and the import trade of the country will always continue to be regulated by steamer freights, railway rates and margin of profit; in spite of the fact that the Calcutta port is the nearest outlet for the productions of the Western districts of the United Provinces a large portion of the supplies are drawn by the port of Bombay from these districts, especially seeds and cotton, and the present capital of India has not been able to attract the traffic. The general tendency of the Indian Railway Traffic Manager is to quote the lowest rates (even down to the minimum) to the port which gives his railway the longest lead, for instance, from say Etawah to Calcutta the East Indian Railway Company charges a rate calculated at $\frac{1}{10}$ th of a pie per maund per mile on wheat and seeds, but when the same description of traffic is sent from Etawah to Bombay, the East Indian Railway rate up to Agra is at the highest possible figure *viz.* at $\frac{1}{3}$ rd pie per maund per mile. The G. I. P. of course carries the Etawah-Bombay traffic over its length from Agra to Bombay at the same low rate as the E. I. Railway charge from Etawah to Calcutta *i.e.* at $\frac{1}{10}$ th pie per maund per mile. All the railways do the same without exception. There was a time when the export trade of Sutna was carried on almost entirely *via* the port of Bombay. But since the East Indian Railway have quoted the minimum rate permissible from Sutna

to Calcutta and raised the charge to Bombay by enhancing the freight from] Sutna to Katni junction to the maximum figure, whereby a difference of more than Re. 0-3-6 per maund has been maintained in favour of Calcutta as compared with the through rate to Bombay, a large portion of the produce that is railed at Sutna now comes to the Calcutta port. On the other hand from places in Bundelkhund on the Manikpur-Jhansi section of the Great Indian Peninsula Railway, the port of Bombay draws all the produce in spite of the fact that most of the Railway stations on this particular section of line are nearer Calcutta than Bombay. This is so, because the Great Indian Peninsula Railway has the advantage of having these stations situated on their system, and, therefore, quotes low rates from there to Bombay and charges the highest possible rates for traffic to Calcutta up to the junction with the East Indian Railway. The North-Western Railway does all it can to encourage the export trade to Kurachee, but when the productions of the Punjab are sent to Bombay or to Calcutta or to any other part of India *via* Delhi, *via* Umballa or *via* Ghaziabad that railway levies much higher rates than in the case of the export trade *via* Kurachee.

It will thus be seen that the transfer of the present export trade of Calcutta in produce to Bombay or Kurachee does not or will not depend on the capital of India being at Calcutta or at Delhi; it depends on the will and pleasure of the Railway Managers, who want the trade to accommodate itself to the requirements of the railways, irres-

pective of whether the interests of the people of the country demands that the export trade of Calcutta or Kurachee or Bombay should not receive preferential treatment as compared with the internal trade of the country. Therefore, those who are loud in their assertion that the transfer of the capital from Calcutta to Delhi will also effect a transfer of the export trade in the produce of the country from the Calcutta port to the Western ports should look for the cause of the diversion somewhere else. The Viceroy and Governor-General of India with the Members of his Council, and the Provincial Governors have practically nothing to do with diversion of trade of one port or one centre to another:—this is a matter which is almost entirely controlled by the Railway Traffic Managers, and in this connection one is reminded of the remarks of Sir F. S. P. Lely in his book entitled “Suggestions for the Better Governing of India,” which are as follows:—

“The Traffic Manager wields an irresponsible power over the country commanded by his railways which should not be entrusted to any man and least of all to one, who rightly from his own point of view regards nothing but his master’s dividend and certain wide limits set down by Government. By a slight readjustment of rates he can, and sometimes does, crush a rising home manufacturer in favour of a foreign customer. An amended code of Civil Procedure occupies for days and months the wisest of the land but is of less practical consequence to the people of a district than the local Goods Tariff book.”

The Railway Department of the Government of India is considered the supreme authority on railway matters, but it seems that it has no authority at all to check the diversion of trade or the quotation of rates, which may be distinctly prejudicial to the interests of the province producing the goods or of the country generally; the Railway Board is absolutely powerless to control the Railway Manager in such a matter, in whose mind one thing paramount over all others is to increase the export and import trade to and from the port that gives his railway the longest lead irrespective of all other considerations. Although at one time it was pointed out by the Secretary of State that the railways should accommodate their interests to the wants of the Indian population, I have shewn it times over number in several of my articles on "Railway Rates," without contradiction, that the Railway Traffic Managers act quite contrary to this principle.

Railway Expenditure.

Referring again to the question of "Railway Finance," one finds that out of the total net railway revenue of the Government of India, during 1910, of say 20 crores of rupees, over 10 crores were spent under the following heads:—

- (a) Interest on debt for purchase of railways.
- (b) Interest on advances of capital to companies.
- (c) Interest on capital raised by companies.
- (d) Portion of annuities in purchase of railways representing interest on capital.

The interest paid by the Indian Government out of the Imperial Railway Revenue on capital

raised by Companies was over 3 crores of rupees while the actual net gain to the Government of India by the working of railways was 4 crores and 29 lakhs and the interest on the capital of State Railways was 5 crores and 93 lakhs or the Government's net gain during 1910 from the working of railway can be said to be 10 crores and 23 lakhs of rupees, and this latter sum on the total capital liability of the Government of India on account of railways comes to a little over 2 per cent. and for this low percentage of return the Government has to incur liability for a capital outlay of over 482 crores. The Secretary of State has during this year sanctioned an expenditure of $13\frac{1}{2}$ crores of rupees on railways and a little over $2\frac{3}{4}$ crores on irrigation, but in the interests of the agricultural classes the irrigation requires greater attention on part of the Government of India next to agriculture, and therefore, the expenditure on irrigation should not be so low as compared with the heavy sums that are annually sanctioned for railways, especially when this will add to the colossal sums that are already involved in the Indian Railway capital expenditure. More caution is necessary on the part of Railway Board and those responsible for seeing that the public money is judiciously economically and usefully spent.

A very large item of expenditure on railways is under the head of "rolling stock," and this expenditure is left entirely in the hands of the railway companies, and yet the Directors of the Railways complain that their powers are restricted. It seems very strange that when it was actually

possible to effect a saving under the head of expenditure on Railway wagons and to economise the heavy empty running of vehicles, without in any way sacrificing the interests of trade, simply by routing the coal wagons to the Punjab, both on the onward and the return journeys, by the shortest route *via* Moghalserai and Saharanpur instead of *via* Umballa or *via* Katni, the Railway authorities and the Railway Board have not taken any action in this direction. Are the interests of the East Indian and the Bengal Nagpur Railway Companies to be considered paramount even to the sacrifice of the interests of the Government of India's Railway Revenue and of the Indian population? Why is the Bengal Nagpur Railway allowed to lock up its wagons in carrying coal to the Punjab by the most circuitous and impossible routes for days together at unprofitable rates? Some Railway Directors appear to be of opinion that the control of the Government of India through the Railway Board and its Inspectors and Officers should be of a general nature only, and that the details should be entirely left to the railway companies, but it is not said how far these details should go. There are enormous expenditures in building stations, offices, remodelling yards, relaying of lines, quarters and institutes for the European staff etc., and it is to be seen how far economy is exercised in these directions and as to the justification and necessity for and economy in such expenditure the public have hardly any knowledge of. It was casually mentioned to me that if an account were taken of the stores and

materials that have been purchased and brought to India by some Railway Companies out of Imperial Railway Revenue and subsequently not used for purposes they were originally indented for and of the loss in depreciation on such stores and materials, it would be seen that a great deal is still wanting in the matter of economy. I do not know how far this is correct, but I do not think the Government of India ever made a detailed enquiry into such matters. Perhaps if the stores accounts for the last 10 years of the Railway Companies are gone into by a commission, and the results are published for the information of the public it will be a source of great satisfaction to them, for it is the public money that the Railway Companies' officials are responsible for spending. Taking all the Indian Railways together, 4,312 goods vehicles were added to the rolling stock of the Indian Railways in 1910, and from the Railway Board's Administration Report for 1910 it would appear 6070 goods vehicles were under supply. The question is whether these 10,000 wagons were really needed from the point of view that the existing goods rolling stock of the railways is fully and most economically utilised in that all the railways on the same gauge taken together are getting adequate work turned out of all their wagons taken and treated as belonging to one railway system because all the railways are practically State lines. It is observed that there is great variance in the number of miles run by "one wagon" on different railways. It appears that on the Nizam's Guaranteed State Railway with a total number of

1,414 wagons only, the mileage run by each wagon during a year was 16664 miles, whereas on the Bengal Nagpore Railway with 11,613 wagons, the number of miles run by each wagon during a year was 13,189 miles, so that to an ordinary observer it would appear that the Bengal Nagpore Railway are not turning out adequate work out of their wagons, compared with the work done on the Nizam's Railway. Then again, the average number of miles run daily by each wagon on the B. N. Railway was 36 miles against 46 miles on the Nizam's Railway, whereas on the B. B. and C. I. Railway board gauge section the number of miles run by each vehicle daily was but 26. In spite of the fact that the Bengal and North Western Railway has to contend with ferries at Mokameh Ghat, Digha Ghat, Bhagalpur and other places and consequent detention to wagons, the number of miles run by each vehicle was 34 per diem, whereas the Eastern Bengal State Railway ran but 26 miles and the Oudh and Rohilkhund Railway 32 miles. These results are very puzzling to an ordinary man, not having intimate knowledge of railway working, but they go to shew one thing that if the Bengal and North-Western Railway a metre gauge system, can shew an average running of 34 miles per diem by each of its wagons how is it that on some of the broad gauge railways the number of miles run by each wagon daily is less? These are facts which surely require going into and it is hoped that they will not be overlooked by the Railway Commission.

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ROYAL COMMISSION
On the Administration of the
Expenditure of India.

1895.

X7.6.2 M95L

National Liberal Club,

LONDON, S.W.

9th January, 1896.

DEAR LORD WELBY,

I now submit to the Commission a further representation upon the most important test of the present "Administration and Management of Expenditure," viz., its results.

Kindly oblige me by laying it before the Commission at the next meeting. I shall send a copy of it to every member of the Commission. As the reference to the Commission embraces a number of most vital questions—vital both to England and India—I am obliged to submit my representation in parts. When I have finished I shall be willing, if the Commission think it necessary, to appear as a witness to be cross-examined upon my representations. If the Commission think that I should be examined on each of my representations separately, I shall be willing to be so examined.

In the Act of 1858 (sec. LIII), Parliament provided, that among other information for its guidance, the Indian Authorities should lay before it every year "A Statement prepared from detailed Reports from each Presidency and District in India, in such form as shall best exhibit the Moral and Material Progress and Condition of India in each such Presidency." Thereupon such Reports were ordered by the Government of India to be prepared by the Government of each Presidency.

As a beginning the Reports were naturally imperfect in details. In 1862 the Government of India observed: "There is a mass of statistics in the Administration Reports of the various Local Governments. . . . but they are not compiled on any uniform plan. . . . so as to show the statistics of the Empire (Fin. Con., June '62)." The Statistical Committee, which the Government of India had organised for the purpose, prepared certain Forms of Tables. And after receiving reports on those forms from the different governments made a Report, to the Government of India, with revised Forms of Tables (Office Memorandum, Financial Department, No. 1,043, dated 28/2/66). The members of this Committee were Mr. A. Grote, president, and Messrs. G. Campbell, D. Cowie, and G. Smith.

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Average Produce of Land per Acre in lbs.

District	Rice	Wheat	Inferior Food Grains	Indigo	Cotton	Opium	Oil Seeds	Fibres	Sugar	Tobacco	Tea	Coffee, &c., &c.
General Average												

FORM E.

Price of Produce and Labour at the end of the year.

PRODUCE.—1.

Price of Produce per maund of 80 lbs.

District	Rice	Wheat	Linseed	Jute	Cotton	Sugar	Salt	&c., &c.
General Average								

Prices—continued.				LABOR.—2.			
Plough	Bullocks each	Wages per diem.	District	Cart per day	Camel per day	Donkeys per score per day	Boat per ditto
Fish per seer	Iron per maund &c., &c.		General average				

NOTE.—The general character of the staple of the district should be stated as "Cotton, Indigenous," "Cotton, New Orleans," "Sugar, Raw," "Sugar, Refined," "Salt, Rock," "Salt, Samber Lake," and so on

FORM F.

MINES AND QUARRIES.

Where Situated	Mineral produced	Number of Mines	Annual Produce	Remarks
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It will be seen from these tables that they are sufficient for calculating the total "production" of any province, with such additions for sundry other produce as may be necessary, with sufficient approximity to accuracy, to supply the information which Parliament wants to know about the progress or deterioration of the material condition of India.

Sir David Barbour said, in reply to question put by Sir James Peile :

"2283. It does not by any means follow that people are starving because they are poor?—Not in the least. You must recollect that the cost of the necessaries of life is very much less in India than it is in England."

Now the question is, whether, even with this "very much less cost" of the necessaries and wants of life, these necessaries and wants of life even to an absolute amount, few as they are, are supplied by "the production of the year." Sir D. Barbour and others that speak on this point have not given any proof that even these cheap and few wants are supplied, with also a fair reserve for bad seasons. It is inexplicable why the Statistical Committee failed to prescribe the tables for the necessary consumption—or, as the heading of Form D. called "Distribution"—if they really meant to give Parliament such full information as to enable it to judge whether "the mass of the people," as Lord Lawrence said, "lived on scanty subsistence" or not. The Statistical Committee has thus missed to ask this other necessary information, viz., the wants of a common labourer to keep himself and his family in ordinary healthy, working condition—in food, clothing, shelter, and other necessary ordinary social wants. It is by the comparison of what is *produced* and what is *needed* by the people even for the absolute necessaries of life (leave alone any luxuries) that anything like a fair idea of the condition of the people can be formed. In my first letter to the Secretary of State for India, of 24th May, 1880, I have worked out as an illustration all the necessary tables both for "production" and "distribution," *i.e.*, absolute necessaries of life of a common labourer in Punjab.

If the demands of Parliament are to be loyally supplied (which, unfortunately, is almost invariably not the attitude of Indian authorities in matters concerning the welfare of the Indians and honour of the British name depending thereon) there is no reason whatever why the information required is not fully furnished by every province. They have all the necessary materials for these tables, and they can easily supply the tables

both for "production" and "distribution" or necessary consumption, at the prices of the year of all necessary wants. Then the Statistical Department ought to work up the average per head per annum for the whole of India of both "production" and "distribution." Unless such information is supplied, it is idle and useless to endeavour to persuade the Commission that the material condition of the people of British India is improving. It was said in the letter of the Secretary of State for India to me of 9th August, 1880, that in Bengal means did not exist of supplying the information I desired. Now that may have been the case in 1880, but it is not so now; and I cannot understand why the Bengal Government does not give the tables of production at all in its Administration Report. The only table, and that the most important one, for which it was said they had not the means, and which, though not given in the Administration Report, is given in detail in the "Statistical Abstract of British India for 1893-4." (Parl. Ret. [C. 7,887] 1895), pp. 141-2.

No. 73.—CROPS UNDER CULTIVATION IN 1893-4 (P. 141).
Administration—Bengal.

ACRES

Rice	Wheat	Other Food Grains (including Pulses)	Other Food Crops	Sugar Cane	Coffee
38,200,300	1,620,200	11,636,000	3,130,900	1,083,400	....

ACRES—continued.

Tea	Cotton	Jute	Other Fibres	Oil Seeds	Indigo
110,800	201,280	2,228,200	207,100	3,253,000	614,200

ACRES—continued.

Tobacco	Cinchona	Miscellaneous	Total area under crops	Deduct area cropped more than once	Actual area on which crops were grown
730,500	2,900	424,900	64,444,200	10,456,900	53,987,300

Then, at page 142, there is also given total area under crops—of area under irrigation—64,444,200 acres. Certainly, if they can know the total area, they can ascertain the average of some of the principal crops. Then, as to the crops per acre of some of the principal produce, they can have no difficulty in ascertaining, and the prices are all regularly published of principal articles of food. There can be no difficulty in obtaining the prices of all principal produce. The whole matter is too important to be so lightly treated. The extreme importance of this information can be seen from the fact that Parliament has demanded it by an Act, and that Sir Henry Fowler himself made a special and earnest challenge about the condition of the people. He said in his speech on 15th August, 1894, when he promised the Select Committee :

“The question I wish to consider is whether that Government, with all its machinery as now existing in India, has, or has not promoted the general prosperity of the people in its charge; and whether India is better or worse off by being a Province of the British Crown;”

And this is the question to which an answer has to be given by this Commission—whether the present administration and management of the Military and Civil Expenditure incurred in both countries, “has or has not,” as one of its results, “promoted the general prosperity of the people” of British India. Or is, or is not, the result of this administration and management of expenditure “scanty subsistence” for the mass of the people as admitted by Lord Lawrence, and “extreme poverty” as stated by Lord Cromer, Sir Auckland Colvin, and Sir David Barbour among the latest Finance Ministers. A poverty compared with which even the most oppressed and misgoverned Russia is prosperity itself, the income of which is given by Mulhall as above £9 per head per annum, when Lord Cromer gives the income of British India as “not more than Rs. 27 per head per annum,” and I calculate it as not more than Rs. 20 per head per annum. Even this wretched income, insufficient as it is, is not all enjoyed by the people, but a portion never returns to them, thereby continuously though gradually diminishing their individual capacity for production. Surely there cannot be a more important issue before the Commission as to the results of the administration and management of expenditure, as much or even more for the sake of Britain itself than for that of India.

Before proceeding further on the subject of these statistics

it is important to consider the matter of the few wants of the Indian in an important aspect. Is the few wants a reason that the people should not prosper, should not have better human wants and better human enjoyments? Is that a reason that they ought not to produce as much wealth as the British are producing here? Once the Britons were wandering in the forests of this country, and their wants were few; had they remained so for ever what would Britain have been to-day? Has not British wealth grown a hundred times, as Macaulay has said? And is it not a great condemnation of the present British administration of Indian expenditure, that the people of India cannot make any wealth—worse than that, they must die off by millions, and be underfed by scores of millions, produce a wretched produce, and of that even somebody else must deprive them of a portion!

The British first take away their means, incapacitate them from producing more, compel them to reduce their wants to the wretched means that are left to them, and then turn round upon them and, adding insult to injury, tell them—"See, you have few wants; you must remain poor and of few wants. Have your pound of rice—or, more generously, we would allow you two pounds of rice—scanty clothing and shelter. It is we who must have and would have great human wants and human enjoyments, and you must slave and drudge for us like mere animals, as our beasts of burden." Is it that the mass of the Indians have no right or business to have any advancement in civilisation, in life and life's enjoyments, physical, moral, mental and social? Must they always live to the brute's level—must have no social expenses—is that all extravagance, stupidity, want of intelligence, and what not? Is it seriously held, in the words of Lord Salisbury—"They (the natives of India) know perfectly well that they are governed by a superior race" (*Hansard*, vol. 277, 9/4/83, page 1,798), and that that superior race should be the masters, and the Indians the slaves and beasts of burden? Why, the British-Indian authorities and Anglo-Indians generally (of course, with honourable and wise exceptions), do every mortal thing to disillusion the Indians of the idea of any superiority by open violation and dishonour of the most solemn pledges, by subtle bleeding of the country, and by obstructing at every point any step desired by the British people for the welfare of the Indians. I do hope, as I do believe, that both the conscience and the aspiration of the British people, their mission and charge, which it is often said Providence has placed in their hands, are to raise the Indians to their own level of

civilisation and prosperity, and not to degrade themselves to the lowliness of Oriental despotism and the Indians to mere helots.

I may here again point out some defects in these statistics so as to make them as accurate as they can possibly be made, in supplying the Commission with the necessary information. It is surprising that Indian highly-paid civilians should not understand the simple arithmetic of averages; and that they should not correct the mistake even after the Secretary of State for India forwarded my letter pointing out the mistake.

The mistake is this. Supposing the price of rice in one district is R. 1 per maund, and in another district Rs. 3 per maund, then the average is taken by simply adding 3 and 1 and dividing by 2, making it to be Rs. 2 per maund, forgetting altogether to take into account the quantities sold at Rs. 3 and R. 1 respectively. Supposing the quantity sold at R. 1 per maund is 1,000,000 maunds and that sold at Rs. 3 is only 50,000 maunds, then the correct average will be :

	Maunds.	Rs.	Rs.
	1,000,000	× 1	= 1,000,000
	50,000	× 3	= 150,000
Total ...	1,050,000		1,150,000

which will give Rs. 1 1 an. 6 pies per maund, instead of the incorrect Rs. 2 per maund, as is made out by simply adding 1 and 3 and dividing by 2.

In my "Poverty of India" I have given an actual illustration (p. 3). The average price of rice in the Administration Report of the Central Provinces for 1867-8 was made out to be, by the wrong method, Rs. 2. 12 an. 7 pies. while the correct price was only Rs. 1. 8 an. Also the correct average of produce was actually 759 lbs. per acre, when it was incorrectly made out to be 579 lbs. per acre. Certainly there is no excuse for such arithmetical mistakes, for information required by Parliament for the most important purpose of ascertaining the result of the British Administration of the expenditure of a vast country.

In the same way averages are taken of wages without considering how many earn the different wages of 1½, 2, 3 or more annas per day and for how many days in the year.

In the Irish Commission you yourself and the Chairman have noticed this fallacy.

Witness, Dr. T. W. GRIMSHAW.

Question 2925. (Lord Welby) : Do you take a mean price?—I take a mean price between highest and lowest.

2926. (Chairman): An arithmetical mean price without reference to the quantities?—Yes.

2927. (Lord Welby): For instance, supposing for nine months there had been a low price, and the remaining three a high price, the mean would hardly represent a real mean, would it?—You are correct in a certain sense. . . .

TRADE.—Totals are taken of both imports and exports together and any increase in these totals is pointed out as proof of a flourishing trade and increasing benefit when in reality it is no such thing, but quite the reverse altogether. I shall explain what I mean.

Suppose a merchant sends out goods to a foreign country which has cost him £1,000. He naturally expects to get back the £1,000 and some profit, say 15 per cent.; *i.e.*, he expects to receive back £1,150. This will be all right; and suppose he sends out more, say £2,000 worth, the next year and gets back his £2,300, then it is really an increasing and profitable trade. But suppose a merchant sent out goods worth £1,000 and gets back £800 instead of £1,150 or anything above £1,000; and again the second year he sent £2,000 worth and got back £1,600. To say that such a trade is a flourishing or profitable trade is simply absurd. To say that because the total of the exports and imports of the first year was £1,800, and the total of the exports and imports in the second year was £3,600, that therefore it was a cause for rejoicing, when in reality it is simply a straight way to bankruptcy with a loss of £200 the first year, and £400 the second year (leaving alone profits), and so on. Such is the condition of British India. Instead of getting back its exports with some profit, it does not get back even equal to the exports themselves, but a great deal less every year. Why then, it may be asked, does India not go into bankruptcy as any merchant would inevitably go? And the reason is very simple. The ordinary merchant has no power to put his hand in other persons' pockets, and make up his losses. But the despotic Government of India, on the one hand, goes on inflicting on India unceasing losses and drain by its unnatural administration and management of expenditure, and, on the other hand, has the power of putting its hands unhindered into the pockets of the poor taxpayer and make its account square.

While the real and principal cause of the sufferings and poverty of India is the deprivation and drain of its resources by foreigners by the present system of expenditure, the Anglo-Indians generally, instead of manfully looking this evil in the face,

ignore it, and endeavour to find all sorts of other excuses. It is very necessary that the Commission should have the opportunity of fairly considering those excuses. Now, one way I can deal with them would be for myself to lay them down as I understand them; or, which is far better, I should deal with them as they are actually put forth by some high Anglo-Indian official. As I am in a position to do so, I adopt the second course. A high official of the position of an Under Secretary of State for India and Governor of Madras, Sir Grant Duff, has already focused all the official reasons in two papers he contributed to the *Contemporary Review*, and I have answered them in the same *Review* in 1887. I cannot therefore do better than to embody my reply here omitting from it all personal remarks or others irrelevant to the present purpose. In connection with my reply, I may explain here that it is because I have taken in it £1 = Rs. 10 that the incidence of taxation is set down as 6s. per head per annum, while Sir H. Fowler's estimate is only 2s. 6d. per head at the present depressed exchange and excluding land revenue. Sir H. Fowler excludes land revenue from the incidence as if land revenue, by being called "rent," rained from heaven, and was not raised as much from the production of the country as any other part of the revenue. The fact of the matter is that in British India as in every other country, a certain portion of the production of the country is taken by the State, under a variety of names—land tax or rent, salt revenue, excise, opium, stamps, customs, assessed taxes, post office surplus, law and justice surplus, etc. etc. In some shape or other so much is taken from the production, and which forms the incidence of taxation. The evil which India suffers from is not in what is raised or taken from the "production" and what India, under natural administration, would be able to give two or three times over, but it is in the manner in which that revenue is spent under the present unnatural administration and management of expenditure whereby there is an unceasing "bleeding" of the country.

My reply to Sir Grant Duff was made in 1887. This brings some of the figures to a later date than my correspondence with the Secretary of State for India. Single-handed, I have not the time to work out figures to date, but I shall add afterwards some figures which I have already worked out for later than 1887. I give below my reply to Sir Grant Duff as I have already indicated above.

All the subjects treated in the following extracts are the direct consequences of the present system of "the administra-

tion and management of expenditure in both countries." It is from this point of view that I give these extracts.

EXTRACTS FROM MY REPLY, IN AUGUST, 1887,
TO SIR GRANT DUFF.

But of the subjects with which Sir Grant Duff has dealt, there are some of the most vital importance to India, and I desire to discuss them.

* * * * *

If there is one thing more than another for which the Indian people are peculiarly and deeply grateful to the British nation, and which is one of the chief reasons of their attachment and loyalty to British rule, it is the blessing of education which Britain has bestowed on India. Britain has every reason to be proud of, and to be satisfied with, the results, for it is the educated classes who realise and appreciate most the beneficence and good intentions of the British nation; and by the increasing influence which they are now undoubtedly exercising over the people, they are the powerful chain by which India is becoming more and more firmly linked with Britain. This education has produced its natural effects, in promoting civilisation and independence of character—a result at which a true Briton should not be ashamed, and should regard as his peculiar glory.

* * * * *

Of the few matters which I intend to discuss there is one—the most important—upon which all other questions hinge. The correct solution of this fundamental problem will help all other Indian problems to settle themselves under the ordinary current discussions of every day. Before proceeding, however, with this fundamental question, it is necessary to make one or two preliminary remarks to clear away some misapprehensions which often confuse and complicate the discussion of Indian subjects.

There are three parties concerned—(1) The British nation, (2) those authorities to whom the Government of India is entrusted by the British nation, and (3) the natives of British India.

Now, I have no complaint whatever against the British nation or British rule. On the contrary, we have every reason to be thankful that of all the nations in the world it has been our good fortune to be placed under the British nation—a nation,

noble and great in its instincts ; among the most advanced, if not the most advanced, in civilization ; foremost in the advancement of humanity in all its varied wants and circumstances ; the source and fountain-head of true liberty and of political progress in the world ; in short, a nation in which all that is just, generous, and truly free is most happily combined.

The British nation has done its part nobly, has laid down, and pledged itself before God and the world to, a policy of justice and generosity towards India, in which nothing is left to be desired. That policy is complete and worthy of its great and glorious past and present. No, we Indians have no complaint against the British nation or British rule. We have everything from them to be grateful for. It is against its servants, to whom it has entrusted our destinies, that we have something of which to complain. Or rather, it is against the system which has been adopted by its servants, and which subverts the avowed and pledged policy of the British nation, that we complain, and against which I appeal to the British people.

Reverting to the few important matters which I desire to discuss, the first great question is—What is Britain's policy towards India? Sir Grant Duff says: "Of two things one; either we mean to stay in India and make the best of the country—directly for its own advantage, indirectly for that of ourselves and of mankind at large, or we do not." Again he says: "The problem is how best to manage for its interest, our own interest, and the interest of the world. . . ." Now, if anybody ought to know, Sir Grant Duff ought, that this very problem, exactly as he puts it, and for the purposes he mentions, has been completely and exhaustively debated, decided upon, and the decision pledged in the most deliberate manner, in an Act of Parliament more than fifty years ago, and again most solemnly and sacredly pledged more than twenty-five years ago. Sir Grant Duff either forgets or ignores these great events. Let us see, then, what this policy is. At a time when the Indians were in their educational and political infancy, when they did not and could not understand what their political condition then was or was to be in the future, when they had not uttered, as far as I know, any complaints, nor demanded any rights or any definite policy towards themselves, the British nation of their own accord and pleasure, merely from their own sense of their duty towards the millions of India and to the world, deliberately declared before the world what their policy should be towards the

people of India. Nor did the British people do this in any ignorance or want of forethought or without the consideration of all possible consequences of their action. Never was there a debate in both Houses of Parliament more complete and clear, more exhaustive, more deliberately looked at from all points of view, and more calculated for the development of statesmanlike policy and practical good sense. The most crucial point of view—that of political danger or of even the possible loss of India to Britain—was faced with true English manliness; and the British nation, through their Parliament, then settled, adopted, and proclaimed to the world what their policy was to be—viz., the policy of justice and of the advancement of humanity.

I can give here only a very few extracts from that famous debate of more than half a century ago—a debate reflecting the highest glory on the British name.

Sir Robert Peel said :—

“ Sure I am at least that we must approach the consideration of it with a deep feeling, with a strong sense of the responsibility we shall incur, with a strong sense of the moral obligation which imposes it upon us as a duty to promote the improvement of the country and the welfare and wellbeing of its inhabitants, so far as we can consistently with the safety and security of our dominion and the obligations by which we may be bound. . . . ”

The Marquis of Lansdowne, in the House of Lords, said :—

“ But he should be taking a very narrow view of this question, and one utterly inadequate to the great importance of the subject, which involved in it the happiness or misery of one hundred millions of human beings, were he not to call the attention of their lordships to the bearing which this question and to the influence which this arrangement must exercise upon the future destinies of that vast mass of people. He was sure that their lordships would feel, as he indeed felt, that their only justification before God and Providence for the great and unprecedented dominion which they exercised in India was in the happiness which they communicated to the subjects under their rule, and in proving to the world at large, and to the inhabitants of Hindustan, that the inheritance of Akbar (the wisest and most beneficent of Muhammadan princes) had not fallen into unworthy or degenerate hands. . . . ” His lordship, after announcing the policy intended to be adopted, concluded :—“ He was confident that the strength of the Government would be increased by the happiness of the people over whom it presided, and by the attachment of those nations to it.”

Lord Macaulay's speech is worthy of him, and of the great

nation to which he belonged. I have every temptation to quote the whole of it, but space forbids. He calls the proposed policy "that wise, that benevolent, that noble clause," and he adds:—

"I must say that, to the last day of my life, I shall be proud of having been one of those who assisted in the framing of the Bill which contains that clause. . . . Governments, like men, may buy existence too dear. 'Propter vitam vivendi perdere causas' is a despicable policy either in individuals or States. In the present case such a policy would be not only despicable, but absurd. . . . To the great trading nation, to the great manufacturing nation, no progress which any portion of the human race can make in knowledge, in taste for the conveniences of life, or in the wealth by which those conveniences are produced, can be matter of indifference. . . . To trade with civilised men is infinitely more profitable than to govern savages. That would indeed be a dotting wisdom which, in order that India might remain a dependency, would make it a useless and costly dependency—which would keep a hundred millions of men from being our customers, in order that they might continue to be our slaves. It was, as Bernier tells us, the practice of the miserable tyrants whom he found in India, when they dreaded the capacity and spirit of some distinguished subject, and yet could not venture to murder him, to administer to him a daily dose of the pousta, a preparation of opium, the effect of which was in a few months to destroy all the bodily and mental powers of the wretch who was drugged with it, and to turn him into a helpless idiot. That detestable artifice, more horrible than assassination itself, was worthy of those who employed it. It is no model for the English nation. We shall never consent to administer the pousta to a whole community, to stupefy and paralyse a great people whom God has committed to our charge, for the wretched purpose of rendering them more amenable to our control. . . . I have no fears. The path of duty is plain before us, and it is also the path of wisdom, of national prosperity, of national honour. . . . To have found a great people sunk in the lowest depths of misery and superstition, to have so ruled them as to have made them desirous and capable of all the privileges of citizens, would indeed be a title to glory—all our own. The sceptre may pass away from us. Unforeseen accidents may derange our most profound schemes of policy. Victory may be inconstant to our arms. But there are triumphs which are followed by no reverses. There is an empire exempt from all natural causes of decay. Those triumphs are the pacific triumphs of reason over barbarism; that empire is the imperishable empire of our arts and our morals, our literature and our law."

Now what was it that was so deliberately decided upon—that which was to promote the welfare and well-being of the millions of India, involve their happiness or misery, and influence their future destiny; that which was to be the only

justification before God and Providence for the dominion over India; that which was to increase the strength of the Government and secure the attachment of the nation to it; and that which was wise, benevolent and noble, most profitable to English trade and manufacture, the plain path of duty, wisdom, national prosperity, and national honour, and calculated to raise a people sunk in the lowest depth of misery and superstition, to prosperity and civilisation? It was this "noble" clause in the Act of 1833, worthy of the British character for justice, generosity, and humanity: "That no native of the said territories, nor any natural-born subject of his Majesty resident therein, shall, by reason only of his religion, place of birth, descent, or any of them, be disabled from holding any place, office, or employment under the said Company."

I now ask the first question. Is this deliberately declared policy honestly promised, and is it intended by the British nation to be honestly and honourably fulfilled; or is it a lie and a delusion, meant only to deceive India and the world? This is the first clear issue.

It must be remembered, as I have already said, that this wise and noble pledge was given at a time when the Indians had not asked for it. It was of Britain's own will and accord, of her own sense of duty towards a great people whom Providence had entrusted to her care, that she deliberated and gave the pledge. The pledge was given with grace and unasked, and was therefore the more valuable and more to Britain's credit and renown. But the authorities to whom the performance of this pledge was entrusted by the British nation did not do their duty, and left the pledge a dead letter. Then came a time of trouble, and Britain triumphed over the Mutiny. But what did she do in that moment of triumph? Did she retract the old, great, and noble pledge? Did she say, "You have proved unworthy of it, and I withdraw it"? No! True to her instincts of justice, she once more and still more emphatically and solemnly proclaimed to the world the same pledge, even in greater completeness and in every form. By the mouth of our great Sovereign did she once more give her pledge, calling God to witness and seal it and bestow his blessing thereon; and this did the gracious proclamation of 1858 proclaim to the world:

"We hold ourselves bound to the natives of our Indian territory by the same obligations of duty which bind us to all our other subjects; and those obligations, by the blessing of Almighty God, we shall faithfully and conscientiously fulfil.

“ And it is our further will that, so far as may be, our subjects, of whatever race or creed, be freely and impartially admitted to offices in our service, the duties of which they may be qualified by their education, ability, and integrity duly to discharge.

“ In their prosperity will be our strength, in their contentment our security, and in their gratitude our best reward. And may the God of all power grant to us and to those in authority under us strength to carry out these our wishes for the good of our people.”

Can pledges more sacred, more clear, and more binding before God and man be given ?

I ask this second question. Are these pledges honest promises of the British Sovereign and nation, to be faithfully and conscientiously fulfilled, or are they only so many lies and delusions? I can and do expect but one reply: that these sacred promises were made honestly, and meant to be honestly and honourably fulfilled. The whole Indian problem hangs upon these great pledges, upon which the blessings and help of God are invoked. It would be an insult and an injustice to the British nation, quite unpardonable in me—with my personal knowledge of the British people for more than thirty years—if I for a moment entertained the shadow of a doubt with regard to the honesty of these pledges.

The third question is—Whether these pledges have been faithfully and conscientiously fulfilled. The whole position of India is this: If these solemn pledges be faithfully and conscientiously fulfilled, India will have nothing more to desire. Had these pledges been fulfilled, what a different tale of congratulation should we have had to tell to-day of the prosperity and advancement of India and of great benefits to and blessings upon England. But it is useless to mourn over the past. The future is still before us.

I appeal to the British nation that these sacred and solemn promises should be hereafter faithfully and conscientiously fulfilled. This will satisfy all our wants. This will realise all the various consequences, benefits, and blessings which the statesmen of 1833 have foretold, to England's eternal glory, and to the benefit of England, India, and the world. The non-fulfilment of these pledges has been tried for half a century, and poverty and degradation are still the lot of India. Let us have, I appeal, for half a century the conscientious fulfilment of these pledges, and no man can hesitate to foretell, as the great statesmen of 1833 foretold, that India will rise in prosperity and civilisation, that “ the strength of the Government would be

increased by the happiness of the people over whom it presided, and by the attachment of those nations to it." As long as fair trial is not given to these pledges it is idle, and adding insult to injury, to decide anything or to seek any excuses against us and against the fulfilment of the pledges.

If this appeal is granted, if the British nation says that its honest promises must be honestly fulfilled, every other Indian question will find its natural and easy solution. If, on the other hand, this appeal shall go in vain—which I can never believe will be the case—the present unnatural system of the non-fulfilment of the great policy of 1833 and 1858 will be an obstacle and a complete prevention of the right and just solution of any other Indian question whatever. From the seed of injustice no fruit of justice can ever be produced. Thistles will never yield grapes.

I now come to the second important question—the present material condition of India, as the natural result of the non-fulfilment of the great pledges. Mr. Samuel Smith had remarked that there was among the well-educated natives "a widespread belief that India is getting poorer and less happy," and he has subsequently expressed his own impressions: "The first and deepest impression made upon me by this second visit to India is a heightened sense of the poverty of the country." Now, to such a serious matter, what is Sir Grant Duff's reply? First, a sneer at the educated classes and at higher education itself. Next, he gives a long extract from an address of the local reception committee of the town of Bezwada, in which, says the address, by means of an anicut, "At one stroke the mouths of a hungry and dying people have been filled with bread, and the coffers of the Government with money." This is the reply that a great functionary gives to Mr. Smith's serious charge about the poverty of India. What can the glowing, long extract from the address of the committee of Bezwada mean, if Sir Grant Duff did not thereby intend to lead the British public into the belief that, because the small town of Bezwada had acknowledged a good thing done for it, therefore in *all* India all was happy and prospering? However, Sir Grant Duff could not help reverting, after a while, to the subject a little more seriously, and admitting that "there is in many parts of India frightful poverty." What, then, becomes of the glowing extract from the Bezwada address, and how was that a reply to Mr. Smith's charge? However, even after making the admission of the "frightful poverty in many parts of India," he

disposes off-hand of the grave matter—remarking that other people in other countries are also poor, as if that were a justification of “the frightful poverty in many parts of India,” under a rule like that of the British, and conducted by a service the most highly praised and the most highly paid in the world? Now, these are the three questions he puts:—“The question worth answering is: Do the Indian masses obtain, one year with another, a larger or smaller amount of material well-being than the peasantry of Western Europe?” And he answers himself: “Speaking of the huge province of Madras, which I, of course, know best—and I have visited every district in it—I think they do. . . .” They “do” what? Do they obtain a larger or smaller amount? His second question is: “But is there not the same, and even worse, in our own country?” And lastly, he brings down his clincher thus:—“As to our system ‘draining the country of its wealth,’ if that be the case, how is it visibly increasing in wealth?” And he gives no proof of that increased wealth. Thus, then, does Sir Grant Duff settle the most serious questions connected with India. First, a sneer at educated men and higher education, then the frivolous argument about the town of Bezwada, and afterwards three off-hand questions and assertions without any proof. . . . We may now, however, see what Sir Grant Duff’s above three questions mean, and what they are worth, and how wrong and baseless his assertions are.

Fortunately, *Mr.* Grant Duff has already replied to *Sir* Grant Duff. We are treated by Sir Grant Duff to a long extract from his Budget speech of 1873. He might have as well favoured us, to better purpose, with an extract or two from some of his other speeches. In 1870 *Mr.* Grant Duff asks Sir Wilfrid Lawson a remarkable question during the debate on Opium. He asks: “Would it be tolerable that to enforce a view of morality which was not theirs, which had never indeed been accepted by any large portion of the human race, we should grind an already poor population to the very dust with new taxation?” Can a more complete reply be given to Sir Grant’s present questions than this reply of *Mr.* Grant Duff: that the only margin that saves “an already poor population” *from being ground to the very dust* is the few millions that are obtained by poisoning a foreign country (China).

Again *Mr.* Grant Duff supplies another complete reply to *Sir* Grant Duff’s questions. In his Budget speech of 1871, he thus depicts the poverty of India as compared with the con-

dition of England—"one of the countries of Western Europe" and the "our own country" of his questions. Just at that time I had, in a rough way, shown that the whole production or income of British India was about Rs. 20 (40s.) per head per annum. Of this Mr. Grant Duff made the following use in 1871. He said: "The position of the Indian financier is altogether different from that of the English one. Here you have a comparatively wealthy population. The income of the United Kingdom has, I believe, been guessed at £800,000,000 per annum. The income of British India has been guessed at £300,000,000 per annum. That gives well on to £30 per annum as the income of every person of the United Kingdom, and only £2 per annum as the income of every person in British India. Even our comparative wealth will be looked back upon by future ages as a state of semi-barbarism. But what are we to say of the state of India? How many generations must pass away before that country has arrived at even the comparative wealth of this?"

But now Sir Grant Duff ignores his own utterances as to how utterly different the cases of England and India are. Mr. Grant Duff's speech having been received in India, Lord Mayo thus commented upon it and confirmed it:—

"I admit the comparative poverty of this country, as compared with many other countries of the same magnitude and importance, and I am convinced of the impolicy and injustice of imposing burdens upon this people which may be called either crushing or oppressive. Mr. Grant Duff, in an able speech which he delivered the other day in the House of Commons, the report of which arrived by the last mail, stated with truth that the position of our finance was wholly different from that of England. 'In England,' he stated, 'you have comparatively a wealthy population. The income of the United Kingdom has, I believe, been guessed at £800,000,000 per annum; the income of British India has been guessed at £300,000,000 per annum: that goes well on to £30 per annum as the income of every person in the United Kingdom, and only £2 per annum as the income of every person in British India.' I believe that Mr. Grant Duff had good grounds for the statement he made, and I wish to say, with reference to it, that we are perfectly cognisant of the relative poverty of this country as compared with European States."

Here again is another answer to Sir Grant Duff's questions, by the late Finance Minister of India. Major (Sir) E. Baring, in proof of his assertion of "the extreme poverty of the mass of the people" of British India, makes a comparison not only

with "the Western countries of Europe" but with "the poorest country in Europe." After stating that the income of India was not more than Rs. 27 per head, he said, in his Budget speech of 1882: "In England, the average income per head of population was £33 per head; in France it was £23; in Turkey, which was the poorest country in Europe, it was £4 per head."

It will be seen, then, that *Mr. Grant Duff* and a higher authority than *Sir Grant Duff* have already fully answered *Sir Grant Duff's* questions. The only thing now remaining is whether *Sir Grant Duff* will undertake to prove that the income of British India has now become equal to that of the Western countries of Europe; and if so, let him give us his facts and figures to prove such a statement—not mere allusions to the prosperity of some small towns like *Bezwada*, or even to that of the Presidency towns, but a complete estimate of the income of *all* British India, so as to compare it with that of England, France, or "Western countries of Europe."

I may say here a word or two about "the huge province of Madras, which," says *Sir Grant*, "I, of course, know best, and I have visited every district in it." We may see now whether he has visited with his eyes open or shut. I shall be glad if *Sir Grant Duff* will give us figures to show that Madras to-day produces as much as the Western countries of Europe.

Sir George Campbell, in his paper on tenure of land in India, says, from an official Report of 1869, about the Madras Presidency, that "the bulk of the people are paupers." I have just received an extract from a friend in India. *Mr. W. R. Robertson*, Agricultural Reporter to the Government of Madras, says of the agricultural labourer:—

"His condition is a disgrace to any country calling itself civilised. In the best seasons the gross income of himself and his family does not exceed 3d. per day throughout the year, and in a bad season their circumstances are most deplorable. . . . I have seen something of Ireland, in which the condition of affairs bears some resemblance to those of this country, but the condition of the agricultural population of Ireland is vastly superior to the condition of the similar classes in this country."

There cannot be any doubt about the correctness of these views; for, as a matter of fact, as I have worked out the figures in my paper on "The Poverty of India," the income of the

Madras Presidency in 1868-69 was only about Rs. 18 per head per annum.

Such is the Madras Presidency, which Sir Grant Duff has visited with his eyes apparently shut.

I shall now give a few statements about the "extreme poverty" of British India, by persons whose authority would be admitted by Sir Grant Duff as far superior to his own. In 1864 Sir John (afterwards Lord) Lawrence, then Viceroy, said: "India is, on the whole, a very poor country; the mass of the population enjoy only a scanty subsistence." And again, in 1873, he repeated his opinion before the Finance Committee, that the mass of the people were so miserably poor that they had barely the means of subsistence. It was as much as a man could do to feed his family, or half-feed them, let alone spending money on what might be called luxuries or conveniences. In 1881 Dr. (Sir W.) Hunter, the best official defender of the British Indian Administration, told the British public that 40,000,000 of the people of British India "go through life on insufficient food." This is an official admission, but I have no moral doubt that, if full inquiries were made, twice forty millions or more would be found "going through life on insufficient food," and what wonder that the very touch of famine should destroy hundreds of thousands or millions. Coming down at once to the latest times, Sir E. Baring said, in his finance speech in 1882.—

"It has been calculated that the average income per head of population in India is not more than Rs. 27 a year; and, though I am not prepared to pledge myself to the absolute accuracy of a calculation of this sort, it is sufficiently accurate to justify the conclusion that the tax-paying community is *exceedingly poor*. To derive any very large increase of revenue from so poor a population as this is obviously impossible, and if it were possible would be unjustifiable."

Again, in the course of the debate he repeated the statement about the income being Rs. 27 per head per annum, and said in connection with salt revenue. "But he thought it was quite sufficient to show the *extreme poverty of the mass of the people*." Then, after stating the income of some of the European countries, as I have stated them before, he proceeded: "He would ask honourable members to think what Rs. 27 per annum was to support a person, and then he would ask whether a few annas was nothing to such poor people." I asked Sir E. Baring to give me his calculations to check with mine, but he declined. But it

does not matter much, as even "not more than Rs. 27" is *extreme poverty of the mass of the people*. Later still the present Finance Minister,* in his speech on the Income Tax, in January, 1886, described the mass of the people as "men whose income at the best is barely sufficient to afford them the sustenance necessary to support life, living, as they do, upon the barest necessaries of life."

* * * * *

I shall now give a few facts and figures in connection with the condition of India, and with some of the other questions dealt with by Sir Grant Duff. First, with regard to the poverty to which Mr. Samuel Smith referred. Sir Grant Duff may rest assured that I shall be only too thankful to him for any correction of my figures by him or for any better information. I have no other object than the truth.

In my paper on "The Poverty of India," I have worked out from official figures that the total income of British India is only Rs. 20 (40s., or, at present exchange, nearer 30s.) per head per annum. It must be remembered that the mass of the people cannot get this average of Rs. 20, as the upper classes have a larger share than the average; also that this Rs. 20 per head includes the income or produce of foreign planters or producers, in which the interest of the natives does not go further than being mostly common labourers at competitive wages. All the profits of such produce are enjoyed by, and carried away from the country by, the foreigners. Subsequently, in my correspondence with the Secretary of State for India in 1880, I placed before his lordship, in detailed calculations based upon official returns, the income of the most favoured province of the Punjab and the cost of absolute necessaries of life there for a common agricultural labourer. The income is, at the outside, Rs. 20 per head per annum, and the cost of living Rs. 34. No wonder then that forty or eighty millions or more people of British India should "go through life on insufficient food." My calculations, both in "The Poverty of India" and "The Condition of India" (the correspondence with the Secretary of State), have not yet been shown by anybody to be wrong or requiring correction. I shall be glad and thankful if Sir Grant Duff would give us his calculations and show us that the income of British India is anything like that of the Western countries of Europe.

* Sir Auckland Colvin.

I give a statement of the income of the different countries from Mulhall's " Dictionary of Statistics " :—

Countries.	Gross earnings per inhabitant.	Countries	Gross earnings per inhabitant.
England	£41	Belgium	£22 1
Scotland	32	Holland	26
Ireland	16	Denmark	23 2
United Kingdom ..	35 2	Sweden and Norway ..	16 2
France	25 7	Switzerland	16
Germany	18 7	Greece	11 8
Russia	9 9	Europe	18
Austria	16 3	United States	27 2
Italy	12	Canada	26 9
Spain	13 8	Australia	43 4
Portugal	13 6		

The table is not official. In his " Progress of World " (1880), Mulhall gives—Scandinavia, £17; South America, £6; India, £2. What is then poor India's whole income per head? Not even as much as the United Kingdom pays to its revenue only per head. The United Kingdom pays to revenue nearly 50s. per head, when wretched India's whole income is 40s. per head, or rather, at the present exchange, nearer 30s. than 40s. Is this a result for an Englishman to boast about or to be satisfied with, after a century of British administration? The income of British India only a third of that of even the countries of South America! Every other part of the British Empire is flourishing except wretched India.

Sir Grant Duff knows well that any poverty in the countries of Western Europe is not from want of wealth or income, but from unequal distribution. But British India has her whole production or income itself most wretched. There is no wealth, and therefore the question of its right distribution, or of any comparison with the countries of Western Europe or with England, is very far off indeed. Certainly a gentleman like Sir Grant Duff ought to understand the immense difference between the character of the conditions of the poor masses of British India and of the poor of Western Europe; the one starving from scantiness, the other having plenty, but suffering from some defect in its distribution. Let the British Indian Administration fulfil its sacred pledges and allow plenty to be produced in British India, and then will be the proper time and occasion to compare the phenomena of the conditions of Western Europe and British India. The question at present is, why, under the management of the most highly paid services in the world, India cannot produce as much even as the worst governed countries of Europe. I do not mean to blame the individuals of the Indian

services. It is the policy, the perversion of the pledges, that is at the bottom of our misfortunes. Let the Government of India only give us every year properly made up statistical tables of the whole production or the income of the country, and we shall then know truly how India fares year after year, and we shall then see, how the present system of administration is an obstacle to any material advancement of India. Let us have actual facts about the real income of India, instead of careless opinions like those in Sir Grant Duff's two articles.

Instead of asking us to go so far as Western Europe, to compare conditions so utterly different from each other, Sir Grant Duff might have looked nearer home, and studied somewhat of the neighbouring native States, to institute some fair comparison under a certain similarity of circumstances. This point I shall have to refer to in the next article, when dealing with a cognate subject. Sir Grant Duff says: "I maintain that no country on the face of the earth is governed so cheaply in proportion to its size, to its population, and to the difficulties of government." Surely Sir Grant Duff knows better than this. Surely he knows that the pressure of a burden depends upon the capacity to bear it: that an elephant may carry tons with ease, while a child would be crushed by a hundredweight. Surely he knows the very first axiom of taxation—that it should be in proportion to the means of the taxpayer. Mulhall very properly says in his Dictionary: "The real incidence of all taxation is better shown by comparison with the people's earnings." Let us see facts. Let us see whether the incidence in British India is not *heavier than that of England itself*. The gross revenue of the United Kingdom in 1886 is £89,581,301; the population in 1886 is given as 36,707,418. The revenue per head will be 48s. 9d. The gross revenue of British India in 1885 is (in £1=ten rupees) £70,690,000, and population in 1881, 198,790,000—say roundly, in 1885, 200,000,000. The revenue of the United Kingdom does not include railway or irrigation earnings: I deduct, therefore, these from the British Indian revenue. Deducting from £70,690,000, railway earnings £11,898,000, and irrigation and navigation earnings £1,676,000, the balance of gross revenue is £57,116,000, which taken for 200,000,000, gives 5s. 8½d.—say 5s. 8d.—per head. Now the United Kingdom pays 48s. 9d. per head from an income of £35·2 per head, which makes the incidence or pressure of 6·92 per cent. of the income. British India pays 5s. 8d. out of an income of 40s., which makes the incidence or pressure of 14·3 per cent. of the income. Thus, while the United Kingdom pays for its gross revenue only 6·92

per cent. out of its rich income of £35·2 per head, British India pays out of its scantiness and starvation a gross revenue of 14·3 per cent. of its income; so that, wretchedly weak and poor as British India is, the pressure upon it is more than doubly heavier than that on the enormously wealthy United Kingdom; and yet Sir Grant Duff says that no country on the face of the earth is governed so cheaply as British India, and misleads the British public about its true and deplorable condition. But what is worse, and what is British India's chief difficulty, is this: In England, all that is paid by the people for revenue returns back to them, is enjoyed by them, and fructifies in their own pockets; while in India, what the people pay as revenue does not all return to them, or is enjoyed by them, or fructifies in their pockets. A large portion is enjoyed by others, and carried away clean out of the country. This is what makes British India's economic position unnatural.

I give below, the incidence of a few more countries:—
 Percentage of expenditure to income: Germany, 10·7; France, 13·23; Belgium, 9·5; Holland, 9·61; Russia, 10·1; Denmark, 5·17; United States, 3·9; Canada, 5·0; Australia, 16·2. But in all these cases, whatever is spent returns back to the people, whether the percentage is large or small.

The Budget Estimate of 1887-88 is nearly £77,500,000, so the percentage of incidence will increase still higher. Sir Grant Duff's object in this assertion is to justify the character and prove the success of the present British Indian policy. It will be hereafter seen that this very argument of his is one of the best proofs of the failure of this policy and of the administration based upon it. Sir Grant Duff says: "Mr. Smith proceeds to admit that India has absorbed some £350,000,000 sterling of silver and gold in the last forty years, but makes the very odd remark that, although English writers consider this a great proof of wealth, it is not so regarded in India." To this, what is Sir Grant Duff's reply? Of the same kind as usual: mere careless assertions, and a fling of misrepresentation at the educated classes. He says:—

"It may suit A or B not to regard two and two as making four, but arithmetic is true nevertheless; and there is the bullion, though doubtless one of the greatest boons that could be conferred upon India would be to get the vast dormant hoards of gold and silver which are buried in the ground or worn on the person brought into circulation. Can that, however, be hoped for as long as the very people whom Mr. Smith treats as exponents of native opinion do their utmost to excite hostility against the British Government?"

To avoid confusion, I pass over for the present without notice the last assertion. It will be seen further on what different testimony even the highest Indian authorities give upon this subject. With regard to the other remarks, it is clear that Sir Grant Duff has not taken the pains to know what the natives say, and what the actual state of the matter is, with regard to these economic conditions. The best thing I can do to avoid useless controversy is to give in my second article a series of facts and official figures, instead of making bare assertions of opinion without any proofs, as Sir Grant Duff says. These economic questions are of far greater and more serious importance, both to England and India, than Sir Grant Duff and others of his views dream of. These facts and figures will show that British India has not received such amounts of gold and silver as is generally supposed, or as are more than barely adequate to its ordinary wants. The phenomenon of the import of bullion into British India is very much misapprehended, as will be shown in my second article; and Sir Grant Duff's assertions are misleading, as such meagre, vague and offhand assertions always are. By the present policy British India is prevented from acquiring any capital of its own, owing to the constant drain from its wretched income, and is on the verge of being ground down to dust. Such foreign capital as circulates in British India carries away its own profits *out* of British India, leaving the masses of its people as poor as ever, and largely going through life on insufficient food.

(November, 1887.)

II.

I shall now consider the important questions of trade, bullion, population, drain, etc., to which Sir Grant Duff has referred. As promised in my first article, I shall at once proceed to give official facts and figures, which will enable the public to judge for themselves.

I begin with the question of the trade of British India. What is the true trade of British India? The trade returns of British India, as published in Blue-books, both in England and India, are misleading to those who do not study them with certain necessary information to guide them. What are given as trade returns of British India are not such really, as I explain below. The exports of the produce of a country form the basis of its trade. It is in return for such exports, together with

ordinary commercial profits, that the country receives its imports. I shall first analyse the so-called exports of British India. A large portion of them, together with their profits, never return to British India in any shape, either of merchandise or treasure; though in every true trade all exports with their profits ought so to return. The present exports of British India consist of—

1. The exports of produce belonging to the Native States.
2. The exports of produce belonging to the territories beyond the land frontiers.
3. The exports of the produce belonging to European or other foreign planters or manufacturers, the profits of which are enjoyed in and carried away out of the country by these foreigners, and do not belong to nor become a portion of the capital of the people of British India. The only interest the people have in these exports is, that they are the labourers, by whose labour, at poor wages, the resources of their own country are to be brought out for the profit of the foreigners, such profit not to remain in the country.
4. Remittances for "home charges," including interest on public debt held in England, and loss in exchange, and excluding interest on debt which is incurred for railways and other productive works.
5. Remittances for interest on foreign debt incurred for railways and other productive public works. What in this case the lenders get as interest is all right; there is nothing to complain of in that. In other countries, beyond the interest to be paid to the lenders, the rest of the whole benefit of such loans remains to the people of the country. This, however, is not the case with British India.
6. Private remittances of Europeans and other foreigners to their own countries for their families, and on account of their savings and profits. These remittances, together with item four, and what the foreigners enjoy in the country itself, are so much deprivation of the people, and cause the exhausting annual drain out of the very poor produce or income of British India. This is India's chief evil.
7. The remainder are the only *true* trade exports of the produce belonging to the people of British India.

Let us now examine the actual figures of the so-called exports of British India, say for 1885. For easier understanding I give the figures in sterling, taking the conventional £1=Rs. 10. The amount of merchandise exported is £83,200,528. This, however, consists of not only domestic produce and

manufactures of all India, but also foreign merchandise re-exported. I do not include treasure in these exports, for the simple reason that the gold or silver is not produced in India, but is simply a re-exportation out of what is imported from foreign parts. I take all my figures from the statistical abstracts published among parliamentary returns, except when I mention any other source. I take, then, exports of merchandise to be £83,200,528. We must first know how much of this belongs to the Native States. The official trade returns give us no information on this important point, as they should. I shall therefore make a rough estimate for the present. The population of all India is nearly 254,000,000, out of which that of the Native States is 55,000,000 or about 21·5 per cent.; or say, roundly, one-fifth. But the proportion of their exports will, I think, be found to be larger than one-fifth. All the opium exported from Bombay comes from the Native States. A large portion of the cotton exported from Bombay comes from the Native States. According to Hunter's "Imperial Indian Gazetteer," one-sixth of such cotton comes from Kathiawad alone. To be on the safe side, I take the total of exports of the Native States to be one-fifth only—*i.e.*, £16,600,000. Next, the export of merchandise from the frontier countries is about £5,300,000. I may roughly take only one-quarter of this as exported out of India. That will be £1,300,000.

The exports of coffee, indigo, jute manufactures, silk, tea, &c., which are mostly those belonging to foreign planters and manufacturers, amount to about £11,500,000. I cannot say how much of this belongs to native planters, and not to foreigners. I may take these exports as £10,000,000.

Remittances made for "home charges" (excluding interest on railway and productive works loans), including interest on public debt and loss in exchange, come to about £11,500,000.

Remittances for interest on foreign loans for railways and other public works are about £4,827,000. I cannot say how much interest on the capital of State railways and other productive works is paid in England as part of the interest paid on "debt" (£2,612,000). If I take debt as £162,000,000, and capital laid out on productive works £74,000,000, the proportion of interest on £74,000,000 out of £2,612,000 will be about £1,189,000. If so, then the total amount of interest on *all* railways and public works will be about £6,000,000, leaving all other home charges, including exchange and interest on public debt, as £11,500,000, as I have assumed above.

Private remittances of Europeans and other foreigners for their families, and of savings and profits, and for importing merchandise suitable for their consumption, may be roughly estimated at £10,000,000, though I think it is much more.

The account, then, of the *true* trade exports of British India stands thus.—

Total Exports of all India and Frontier States	£83,200,000
Native States	£16,600,000
Frontier Territory	1,300,000
European planters	10,000,000
Home charges	11,500,000
Interest on all railways and public works loans	6,000,000
Private remittances	10,000,000
	<u>55,400,000</u>

The true trade exports of the people of British India .. £27,800,000
 Or say, roundly, £30,000,000 for a population of nearly 200,000,000, giving 3s. per head per annum. If proper information could be obtained, I believe this amount would turn out to be nearer £20,000,000 than £30,000,000 for the *true* trade exports of the people of British India. To be on the safe side, I keep to £30,000,000. It must be remembered that this item includes all the re-exports of foreign merchandise, which have to be deducted to get at the true exports of domestic produce.

Is this a satisfactory result of a century of management by British administrators? Let us compare this result with the trade exports of other parts of the British Empire. As I have no information about the foreign debt of those parts, for the interest of which they may have to export some of their produce, I make allowance for their *whole* public debt as so much foreign debt. This of course is a too large allowance. I take interest at 5 per cent., and deduct the amount from the exports. I am therefore evidently under-estimating the exports of the other parts of the British Empire. As the exports of British India include re-exports of foreign merchandise, I have taken the exports of all other countries, in a similar way, for a fair comparison. No deduction for any payment of interest on foreign debt is made for the United Kingdom, as it is more a lender than a borrower. I cannot give here the whole calculation, but only the results, and they are these:—

Countries.	True trade exports per head (1885)		Countries.	True trade exports per head (1885).	
	s	d		s.	d
The United Kingdom ..	149	4	Cape of Good Hope (exclusive of diamonds) ..	35	5
Australia (including bul- lion and specie which it produces)	271	0	North American Colonies ..	70	5
Natal	28	8	West India Islands	75	4
			British India, only	3	0

Let us next take some of the foreign countries, and see how wretched British India's trade is when compared with even them. For a few of the foreign countries I can get particulars of their public debt, but not of that portion of it which is foreign debt. I have taken the amount of the *whole* public debt, and allowed 5 per cent. interest on it, to be deducted from the exports, as if it were all foreign debt. In this way I have under-estimated the true trade exports. These countries I mark with an asterisk; those marked † include bullion. For these I cannot get separate returns for merchandise only. In the case of the United States the figure is really a great under-estimate, as I take its foreign debt as equal in amount to its whole public debt, and also as I take interest at 5 per cent. I cannot get particulars of the foreign debts, if they have any, of other countries, and some allowance will have to be made for that. But in all these cases the amount of exports is so large, as compared with the paltry figure of British India, that the contrast remains most striking —

Countries	Exports per head		Countries	Exports per head.	
	s	d		s	d.
*Russian Empire	12	0	Austro-Hungarian Empire	47	0
*Norway	61	7	†Roumania .. .	27	0
Sweden	61	6	†Greece	39	9
*Denmark	97	5	Egypt	38	9
German Empire	107	2	*United States .. .	55	6
Holland	348	1	†Mexico	20	1
*Belgium	375	2	†Chili	149	0
*France	68	7	†Argentine Republic..	90	8
†Portugal	33	9	†Uruguay	198	2
Spain	36	5	Japan	3	8
*Italy	17	9	British India	3	0

Even Japan, only so lately opened up, is exporting more than British India.

After seeing how poor the *true trade* exports are of the people of British India from the point of view of British India's interests, let us next examine the matter from the point of view of *England's* interests. What benefit has England's trade derived, after possessing and administering British India for more than a hundred years, under a most expensive administration, with complete despotic control over it, the people having no voice and no control of any kind? Has British India so improved as to become an important customer for British goods? There was no protection, no heavy duties to hamper British imports, as in other parts of the British Empire itself, or in foreign countries. And yet we find that British India is by far the most wretched customer for British produce or manu-

factures. Here are the facts:—The total of the exports of British produce from the United Kingdom to India is, for the year 1885, £29,300,000. As I have explained before about exports from India, that they are not all from British India, so also these exports from the United Kingdom to India are not all for British India, though they enter India by British Indian ports. These British exports have to be distributed among—(1) Native States; (2) frontier territories; (3) consumption of Europeans; (4) railway and Government stores; and (5) the remainder for the natives of British India. Let Government give us correct information about these particulars, and then we shall be able to know how insignificant is the commercial benefit England derives from her dominion over British India. I shall not be surprised if it is found that the real share of the people of British India in the British exports is not half of the £29,300,000 imported into India. It must be remembered that whatever is received by the Native States and the frontier territories is in *full* return, with the ordinary profits of 15 per cent., for their exports to the United Kingdom. Their case is not like that of British India. They have no such exhausting drain as that of British India, beyond paying the small tribute of about £700,000. If I take £15,000,000 as British produce received for the consumption of the native subjects of British India, I think I am on the safe side. What is this amount for a population of 200,000,000? Only 1s. 6d. per head. Take it even at 2s. per head if you like, or even £25,000,000, which will be only 2s. 6d. per head. What a wretched result *for four-fifths of the whole British Empire!* The population of British India is 200,000,000, and that of the rest of the British Empire outside India, including the United Kingdom, about 52,000,000.

I now compare the exports of British produce to British India with those to other parts of the British Empire and to other foreign countries. I give the results only:—

BRITISH EMPIRE

EXPORTS OF BRITISH PRODUCE PER HEAD FOR 1885

To Countries.		s	d	To Countries		s	d.
British India	1s 6d, or	2	6	Ceylon	.. .. .	3	10
North American Colonies..	30	8	Mauritius	.. .. .	14	2	
West Indian Islands and			Cape of Good Hope and				
Guana .. .. .	..	37	10	Natal	.. .. .	45	8
British Honduras ..	..	66	7	West African Settlements		57	3
Australasia .. .. .	..	155	8	Possessions on the Gold			
Straits Settlements	..	86	10	Coast	.. .. .	13	10

Some deductions may have to be made from these figures.

What a sad story is this! If British India took only £1 per head, England would export to British India alone as much as she exports at present to the *whole* world (£213,000,000). What an amount of work would this give to British industries and produce! Will the British merchants and manufacturers open their eyes? Will the British working men understand how enormous their loss is from the present policy, which involves besides a charge of dishonourable violation of sacred promises that clings to the British name? If India prospered and consumed British produce largely, what a gain would it be to England and to the whole world also! Here, then, will be Sir Grant Duff's—"India's interest, England's interest, and the world's interest"—to his heart's content, if he will with a true and earnest heart labour to achieve this threefold interest in the right way,

Let us next take other foreign countries, with most or all of which England, I think, has no free trade, and see how British India stands the comparison even with them :—

EXPORTS OF BRITISH PRODUCE PER HEAD

To Countries	s	d	To Countries	s.	d
British India	2	6	Russia (perhaps partly supplied through intermediate countries) ..	0	11½
Germany	7	3	Greece	10	1
France	7	11	*Turkey in Europe ..	16	8
Sweden and Norway ..	10	8	* " Asia ..	3	10
Denmark and Iceland ..	19	4	Egypt	10	2
Holland (this may be supplying some portion of Central Europe)..	44	3	United States ..	8	9
Belgium (do do)..	28	3	*Central America ..	4	7
Portugal	8	0	*Brazil	10	5
Spain.. ..	3	9	Uruguay	54	0
Italy (perhaps partly supplied by intermediate countries)..	4	9	Argentine Republic ..	31	8
Austrian territory (ditto)..	0	8	Chih	12	4
			Japan	1	1

Japan, so lately opened, has commenced taking 1s. 1d. worth per head. These figures tell their own eloquent tale. Is it too much to expect that, with complete free-trade and British management, and all "development of resources," the prosperity of British India ought to be such as to consume of British produce even £1 a head, and that it would be so, if British India were allowed to grow freely under natural economic conditions?

In the first article I referred to the capacity of British India for taxation. Over and over again have British Indian

financiers lamented that British India cannot bear additional taxation without oppressiveness. Well, now what is the extent of this taxation, which is already so crushing that any addition to it would "grind British India to dust"? It is, as I have shown in the first article, after squeezing and squeezing as much as possible, only 5s. 8d. per head per annum, and according to the present budget a little more—say 6s. Let us see what the capacity for taxation of other parts of the British Empire and of other foreign countries is, and even of those Native States of India where anything like improved government on the British Indian system is introduced. I give results only :—

BRITISH EMPIRE

GROSS REVENUE PER HEAD PER ANNUM

Countries	s	d	Countries	s	d.
British India	6	0	Natal	29	10
United Kingdom	48	9	Cape of Good Hope ..	53	1
Ceylon	8	6	North American Colonies	31	7
Mauritius	40	5	West India Islands ..	23	1
Australia	139	8	British Guiana	32	2

FOREIGN COUNTRIES

GROSS REVENUE PER HEAD PER ANNUM

Countries	s	d	Countries	s	d.
Russia in Europe	24	5	Austro-Hungary	40	6
Norway	23	6	Italy	39	10
Sweden	19	8	Greece	37	7
Denmark	26	11	Servia	16	3
German Empire	13	6	Bulgaria	12	3
Prussia	41	2	Roumania	20	3
Saxony	22	8	Egypt (proper)	30	11
Grand Duchy of Olden- burgh	18	6	United States (different States have their sepa- rate revenue besides)	26	10
Saxe-Coburg and Gotha	17	0	Mexico	15	3
Bavaria	44	0	Brazil	26	1
Wurtemberg	27	8	Guatemala	24	0
Grand Duchy of Baden	27	2	Nicaragua	18	9
" " Hesse	21	8	Salvador	29	8
Alsace-Lorraine	24	8	Orange Free State ..	36	9
Holland	47	1	Persia	8	7
Belgium	45	7	Republic of Peru ..	18	2
France	73	6	All territory directly under Turkey	13	3
Portugal	31	6			
Spain	41	10			
Switzerland	12	2			

N B—Some of the above figures are worked out of Whitaker's Almanac, 1886

It will be seen that British India's capacity for paying taxation is very poor indeed, compared with that of any other country of any consequence. Of the above figures I cannot say which may be oppressive to the people. I give this as a fact, that these people pay so much for being governed. But it must

be further borne in mind that every farthing of what these people pay returns back to them, which is not the case with British India. Can it be said of any of these countries that one-fifth or one-third of its people goes through life on insufficient food from sheer poverty of only 40s. income, and not from imperfect distribution?

I shall next take the case of some of the Native States of India. I have taken some where, during the minorities of the princes, English officials have administered the State, and put them into order and good government. The capacity for taxation which I give below is not the result of any oppressive taxation, but of the natural developments by improved government, and of the increasing prosperity of the people. I give instances in the Bombay Presidency that I know, and of which I have been able to get some particulars.

GROSS REVENUE PER HEAD

£1 = Rs 10

	s	d		s	d
Baroda	12	3	Gondal	18	0
Cutch	7	11	Morbi	17	2
Bhavnagar	12	6	Wadhwan	18	10

These States have no debts. Baroda, Bhavnagar and Gondal have built and are extending their own railways, and all have built and are building their own public works from revenue, and have good balances. Baroda has a balance in hand of £2,100,000, equal to eighteen months' revenue; Cutch has £140,000, equal to eight months' revenue; Bhavnagar has £560,000, equal to two years' revenue; and Gondal has £150,000, equal to fifteen months' revenue. I give only one or two short extracts from official statements. Sir W. Hunter, in his "Imperial Gazetteer," says about Bhavnagar in connection with Kathiawad: "Bhavnagar has taken the lead in the material development of her resources, and is the first State in India which constructed a railway at her own expense and risk." I may say that Gondal did the same in conjunction with Bhavnagar, and Baroda had done that long before. In handing over the rule of Gondal to the prince on the completion of his minority, Major Nutt, the British Administrator, and in charge of the State at the time, says with just pride and pleasure, in reference to the increase of revenue from £80,000 in 1870 to £120,000 in 1884: "One point of special interest in this matter is, that the increase in revenue has not occasioned any hardship to Gondal subjects. On the contrary, never were the people

generally—high and low, rich and poor—in a greater state of social prosperity than they are now." The Bombay Government has considered this "highly satisfactory."

At the installation of the present Chief of Bhavnagar, Mr. Peile, the Political Agent, describes the State as being then "with flourishing finances and much good work in progress. Of financial matters I need say little; you have no debts, and your treasury is full." When will British Indian financiers be able to speak with the same pride, pleasure, and satisfaction? "No debt, full treasury, good work in progress, increase of revenue, with increase of social prosperity, for high and low, rich and poor." Will this ever be in British India under the present policy? No.

There are some other States in Kathiawad in which higher taxation per head than that of British India is paid by the people, though I do not know that it is said that there is oppressive taxation there. I may instance Junagadh as 11s. per head, with £500,000 balance in hand, equal to fifteen months' revenue; and Nawanagar as 16s. 3d. per head, and gradually paying off some debt. I have no doubt that Native States will go on rapidly increasing in prosperity as their system of government goes on improving. I know from my own personal knowledge as Prime Minister of Baroda for one year that that State has a very promising future indeed. There are several other Native States in India in which the gross revenue per head is higher than that of British India. All the remaining first and second class Kathiawar States are from 8s. to 13s. per head; Gwalior, 7s. 8d.; Indore, 13s. 5d.; Bhurtpore, 8s. 8d.; Dholepur, 8s. 10d.; Tonk, 7s.; Kotah, 11s. 4d.; Jallawar, 8s. 10d. Only just now Sindia lends £3,500,000 to the British Government; Holkar, I think, has lent £1,000,000 to the Indore railway.

There cannot be much oppression in these States, as the Political Agents' vigilance and superintendence, and the fear of the displeasure of Government, are expected to prevent it.

Then Sir Grant Duff maintains that no country on the face of the earth is governed so cheaply as British India. In the first place, this is a fiction, as the heaviness of burden on poverty-stricken British India is more than double that on the enormously rich England; and secondly, Sir Grant Duff's object is to show that this cheapness is a proof of the success of the present British Indian policy. But, on the contrary, the facts and figures I have given above about British India's wretched income and capacity for taxation, its insignificant trade, and the

very paltry commercial benefit to England, are conclusive proofs of anything but success in improving the prosperity of the people. Moreover, for the so-called cheapness, it is no thanks or credit to Government. It is not of choice that Government takes only 6s. per head. On the contrary, it is always longing, ever moaning, and using every possible shift to squeeze out more taxation if it can. By all means make British India capable of paying even 20s. per head (if not 50s. per head, like England) for revenue, without oppression and misery; or make its income £20 per head, if not £41, like that of England; and then fairly claim credit for having raised to some material extent the prosperity of British India. Let us have such *results*, instead of tall talk and self-complacent assertions. Had Government given us year after year correct information about the actual income and condition of the people of British India, Britain would then have known the deplorable results of the neglect of, and disobedience to, her deliberate and sacred mandates.

Again, Sir Grant Duff's boast of the cheapness of government is wrong, even in the misleading sense in which he maintains it. He tries to show that because British India pays only 6s. per head, it is therefore the most cheaply governed country on the face of the earth—*i.e.*, no other country pays a less amount per head. But even in this he is not quite accurate. He would have found out this had he only looked about in India itself, and he would have saved himself the surprise which he expresses at Mr. Smith being startled when he (Mr. Smith) was told that taxation was lighter in Native States than in British India. As a matter of fact, there *are* some Native States in which the revenue per head is lighter than in British India. Whether that is a desirable state of affairs or not is another question; but when he twits Mr. Smith, he should have ascertained whether what Mr. Smith was told was at all correct or not. There *are* some of the Native States where the gross revenue is very nearly as low as or even less than 6s. per head: Hyderabad, 6s. 4d.; Patiala, 6s. 4d.; Travancore, 5s. 8d.; Kolhapur, 5s. 6d.; Mysore, 4s. 10d.; Dungapore, 2s.; Marwar, 4s. 10d.; Serohi, 2s. 3d.; Jeypore, 4s. 3d.; Banswara, 3s. 8d.; and Kishengarh, 4s. 10d. Travancore is known as a well-governed country. £15,000 of its revenue is interest on British Indian Government securities, and it holds a balance in hand in Government securities and otherwise of £564,000—equal to nearly eleven months' revenue. Jeypore has the reputation of being a well-governed State.

There are similarly even some foreign countries outside India which are as "cheaply governed" as British India: United States of Columbia, 5s. 10d.; Republic of Bolivia, 5s. 11d.

Sir Grant Duff refers to the absorption of gold and silver and to hoarding. What are the facts about British India? In my "Poverty of India" I have treated the subject at some length. The total amount (after deducting the exports from imports) retained by India during a period of eighty-four years (1801 to 1884), including the exceptionally large imports during the American war, is £455,761,385. This is for *all* India. The population at present is 254,000,000. I may take the average of eighty-four years roughly—say 200,000,000. This gives 45s. 6d. per head for the whole eighty-four years, or 6½d. per head per annum. Even if I took the average population as 180,000,000, the amount per head for the eighty-four years would be 50s., or 7d. per head per annum. Of the United Kingdom I cannot get returns before 1858. The total amount of treasure retained by the United Kingdom (after deducting exports from imports) is, for twenty-seven years from 1858 to 1884, £86,194,937. Taking an average of 31,000,000 of population for twenty-seven years, the amount retained for these twenty-seven years is 55s. 7d. per head, or very nearly 2s. 1d. per head per annum; while in India for more than three times the same period the amount is only 45s. 6d. per head, or 6½d. per head per annum. France has retained from 1861 to 1880 ("Mulhall's Dictionary") £208,000,000, and taking the population—say 37,000,000—that gives 112s. per head in twenty years, or 5s. 7d. per head per annum.

Sir Grant Duff ought to consider that the large amount of bullion is to be distributed over a vast country and a vast population, nearly equal to five-sixths of the population of the whole of Europe; and when the whole population is considered, what a wretched amount is this of gold and silver—viz., 6½d. per head per annum—received for all possible wants! India does not produce any gold or silver. To compare it with Europe—Europe retained in ten years 1871-1880 (Mulhall, "Progress of the World," 1880), £327,000,000 for an average population of about 300,000,000, or 21s. 10d. per head, or 2s. 2d. per head per annum. India during the same ten years retained £65,774,252 for an average population of say 245,000,000; so that the whole amount retained for the ten years is about 5s. 4d., or only 6½d. per head per annum, against 21s. 10d. and 2s. 2d. respectively of Europe. This means that

India retained only one-fourth of what Europe retained per head per annum during these ten years. It must be further remembered that there is no such vast system of cheques, clearing-houses, etc., in India, as plays so important a part in England and other countries of Europe. Wretched as the provision of 6½d. per head per annum is for *all* wants—political, social, commercial etc.—there is something far worse behind for British India. All the gold and silver that I have shown above as retained by India is not for British India only, but for the Native States, the frontier territories, and the European population; and then the remainder is for the native population of British India. We must have official information about these four divisions before we can form a correct estimate of what British India retains. The Native States, as I have said before, have no foreign drain except the small amount of tribute of about £700,000. Some frontier territories receive something instead of paying any tribute. These States therefore receive back for the exports of their merchandise, and for the ordinary trade profits on such exports, full returns in imports of merchandise and treasure, and this treasure taken away by the Native States and frontier territories forms not a small portion of what is imported into India. It must also be considered how much metal is necessary every year for waste of coin and metal, and for the wants of circulating currency. When Government can give us all such information, it will be found that precious little remains for British India beyond what it is compelled to import for its absolute wants. I hope England does not mean to say that Englishmen or Englishwomen may sport as much as they like in ornaments or personal trinkets or jewellery, but that the wretch of a native of British India, their fellow-subject, has no business or right to put a few shillings' worth of trinkets on his wife or daughter's person—or that natives must simply live the lives of brutes, subsist on their "scanty subsistence," and thank their stars that they have that much.

I will now try to give some indication of what bullion British India actually retains. Mr. Harrison gave his evidence before the Parliamentary Committee of 1871-74, that about £1,000,000 of fresh coinage was more than sufficient to supply the waste of coin or metal. Is it too much to assume that in the very widespread and minute distribution, over a vast surface and a vast population, of small trinkets or ornaments of silver, and their rough use, another million may be required to supply

waste and loss? If only a pennyworth per head per annum be so wanted, it would make a million sterling. Next, how much goes to the Native States and the frontier territories? Here are a few significant official figures as an indication: The "Report of the external land trade and railway borne trade of the Bombay Presidency for 1884-85" (p. 2), says of Rajputana and Central India:—"13. The imports from the external blocks being greater than the exports to them, the balance of trade due by the Presidency to the other provinces amounts to Rs. 12,01,05,912, as appears from the above table and the following." I take the Native States from the table referred to.

EXCESS OF IMPORTS IN BOMBAY PRESIDENCY						
From Rajputana and Central India	..	..	..	..	..	Rs. 5,55,46,753
" Berar	..	..	..	..	..	1,48,91,355
" Hyderabad	..	..	..	..	..	8,67,688
Total						Rs 7,13,05,796

Or £7,130,579. This means that these Native States have exported so much more merchandise than they have imported. Thereupon the Report remarks thus:—"The greatest balance is in favour of Rajputana and Central India, caused by the import of opium from that block. Next to it is that of the Central Provinces. It is presumed that these balances are paid back *mainly in cash*" (the *italics* are mine). This, then, is the way the treasure goes; and poor British India gets all the abuse—insult added to injury. Its candle burns not only at both ends, but at all parts. The excessive foreign agency eats up in India, and drains away out of India, a portion of its wretched income, thereby weakening and exhausting it every year drop by drop, though not very perceptibly, and lessening its productive power or capability. It has poor capital, and cannot increase it much. Foreign capital does nearly all the work, and carries away all the profit. Foreign capitalists from Europe and from Native States make profits from the resources of British India, and take away those profits to their own countries. The share that the mass of the natives of British India have is to drudge and slave on scanty subsistence for these foreign capitalists; not as slaves in America did, on the resources of the country and land belonging to the masters themselves, but on the resources of their own country, for the benefit of the foreign capitalists. I may illustrate this a little. Bombay is considered a wealthy place, and has a large capital circulating in it, to carry on all its wants as a great port. Whose capital

is this? Mostly that of foreigners. The capital of the European exchange banks and European merchants is mostly foreign, and most of the native capital is also foreign—*i.e.*, that of the native bankers and merchants from the Native States. Nearly £6,000,000 of the capital working in Bombay belongs to native bankers from the Native States. Besides, a large portion of the wealthy merchants, though more or less settled in Bombay, are from Native States. Of course I do not mean to say anything against these capitalists from Europe or Native States. They are quite free and welcome to come and do what they can. They do some good. But what I mean is, that British India cannot and does not make any capital, and must and does lose the profit of its resources to others. If British India were left to its own free development it would be quite able to supply all its own wants, would not remain handicapped, and would have a free field in competition with the foreign capitalists, with benefit to all concerned. The estimate of the amount of the drain goes as far as £20,000,000 per annum; but really it will be found to be much larger (excluding interest on railway and public works loans)—add to this drain out of the country what is eaten and enjoyed in the country itself by others than the natives of the country, to the deprivation by so much of these natives, and some idea can be formed of the actual and continuous depletion. Now, take only £20,000,000 per annum to be the extent of the drain, or even £10,000,000 per annum, this amount, for the last thirty years only, would have sufficed to build all the present and great many more railways and other public works. There is another way in which I may illustrate the burning of the candle at all parts. First of all, British India's own wealth is carried away out of it, and then that wealth is brought back to it in the shape of loans, and for these loans British India must find so much more for interest, the whole thing moving in a most vicious and provoking circle. Will nothing but a catastrophe cure this? Even of the railway, &c., loans the people do not derive the full benefit. I cannot go into details about this here. I refer to my correspondence with the Secretary of State for India, published in the Journal of the East India Association under the title of "The Condition of India." Nor can I go here into the calculations about the drain. I can only refer to my papers on "The Poverty of India" and "Condition of India." Let Sir Grant Duff kindly show me where I am wrong in those papers, and I shall be thankful; or he will see that no

country in the world, not even England excepted, can stand such a drain without destruction. Even in those days when the drain was understood to be only £3,000,000 per annum, Mr. Montgomery Martin wrote in these significant and distressing words *

“ The annual drain of £3,000,000 on British India has amounted in thirty years, at 12 per cent. (the usual Indian rate) compound interest, to the enormous sum of £723,900,000 sterling. . . . So constant and accumulating a drain, even in England, would soon impoverish her. How severe, then, must be its effects on India, where the wage of a labourer is from twopence to threepence a day! Were the hundred millions of British subjects in India converted into a *consuming* population, what a market would be presented for British capital, skill, and industry!”

What, then, must be the condition now, when the drain is getting perhaps ten times larger, and a large amount besides is eaten in the country itself by others than the people. Even an ocean would be dried up if a portion of its evaporation did not always return to it as rain or river. If interest were added to the drain, what an enormous loss would it be!

In the darkness of the past we see now a ray of light and hope, when the highest Indian authority begins to perceive not only the material disaster, but even the serious “ political danger ” from the present state of affairs. I only hope and pray that Britain will see matters mended before disaster comes. Instead of shutting his eyes, like an ostrich, as some persons do, the Secretary of State for India only last year, in his despatch of 26th January, 1886, to the Treasury, makes this remarkable admission about the consequences of the present “ character of the Government,” of the foreign rule of Britain over India :—

“ The position of India in relation to taxation and the sources of the public revenues is very peculiar, not merely from the habits of the people and their strong aversion to change, which is more especially exhibited to new forms of taxation, but likewise *from the character of the Government*, which is in the hands of foreigners, who hold all the principal administrative offices, and form so large a part of the army. The impatience of new taxation, which would have to be borne, wholly as a consequence of the foreign rule imposed on the country and virtually to meet additions to charges arising outside of the country, would constitute a political danger the real magnitude of which, it is to be feared, is not at all appreciated by persons who have no knowledge of or concern in the government of India, but which

* “ Eastern India, 1838,” vol. i p xii

those responsible for that government have long regarded as of the most serious order." [The italics are mine.]

This gives some hope. If, after the faithful adoption of the policy of 1833 and 1858, our material condition does not improve, and all the fears expressed in the above extract do not vanish, the fault will not be Britain's, and she will at least be relieved from the charge of dishonour to her word. But I have not the shadow of a doubt, as the statesmen of 1833 and the proclamation of 1858 had no doubt, that the result will be a blessing both to England and India.

A second ray of hope is this. Many Englishmen in England are taking active interest in the matter. . . . Mr. Bright hit the blot as far back as 1853, in his speech of the 3rd January : "I must say that it is my belief that if a country be found possessing a most fertile soil and capable of bearing every variety of production, and that notwithstanding the people are in a state of extreme destitution and suffering, the chances are that there is some fundamental error in the government of the country." It is not necessary to go far to seek for this fundamental error. It is the perversion of the policy of 1833, which in the more widened and complete form of 1858 is virtually still a dead letter.

Much is said about poor natives wasting money in marriages, etc. I hope it is not meant that these poor wretches have no right to any social privileges or enjoyments, and that their business is only to live and die like brutes. But the fact of the matter is, that this is one of those fallacies that die hard. Let us see what truth the Deccan Riots Commission brings to light. The Report of that Commission says (page 19, par. 54) : "The results of the Commission's inquiries show that undue prominence has been given to the expenditure on marriage and other festivals as a cause of the rayat's indebtedness. The expenditure on such occasions may undoubtedly be called extravagant when compared with the rayat's means ; but the occasions occur seldom, and probably in a course of years the total sum spent this way by any rayat is not larger than a *man in his position is justified in spending on social and domestic pleasures.*" (The italics are mine.) And what is the amount the poor rayat spends on the marriage of his son ? Rs. 50 to 75 (£5 to £7 10s.) say the Commissioners !

Sir Grant Duff says : " We have stopped war, we are stopping famine. How are the ever-increasing multitudes to be fed ? " Is not Sir Grant Duff a little hasty in saying " We are

stopping famine"? What you are doing is, to starve the living to save the dying. Make the people themselves able to meet famine without misery and deaths, and then claim credit that you are stopping famine. However, the true answer to the question, "How are the ever-increasing multitudes to be fed?" is a very simple one, if gentlemen like Sir Grant Duff will ever have the patience to study the subject. The statesmen of 1833 and 1858 have in the clearest and most emphatic way answered this question. They knew and said clearly upon what the welfare and well-being of the hundreds of millions depended. They laid down unequivocally what would make British India not only able to feed the increasing multitudes, but prosperous, and the best customer of England; and Mr. Grant Duff's following kind question of 1871 will be fully answered: "But what are we to say about the state of India? How many generations must pass away before that country has arrived at even the comparative wealth of this (England)?" This benevolent desire of Mr. Grant Duff would be accomplished in no long time. This question of population, of "the ever-increasing multitudes," requires further examination. Macaulay, in his review of Southey's "Colloquies on Society," says:—

"When this island was thinly peopled, it was barbarous; there was little capital, and that little was insecure. It is now the richest and most highly civilised spot in the world, but the population is dense. . . . But when we compare our own condition with that of our ancestors, we think it clear that the advantages arising from the progress of civilisation have far more than counterbalanced the disadvantages arising from the progress of population. While our numbers have increased tenfold, our wealth has increased hundred-fold. . . . If we were to prophesy that in the year 1930 a population of fifty millions, better fed, clad, and lodged than the English of our time, will cover these islands, . . . many people would think us insane. We prophesy nothing; but this we say, if any person had told the Parliament which met in perplexity and terror after the crash in 1720, that in 1830 the wealth of England would surpass all their wildest dreams, . . . that for one man of ten thousand pounds then living there would be five men of fifty thousand pounds, . . . our ancestors would have given as much credit to the prediction as they gave to 'Gulliver's Travels.'"

I claim no prophecy, but the statesmen of 1833 have prophesied, and the Proclamation of 1858 has prophesied. Do what they have said, and their prophecies shall be fulfilled.

Now let us see a few more facts. Because a country increases in population, it does not necessarily follow that it must

become poorer; nor because a country is densely populated, that therefore it must be poor. Says Macaulay: "England is a hundredfold more wealthy while it is tenfold denser." The following figures speak for themselves:—

Countries	Inhabitants per sq mile about 1886.	Income per inhabitant (Mulhall's "Dictionary of Statistics," 1886)
Belgium	487	£22 1
England	478 (1886)	41 (1882)
Holland	315	26
Italy	257	12
British India	229	2
Germany	217	18 7
Austria	191	16 3
France	184	25 7
Switzerland	184	16
Ireland	153 (1886)	16 (1882)
Denmark	132	23 2
Scotland	128 (1886)	32 (1882)
Portugal	126	13 6
Turkey	120 (Mulhall)	4 (Sir E Baring)
Spain	85	13 8
Greece	69	11 8
Russia in Europe	41	9 9
Sweden	27 }	16 2
Norway	15 }	

The densest province of British India is Bengal (443). Thus here are countries denser and thinner than British India, but *every one* of them has a far better income than British India. Belgium, denser than the densest presidency of British India, is eleven times more wealthy; England, as dense, is twenty times more wealthy. Here are some very thinly populated countries: Mexico, 13 per square mile; Venezuela, 4·7; Chili, 8·8; Peru, 18·6; Argentine Republic, 2·6; Uruguay, 7·8; and several others. Are they therefore so much richer than England or Belgium? Here is Ireland, at your door. About its people the Duke of Argyll only a few weeks ago (22nd of April last), in the House of Lords, said: "Do not tell me that the Irish labourer is incapable of labour, or energy, or exertion. Place him in favourable circumstances, and there is no better workman than the Irishman. I have myself employed large gangs of Irishmen, and I never saw any navvies work better; and besides that, they were kind and courteous men." The population of Ireland is less than one-third as dense as that of England; and yet how is it that the income of England is £41 and that of Ireland only £16 per inhabitant, and that the mass of the people do not enjoy the benefit of even that much income, and are admittedly wretchedly poor?

British India's resources are officially admitted to be

enormous, and with an industrious and law-abiding people, as Sir George Birdwood testifies, it will be quite able to produce a large income, become as rich as any other country, and easily provide for an increasing population and increasing taxation, if left free scope. . . . Lastly, a word about the educated classes.

* * * * *

The following, from the highest authority, is ample, clear, and conclusive. The Government of India, in their despatch of the 8th of June, 1880, to the Secretary of State for India, bear this emphatic testimony: "To the minds of at least the educated among the people of India—and the number is rapidly increasing—any idea of the subversion of British power is abhorrent, from the consciousness that it must result in the wildest anarchy and confusion." Secondly, on the auspicious day of the Jubilee demonstration the Viceroy of India, in his Jubilee speech, says :

"Wide and broad indeed are the new fields in which the Government of India is called upon to labour—but no longer, as of aforetime, need it labour alone. Within the period we are reviewing education has done its work, and we are surrounded on all sides by native gentlemen of great attainments and intelligence, from whose hearty, loyal, and honest co-operation we may hope to derive the greatest benefit. In fact, to an Administration so peculiarly situated as ours their advice, assistance, and solidarity are essential to the successful exercise of its functions. Nor do I regard with any other feelings than those of approval and goodwill their natural ambition to be more extensively associated with their English rulers in the administration of their own domestic affairs."

Two Indian national Congresses have been held during the past two years—the second great one, at Calcutta, having 430 delegates present from all parts of India, and of all classes of the people; and what is it that both these Congresses have asked? It is virtually and simply the "conscientious fulfilment" of the pledges of 1833 and 1858. They are the pivot upon which all Indian problems turn. If India is to be retained to Britain, it will be by men who insist upon being just, and upon the righteous fulfilment of the proclamation of 1858. Any one can judge of this from the kind of ovations given to Lord Ripon and Sir W. Wedderburn on their retirement.

Here, again, our gracious Empress in the year of her auspicious Jubilee once more proclaims to the world and assures us, in her response to the Bombay Jubilee Address last June, "It had always been, and will always be, her earnest desire to maintain unswervingly the principles laid down in the proclama-

tion published on her assumption of the direct control of the government of India." We ask no more.

I give below some of the latest figures, I already have, to compare the results of the administration of expenditure in India, with those of other parts of the British Empire.

Countries	TEN YEARS (1883-1892)		Excess of Imports over Exports	Percentage of Trade Profits.
	Imports including Gold and Silver	Exports including Gold and Silver		
United Kingdom.. .. (Par Ret [C 7,143] 1893)	£ 4,247,954,247	£ 3,203,603,246	1,044,351,001	32
Australasia	643,462,379	582,264,839	61,197,540	10 5*
North American Colonies	254,963,473	205,063,294	49,900,179	24 4
Straits Settlements (Par Ret [C 7,144] 1893)	204,613,643	181,781,667	22,831,976	12 5

Cape of Good Hope and Natal. I cannot give figures, as the gold brought into the Colonies from Transvaal is not included in the imports; while exports include gold and silver.

Natal. In this also goods in transit are not included in imports, although included in exports.

British India. Far from any excess of imports or trade profits, there is, as will be seen further on, actually a large deficit in imports (Rx. 774,099,570) from the actual exports (Rx. 944,279,318). Deficit from its own produce (Rx. 170,179,748)—18 per cent.

INDIA.

Particulars of the Trade of India and the losses of the Indian people of British India, or, The Drain.

TEN YEARS (1883-1892). (Return [C 7,193.] 1893)	
India's total Exports, including Treasure	Rx 944,279,318
.. 188,855,863	Add, as in other countries, say 20 per cent excess of imports or profits (U K, is 32 per cent)
Rx 1,133,135,181	or the amount which the imports should be
.. 774,099,570	only are the actual imports
Rx 359,035,611	is the loss of India for which it has not received back a single farthing either in Merchandise or treasure

* Australasia is a large gold and silver exporting country. Profits on this is a very small percentage. The profits on other produce or merchandise will be larger than 10 5 per cent, and it should also be borne in mind that Australasia, like India, is a borrowing country, and a portion of its exports, like that of India, goes for the payment of interest on foreign loans. Still, it not only pays all that interest from the profits of trade, but secures for itself also a balance of 10 5 per cent profits, while India must not only lose all its profits of trade but also Rx 170,000,000 of its own produce. Were India not "bleeding" politically she would also be in a similar condition of paying for its loans and securing something for itself out of the trade profits.

Now the question is what has become of this Rx. 359,000,000 which India *ought* to have received but has not received.

This amount includes the payment of interest on railway and other public works loans.

Owing to our impoverishment, our utter helplessness, subjection to a despotism without any voice in the administration of our expenditure, our inability to make any capital, and, therefore, forced to submit to be exploited by foreign capital, every farthing of the above amount is a loss and a drain to British India. We have no choice; the whole position is compulsory upon us. It is no simple matter of business to us. It is all simply the result of the despotic administration of expenditure of our resources.

Still, however, let us consider these loans as a matter of business, and see what deduction we should make from the above amount.

The loans for public works during the ten years (p. 298) are —Rx. 34,350,000 (this is taken as Rs. 10 = £1—p. 130), or £34,350,000. This amount is received by India, and forms a part of its imports.

The interest paid during the ten years in England is £57,700,000. This amount, being paid by India, forms a part of its exports. The account, then, will stand thus.—

India received or imported as loans £34,350,000 in the ten years. India paid or exported as interest £57,700,000, leaving an excess of exports as a business balance £23,350,000, or, say, at average 1s. 4d. per rupee, Rx. 37,360,000.

This export made by India in settlement of public works loans interest account may be deducted from the above unaccounted amount of Rx. 359,000,000, leaving a balance of Rx. 321,640,000 still unreceived by India.

The next item to be considered is public debt (other than for public works). This debt is not a business debt in any possible way. It is simply the political burden put upon India by force for the very acquisition and maintenance of the British rule. It is entirely owing to the evil administration of expenditure in putting every burden on India. Make an allowance for even this forced tribute.

The public debt of India (excluding public works) incurred during the ten years is £16,000,000 (p. 298), of which, say, £8,000,000 has interest to be paid in London. (I do not know how much is raised in India and how much in England. I think I asked the India Office for this, but it is difficult to get

definite information from it.) The interest paid in London during the ten years is £28,600,000. This forms part of the exports of India. The £8,000,000 of the debt incurred during the ten years form part of the imports of India, leaving a balance of, say, £21,000,000. On public debt account to be further deducted from the last balance of unaccounted loss of Rx. 321,640,000, taking £21,000,000 at 1s. 4d. per rupee, will give about Rx. 33,000,000, which, deducted from Rx. 321,640,000, will still leave the unaccounted loss or drain of Rx. 288,000,000. I repeat that as far as the economic effect on India of the despotic administration and management of expenditure under the British rule is concerned, the whole amount of Rx. 359,000,000 is a drain from the wretched resources of India.

But to avoid controversy, allowing for all public debt (political and commercial), there is still a clear loss or drain of Rx. 288,000,000 in ten years, with a debt of £210,000,000 hanging round her neck besides.

Rx. 288,000,000 is made up of Rx. 170,000,000 from the very blood or produce of the country itself, and Rx. 118,000,000 from the profits of trade.

It must be also remembered that freight, insurance, and other charges after shipment are not calculated in the exports from India, every farthing of which is taken by England. When these items are added to the exports the actual loss to British India will be much larger than the above calculations. I may also explain that the item of stores is accounted for in the above calculations. The exports include payment for these stores, and imports include the stores. The whole of the above loss and burden of debt has to be borne by only the Indian taxpayers of *British India*. The Native States and their capitalists, bankers, merchants, or manufacturers, and the European capitalists, merchants, bankers, or manufacturers get back their full profits.

In the above calculation I have taken 20 per cent. as what ought to be the excess of imports under natural circumstances, just as the excess of the United Kingdom is 32 per cent. But suppose I take even 15 per cent. instead of 20 per cent. then the excess of imports would be, say, Rx. 311,000,000 instead of nearly Rx. 359,000,000. From this Rx. 311,000,000, deduct, as above, Rx. 37,000,000 for public works account and Rx. 33,000,000 for political public debt account, there will still be a loss or drain Rx. 241,000,000 in ten years.

Strictly considered in India's helpless condition, there has

been a drain of its wealth to the extent of Rx. 360,000,000 in the ten years.

But, as I have said, to avoid all futile controversy, after allowing fully for all debt, there is still a drain of Rx. 241,000,000 or Rx. 24,000,000 a year during the ten years.

But it must be also remembered that besides the whole of the above drain, either Rx. 359,000,000, or Rx. 241,000,000, there is also the further loss of all that is consumed in India itself by foreigners so far, to the deprivation and exclusion of the children of British India.

Now let it be once more understood that there can be no objection to any capitalist, or banker, or merchant, or manufacturer going to India on his own account and making any profits there, if we are also left free to do our best in fair competition, but as long as we are impoverished and made utterly helpless in our economic condition by the forced and unnatural present system of the administration and management of expenditure, the whole profits of foreigners (European or Indian) is British India's irreparable loss.

The moral, therefore, of this phenomenon is that Sir John Shore's prediction of 1787, about the evil effect of foreign domination by the adoption of the present system of the administration and management of expenditure, is amply and deplorably fulfilled. Truly has Macaulay said: "The heaviest of all yokes is the yoke of the stranger." It cannot be otherwise under the existing administration and management of expenditure. What an enormous sum, almost beyond calculation, would British India's loss amount to in the present century (leaving alone the last century of unparalleled corruption, plunder, and oppression by Europeans) when calculated with compound interest! A tremendously "cruel and crushing" and destructive tribute indeed!

With regard to the allegation that the fall in exchange has stimulated exports from India, here are a few figures which tell their own tale.

Exports in 1870-1	...	...	Rx. 64,690,000
" " 1890-1	...	...	Rx. 102,340,000
or an increase of about 60 per cent. This is the increase in the 20 years of the fall of exchange.			
Now take 1850, exports	...	...	£18,700,000
1870, "	...	...	£64,690,000
i.e., an increase of nearly 3½ times. Was this increase owing to			

fall in Exchange? There was then no such fall in exchange. And what good this increase to India? As shown above, in ten years only she has been drained to the extent indicated, besides what is eaten in the country by those who are not her children. The increase in trade, excepting that of Native and Frontier States, is not natural and economic for the benefit of the people of *British* India. It is mostly only the form in which the increasing crushing tribute and the trade-profits and wants of foreigners are provided by the poor people of British India, the masses of whom live on scanty subsistence, and are ill-fed, ill-clothed, and ill-habited hewers of wood and drawers of water for them.

But there is another most important consideration still remaining.

While British India is thus crushed by a heavy tribute which is exacted by the upper classes and which must end in disaster, do the British industrial people, or the great mass, derive such benefit as they ought to derive, with far greater benefit to England itself, besides benefiting India?

Here is this wretched result as far as the producers of British and Irish produce are concerned, or the British trade with India is concerned.

In 1893 all British and Irish produce exported to all India is only £28,800,000 for a population of 285,000,000, or 2s. per head per annum. But a large portion of this goes to the Native States and frontier territories. British Indian subjects themselves (221,000,000) will be found to take hardly a shilling or fifteen pence worth per head per annum. And this is all that the British people export to British India. If British India were more righteously treated and allowed to prosper, British produce will be exported to British India as much or a great deal more than what the British people are exporting to the whole world. A word to our Lancashire friends. If they would open their eyes to their true interests, and give up squabbling about these wretched cotton duties, they would see that a market of 220,000,000 people of British India, besides the 64,000,000 of the Native States, will require and take (if you take your hand off their throat), more than Lancashire will be able to supply. Look at the wretched Lancashire trade with the poverty-stricken British Indians:—

In 1892-3 India imported yarn	£2,683,850	}	= £25,625,865
Manufactures	£22,942,015		

for a population of 285,000,000, or about 1s. 9d. per head per

annum. But if you deduct Native States and Frontier States, it will possibly be 1s. per head for British India. Why should it not be even £1 or more per head if British India be not "bled"? And Lancashire may have £250,000,000 or more of trade instead of the wretched £25,000,000. Will Lancashire ever open its eyes, and help both itself and India to be prosperous!

ARGUMENT OF POPULATION.

Increase from 1881 to 1891:—

	Increase	Population per Square Mils.
England and Wales	11 6 per cent	500
British India	97 "	230

In 1801 the population of England and Wales (Mulhall's Dictionary, p. 444) was 8,893,000, say 9,000,000.

In 1884 the population was 27,000,000 (Parl. Ret. [c. 7,143], 1893), or three times as much as in 1801.

The income of England and Wales (Mul., p. 320) in 1800 was £230,000,000.

In 1884, while the population increased to 27,000,000, or three times that of 1801, the income increased to £976,000,000 (Mul., p. 321), or nearly 4½ times that of 1800.

The population of England and Wales (Mul., p. 444) in 1672 was 5,500,000. The income in 1664 (Mul., p. 320), was £42,000,000.

In 1884 (Mul., 321), population 27,000,000, increased five times; income £976,000,000, increased more than twenty-three times.

As comparison with earlier times Macaulay said (see p. 46): "While our numbers have increased tenfold, our wealth has increased one hundredfold."

These facts do not show that increase of population has made England poorer. On the contrary, Macaulay truly says "that the advantages arising from the progress of civilisation have far more than counterbalanced the disadvantages arising from the progress of population."

Why, then, under the administration of the "greatest" and most highly-paid service in the world, derived from the same stock as the administrators of this country, and, as Mr. Bright says, "whose praises are so constantly sounded in this House," is India, after a long period, at present the most "extremely poor" country in the world. And yet how can the result be otherwise under the existing administration and management of expenditure, based upon the evil principle that "India must be bled"?

The fault is not of the officials. It is the evil and outrageous system of expenditure, which cannot but produce such pernicious and deplorable results, which, if not remedied in time, must inevitably bring about a retribution the extent and disaster of which can hardly be conceived. Officials over and over again tell us that the resources of India are boundless. All the resources of civilisation have been at their command, and here is this wretched and ignominious result—that while England has gone on increasing in wealth at a greater progress than in population, India at this moment is far poorer than even the misgoverned and oppressed Russia, and poorer even than Turkey in its annual production, as Lord Cromer pointed out in 1882.

I think I need not say anything more upon the first part of our Reference. If I am required to be cross-examined on the representations which I have submitted, I shall then say whatever more may be necessary for me to say.

I have shown, by high authorities and by facts and figures, one result of the existing system of "The administration and management of the Military and Civil Expenditure incurred under the authority of the Secretary of State for India in Council, or of the Government of India"—viz., the most deplorable evil of the extreme poverty of the mass of the people of British India—suicidal and dishonourable to British name and rule, and destructive and degrading to the people of British India, with a "helot system" of administration instead of that of British citizenship.

The following remarks in a leader of the *Times* of 16th December, 1895, in connection with the Transvaal, is, short of compulsory service, applicable with ten times more force to the British rule of British India. The *Times* says :

"The time is past even in South Africa when a helot system of administration organised for the exclusive advantage of a privileged minority can long resist the force of enlightened public opinion. If resident Kruger really possesses any of those statesmanlike qualities which are sometimes ascribed to him, he will hasten to accept the loyal co-operation of these *Ouitlanders*, who have already done so much and who are anxious to do more for the prosperity and progress of the South African Republic."

I would apply this to British India. The time is past in British India when a "helot system of administration," organised for the exclusive advantage of a privileged minority, and existing to the great dishonour of the British name for a century

and a half, can long resist the force of enlightened public opinion, and the dissatisfaction of the people themselves. If the British statesmen of the present day possess those statesmanlike qualities which the statesmen of 1833 showed about India—to “be just and fear not,” which the great Proclamation of 1858 proclaimed to the world, and which Sir H. Fowler so lately (3/9/95) described as having “the courage of keeping our word”—they will hasten to accept the loyal co-operation of the people of India, with whose blood mainly, and with whose money entirely, has the British Indian empire been both built up and maintained; from whom Britain has drawn thousands of millions, or untold wealth calculated with interest; who for British righteousness would return the most devoted and patriotic loyalty for their own sake, and whose prosperity and progress, as Lord Roberts said, being indissolubly bound up with those of Britain, would result in largely increasing the prosperity of the British people themselves, in the stability of the British rule and in the redemption of the honour and good name of Britain from the dishonour of many broken pledges. The deplorable evil result of the present “administration and management of expenditure,” in violation of solemn pledges, is so subtle, so artistic, so unobservably “bleeding,” to use Lord Salisbury’s word, so plausibly masked with the face of beneficence, and being unaccompanied with any open compulsion or violence to person or property which the world can see and be horrified with, that as the poet says :

“Those lofty souls have telescopic eyes,
That see the smallest speck of distant pain,
While at their feet a world of agony,
Unseen, unheard, unheeded, writhes in vain.”

—*Great Thoughts*, 31/8/95.

Even a paper like the *Pioneer* of Allahabad (21/9/95) which cannot be accused of being opposed to Anglo-Indian views, recognises that India “has also perhaps to undergo the often subtle disadvantages of foreign rule.” Yes, it is these “subtle disadvantages of foreign rule” which need to be grappled with and removed, if the connection between India and England is to be a blessing to both, instead of a curse. This is the great and noble task for our Commission. For, indeed, it would be wise to ponder whether and how far Lord Salisbury’s—a statesman’s—words at the last Lord Mayor’s dinner, apply to British India. He said :

“That, above all treaties and above all combinations of external

powers, 'the nature of things' if you please, or 'the providence of God,' if you please to put it so, has determined that persistent and constant misgovernment, must lead the government which follows it to its doom; and while I readily admit that it is quite possible for the Sultan of Turkey, if he will, to govern all his subjects in justice and in peace, he is not exempt more than any other potentate from the law that injustice will bring the highest on earth to ruin."

The administration of expenditure should be based on this principle as Sir Louis Mallet (c. 3086—1) 1881, p. 142, has said.

"If India is to be maintained and rendered a permanent portion of the British Empire, this must be accomplished in some other way than by placing our future reliance on the empirical arts of despotism" and not on those low motives of making India as simply an exploiting ground for our "boys" as Sir C. Crossthwaite desired when he had the candour of expressing the motive of British action when speaking about Siam at the Society of Arts (vol. 39—19/2/92—p. 286). All that gentleman cared for was this. "The real question was who was to get the trade with them and how we could make the most of them, so as to find fresh markets for our goods and also employment for those *superfluous articles of the present day, our boys*" (the italics are mine), as if the whole world was created simply for supplying markets to the one people, and employment to their boys. Still, however, you can have ten times more trade than you have at present with India, far more than you have at present with the whole world, if you act on lines of righteousness, and cast-off the second mean motive, to enslave other people to give employment to your "boys," which certainly is not the motive of the British people. The short of the whole matter is, that under the present evil and unrighteous administration of Indian expenditure, the romance is the beneficence of the British rule, the reality is the "bleeding" of the British rule. Under a righteous "administration of expenditure," the reality will be the blessing and benefit both to Britain and India, and far more trade between them than we can form any conception of at present.

Yours truly,

ĎADABHĀI NAOROJI.

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THE

Financial Situation in India,

AS EXPOSED IN THE

Budget Statement for 1886-87.

BY

J. DACOSTA.

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PREFACE.

I HAVE endeavoured, in the following pages, to draw the attention of the public to the great danger with which our Indian administration is menaced, partly from the continued depreciation of silver, but mainly from the severe strain to which the finances of India are being subjected in the execution of the frontier policy suddenly adopted in the summer of 1885.

I am aware that, in my isolated position, the task I have undertaken is one which I cannot hope, unaided, to fulfil with any degree of success ; before entering on it, therefore, I appealed to those who are possessed of the administrative experience and political influence which I lack, to raise their voices on this critical occasion for the protection of the people of India. Among those to whom my appeal was made was the Marquis of Ripon, than whom no statesman perhaps is better acquainted with the difficult questions of Indian finance, and with the bearings of the frontier policy which is at the present time being pursued in India. I laid before his Lordship the particular circumstances which, in my estimation, constituted a most pressing danger to the finances of the country, and I transcribe here my last letter on the subject (having obtained his Lordship's permission to do so), in the hope that its perusal may induce all who are interested in the safety and welfare of our Indian Empire, to bestow some thought on the grave questions which I have endeavoured to elucidate. My letter of 7th January last was as follows. —

“ I had the honour of addressing your Lordship in November last on the danger which threatened the finances of India in consequence of the excessive expenditure which was going on under the frontier policy adopted in 1885. In the execution of that policy railways, which were destined to facilitate the extension of the inland trade of India, have been suspended, and the funds intended for their construction have been diverted to works of a military character, while a heavy and permanent addition has been made to the military charge for increasing the numerical strength of the Indian Army.

“ The financial result of these operations in the present year, 1886-87, is an estimated increase of £9,415,500 to the funded debt of India ; and as the expenditure needed for giving effect to the policy in question seems of a permanent character, it would be vain to look for any better result next year or in years following, so long as that policy is maintained.

“ On the other hand, nothing has been declared that can justify the adoption of a policy so entirely opposed to the views of the most eminent authorities, expressed under official responsibility, as to the line which should be followed in the defence of our North-Western frontier in India.

“The Indian people who suffer under these conditions are not allowed a voice in the matter, while Parliament and the public in this country, although responsible for and deeply interested in the safety and prosperity of India, seem too much engrossed with home affairs to bestow on Indian questions, however important, the serious and sustained consideration which they deserve and, in the present conjuncture, so greatly need.

“This state of things cannot fail to be a source of the deepest concern to all who perceive the danger, and I trust that under these circumstances your Lordship will not only pardon the liberty I have taken in once more drawing your attention to the subject, but will raise your voice and grant your valuable aid for the protection of the people of India.

“I would venture to submit for your Lordship's consideration, whether, in the present position of the question, there is not a peculiar responsibility resting on those who, having held high office in the Government of India, have remained clear in their conviction that the ground so firmly held by all the Members of Lord Lawrence's and Lord Mayo's Governments represents the only safe and practicable frontier policy for India.

“Your Lordship was good enough, in acknowledging my letter of 17th November last, to say that you would read it with care and interest; and I have no doubt that a full consideration of the causes which have brought about the present critical situation in India will convince your Lordship of the urgency there exists for arresting, as promptly as possible, an evil which is undermining, and threatens soon to overwhelm, the resources of our great dependency.”

Lord Ripon, in his reply, said:—

“I beg to acknowledge the receipt of your letter of yesterday, on the important subject of Indian finance. I am afraid there is not much chance of gaining the attention of the public at this moment to the difficult and complicated questions connected with it.”

Another eminent statesman of Indian experience to whom I appealed was Lord Hobhouse, and his reply was as follows:—

“The views which I formed, partly before going to India, partly from experience in India, as to our right policy on the N.-W. frontier, have been printed and published. Subsequent reflection has not weakened, but strengthened them. In their main outlines they are as follows: The danger of invasion or serious disturbance by the Russians is enormously exaggerated; if there be any real danger, it is much more of a political than a military character. The way to meet it, is not to push military outworks beyond the Indian frontier and into the wilds of Central

THE
FINANCIAL SITUATION IN INDIA,
AS EXPOSED IN THE
BUDGET STATEMENT FOR 1886-87.

DURING the last twenty-eight years that India has been ruled by a Cabinet Minister, public attention has very frequently been drawn to the financial embarrassments of the Indian Government. Between the years 1862 and 1870, ill-regulated expenditure on public works, led to growing difficulties which culminated in the panic of 1870-71, when a Select Committee of the House of Commons was appointed to inquire into the subject. A number of costly undertakings of the Government, such as the Mutlah Railway, the Madras Irrigation Canal, the Orissa project, and the Godavery Navigation Works, having left most disastrous results, the Committee endeavoured to ascertain on whom rested the responsibility in regard to those enterprises; and finding their questions on that important point met by evasive and argumentative replies from the Indian official who had been specially deputed to give evidence on the subject of public works, a member of the Committee, Professor Fawcett, at last said: "Then who controls the expenditure?" Answer: "The Government as a whole . . . there is no person specifically res-

possible to the public or to the Government for the operations in that department." On hearing this startling assertion, the member continued: "Now we get it clear; this enormous expenditure is going on, it has gone on, it is going on this year to the extent of something like £4,000,000; you have recommended an expenditure of £70,000,000 in future public works £40,000,000 on railways, and £30,000,000 on canals and yet you admit that there is no one in the slightest degree responsible for the manner in which that expenditure is carried out: no one on whom a Committee, for instance, could fasten the responsibility?" Answer: "I entirely admit that, as regards the general control of these great financial operations, there is no person who has that responsibility put on him which should be."

Under so ill-regulated an administration, financial embarrassments became, of course, unavoidable, and the severity of the crisis which ensued was faithfully reflected in the following utterances of the Viceroy:—

"An accumulated deficit of six millions has occurred in the three last years. The permanent debt during the same period has been increased by nearly six and a half millions. The serious and unprecedented course of increasing the burdens of the people in the middle of the year has been taken; the public works have in a great measure been suspended; the Income Tax and the Salt Tax in Madras and Bombay have been increased; the Government has declined to terrify the people by new taxes, and has endeavoured to extricate the Empire from a very great difficulty, by the only mode which it thought it could venture to adopt. The period has been one of great trouble to the Empire and of anxiety to the Government."—(*Lord Mayo's Budget Speech*, 1870.)

"A feeling of discontent and dissatisfaction exists among every class, on account of the increase of taxation that has for years been going on, and the continuance of that feeling is a political danger, the magnitude of which can hardly be over-estimated."—(*Lord Mayo's Despatch to the Secretary of State*, 1870.)

Later on, between the years 1874 and 1880, severe famines desolated several of the provinces, and millions were expended in famine relief, while the revenue from land and the general resources of the country were materially injured. Upwards of five million acres of arable land were abandoned and left uncultivated in the Presidencies of Madras and Bombay, where the Government is the chief landlord, and where the famine was most severely felt. (*See Administration Reports for 1877-78.*) During the latter part of the period mentioned above war was declared with Afghanistan, in consequence of our differences with Russia, and the cost of the military operations which ensued had to be defrayed by the Indian Government.

As the revenues of India, in spite of increased taxation, have only sufficed to cover the cost of the civil administration and of the army in time of peace, all this extraordinary outlay, together with the cost of suppressing the mutinies and rebellion of 1857-58, had to be provided for by loans; and the public debt, which amounted to less than 60 millions in 1858, when the Crown assumed the administration, is stated in 1885 at 173 millions (including $11\frac{1}{2}$ millions of unfunded debt), viz., 104 in India (at 10 Rs. per £) and 69 in England. (*See Statistical Abstract No. 20, page 77.*)

Of this debt, however, $73\frac{1}{2}$ millions are classed under the heads of *Railways and Irrigation Works*, that is, of public works officially designated as *reproductive*. These undertakings were sanctioned on the Government being satisfied that the works would earn at least enough to cover interest on the capital borrowed for their construction. This all-important condition, however, has not been fulfilled, and an increasing burden has thus been laid on the revenues of the country, for defraying the unearned portion of the

interest, an item which is estimated this year at no less than £2,452,400, as may be seen from the Budget Statement at page 16 to 19 of this paper.

Serious as the situation might appear under all these circumstances, it has recently been aggravated to an alarming degree by a rapid fall in the value of silver, and by the large increase of military expenditure, which was suddenly decided on in 1885. On the 6th of August in that year, the Secretary of State, in submitting the Indian Budget in Parliament, observed that the Budget of 1885-86, which had been prepared in March, was "completely knocked on the head," owing to the heavy additional expenditure which the Government considered necessary in consequence of the advance of Russian troops in Central Asia; and that we had in future "to look to a permanent increase of military charge amounting to something like £2,000,000 a year." The actual increase has since been stated at £3,049,700 in the revised estimates of that year; and the disastrous effect which this new policy is producing on the financial position in India is indicated with particular emphasis in the following remarks which occur in the last *Financial Statement* of the Indian Government at paragraphs 24 and 34:—

"To the programme of Railways presented to the Parliamentary Committee in 1884, which was estimated to cost £28,262,000, we were compelled to add in 1885 other works of a military character, which are of so great importance as to take precedence of many of the internal lines previously decided upon, and the cost of which may amount to as much as £12,000,000. Much of the expenditure necessary in this class of military works must remain for ever unfruitful. We were, therefore, compelled in 1885 to submit directly to an oppressive increase of unproductive expenditure; we were compelled to devote our capital to the construction of railways, which will do little to facilitate the extension of the internal trade which has become of the greatest assistance and importance to our revenues; and do so we were compelled to throw back the construction

of some of our famine railways. The Government has also had to decide upon the addition of a heavy sum to its estimates on account of military establishments. The increase of the effective of the Indian Army has necessitated a corresponding increase in the various army departments."

The peculiar wording in these passages would indicate that the authorities in India were not consulted on the new policy, but were peremptorily required to give immediate effect to it, regardless of any injury to the finances and welfare of the country, which might in their opinion arise from such a course. A policy of this nature could be justified only on the ground of its being essential for the protection of India against foreign invasion; and as the revenues of the country are unable to bear its cost, it becomes urgent to inquire whether such ground has any real existence.

Judging from the great importance which is attached, in the execution of the new policy, to the occupation of Quetta, the completion of the railway leading to it, the continuation of the line towards Candahar, and a simultaneous increase in the Indian army, the policy appears to be substantially identical with that of 1876-80, which involved an advance of our North-Western Frontier into the territories of our neighbours, and received the name of the "Forward Policy."

When that "forward policy" was proposed in 1865, it was supported by the opinions of two gentlemen, Sir H. Rawlinson and Sir Bartle Frere, who had not had the best opportunities of forming a correct judgment on the subject, seeing that neither of them had ever held any post entailing responsibility for the safety of our North-Western frontier in India. The name of Lord Napier of Magdala was afterwards associated with that policy, but obviously without

justification, since his lordship, during the sixteen years that he held offices involving direct responsibility for the safety of India, never advised any advance of our North-Western frontier. It is true that in 1878, two years after his retirement from India, a memorandum was obtained from him, acquiescing in the opinion that, as Quetta had already been occupied, we ought not to recede from it; but his lordship added: "I am not in any way an advocate for advancing into Afghanistan, contrary to the wishes of the Ameer."

It will thus be seen that the "forward policy," which seems identical with the policy now suddenly put into action, was not supported by the opinion of any person entitled to be considered an authority on the subject. At the same time it will be remembered that, while that policy (the principles of which have never been authoritatively declared) proved not only unsuccessful, but literally disastrous, and even humiliating in many of the incidents connected with its execution, views diametrically opposed to it were entertained and declared by the highest authorities ever since our North-Western frontier was acquired.

Lord Dalhousie, in his Minute of 30th April, 1855, stated: "The treaty gives to the Government of India on its western frontier as complete security against a foreign and distant enemy as it is possible for us, in the nature of things, to compass."

When, ten years later, Sir H. Rawlinson's Memorandum was submitted for the opinion of the Government of India, the following were the answers which it evoked from individual members and from the Government as a whole:—

The Lieutenant-Governor of the frontier province, the Punjab, said:

"Does past experience warrant our augmenting our

diplomatic interference in the affairs of those countries? Can we forget our former failure in Afghanistan and its fatal consequences? I cannot regard Sir H. Rawlinson's proposals otherwise than as an untimely revival of the policy of 1838, which nearly ruined the Empire, and the effects of which we have still to get over. They would plunge us into the ever-shifting sands of Central-Asian intrigue at a cost which we cannot afford; they would again prematurely withdraw our troops from their own ground into isolated positions, and again unite against us, as suspected invaders, all the wild passions of an irritated population who, unaroused against us, may at the proper time be turned as our best defence against the common enemy."

The Commander-in-Chief said :—

"I have given my opinion during the last two years on many of the questions suggested by Sir H. Rawlinson in his Memorandum. Thus, I think the argument is complete against a British occupation of Quetta, or an advance on Afghanistan, unless a real *casus belli* should arise in our relations with that country. A great mischief is done by those who, from whatever cause, occupy themselves in preaching the falshood of our weakness in India. We are simply invincible in that country against all powers in the world, provided only we are true to ourselves."

The Government of India, in its collective reply of January, 1869, to the Secretary of State, said :—

"We think it impolitic and unwise to decrease any of the difficulties which would be entailed on Russia, if that country seriously thought of invading India, as we should certainly decrease them, if we left our frontier and met her half way in a difficult country, and possibly in the midst of a hostile and exasperated population. We foresee no limit to the expenditure which such a move might require. Should Russia ever think of invading India, our true policy, our strongest security, would be found to lie in previous abstinence from entanglements, either at Cabul, Candahar, or any similar outpost, and in full reliance on a compact army within our own territories or on our border."

These were the opinions recorded by Lord Lawrence's Government; and similar views were

entertained by Lord Mayo, judging from his own utterances and actions, as well as from the *exposé* of his policy, written immediately after his death, by Sir John Strachey, who had been a member of his Government.

That the sound frontier policy thus clearly laid down by an uninterrupted succession of responsible officers of experience and acknowledged merit should now, without intelligible explanation, be suddenly superseded by a line of action pointing in a diametrically opposite direction, and involving an expenditure which the revenues of India are simply unable to bear, cannot fail to be a cause of deep concern to all whose attention has been drawn to the subject. It discloses the existence of an irresponsible power unwisely, if not recklessly, exercised, and forebodes the greatest danger to our Indian Empire. Before inquiring into the existence of such a power, it may be useful to estimate the effect of the policy of 1885 on the finances of the country. This might be done by comparing the condition in which those finances stood before the new policy was enforced, with their altered state as affected by its operation. The following figures, taken from the last *Financial Statement*, will enable such a comparison to be established.

The year 1884-85, which closed before the introduction of the new policy, resulted in a deficit of £386,444, and an increase in the permanent debt of £1,193,924.

The revised estimates of 1885-86, the year in the middle of which the policy was put in operation, present a deficit of £2,889,800, and an increase in the permanent debt of £4,013,300.

The Budget of 1886-87, which was entirely regulated by the new policy, shows, by means of £800,000 of

new taxation and the appropriation of £975,400 from provincial balances, a small surplus of £182,200, and, at the same time, an increase in the permanent debt of no less than £9,415,500.

Thus in three years the permanent debt of India increased by more than £14,600,000, whereby £600,000 has been added to the annual charge for interest; and the financial prospect is still darker, seeing that a forecast of the future must be based, not on an average of the three years, but on the result of 1886-87, that being the only year entirely ruled by the new policy. The result of 1886-87 is an addition of $9\frac{1}{2}$ millions to the funded debt of India.

How, with a surplus in the Budget, it became necessary to borrow so largely in the course of the same year, is explained by a memorandum at foot of statement "B" of the official Budget, from which it appears that several millions are annually spent on public works, which are not charged to revenue, and are therefore not included in the ordinary Budget. Such expenditure is entered in a general statement "C," and consists of the following items for the year 1886-87:—

State railways and irrigation works ...	£5,727,100
Special defence works	441,700
Capital charge involved in the redemption of liabilities	4,844,200

It is hardly necessary to observe that if the Indian Government continue thus largely to borrow for the administration and defence of the country in time of peace, it will soon find its credit undermined and itself brought face to face with bankruptcy. And yet, what reasonable grounds are there for expecting better results next year or in years following, so long as the military expenditure decided on in 1885 is maintained,

and the value of silver does not rise, materially and permanently, above the rate of one shilling and sixpence per rupee, on which the Budget of 1886-87 is based ?

A Finance Committee has been appointed in India for devising and suggesting retrenchment, and their report will doubtless result in some reduction being effected in the expenditure of next year ; but we must, for many reasons, guard against any sanguine expectations of relief from that source. In the first place, one is apt, on looking at the official Budget, which this year shows a revenue of £75,798,700, and an expenditure of £75,616,500, to conceive an exaggerated idea of the financial resources of the Government of India. It is necessary, therefore, to be warned that the form in which the Budget is drawn, fails to afford a correct view of the financial situation. Not only is the revenue exhibited in the gross amount, although a heavy expenditure has to be incurred for its realisation, but the total is further inflated by the inclusion, as revenue, of items under the heads of Interest, Post-office, Telegraph, Mint, Railways, and Irrigation Works, while everyone of those items forms a charge on the revenue. Then again the total amount of the expenditure is reduced in the Budget by the appropriation of £975,400 from the Provincial balances, whereby the actual deficit of £793,200 is converted into the apparent surplus of £182,200.

A clearer view of the situation might perhaps be obtained from the annexed form, into which Statements A and B of the Official Budget, so far as they relate to 1886-87, have been recast.

BUDGET

REVENUE.

LAND	...	...	...	...	...	£22,760,300	
Less charges	...	..	...	...	...	3,588,800	
							<u>£19,171,500</u>
OPIUM	...	...	...	..	...	9,227,600	
Less charges	...	..	..	...	...	2,650,500	
							<u>6,577,100</u>
SALT	.	..	..	..	..	6,392,500	
Less charges	.	.	.	..	..	496,600	
							<u>5,895,900</u>
STAMPS	.	.	.	...	.	3,694,400	
Less charges	..	...	...	...	...	153,300	
							<u>3,541,100</u>
EXCISE	..	.	..	...	..	4,134,800	
Less charges	..	...	...	..	..	105,800	
							<u>4,029,000</u>
PROVINCIAL RATES	...	...	...	...	...	2,909,100	
Less charges	...	..	..	..	..	46,600	
							<u>2,862,500</u>
CUSTOMS	..	...	...	..	...	1,173,200	
Less charges	..	...	..	...	...	133,400	
							<u>1,039,800</u>
ASSESSED TAXES	...	..	...	...	...	1,458,100	
Less charges	...	...	..	...	...	58,700	
							<u>1,399,400</u>
FOREST	..	..	...	...	...	1,153,300	
Less charges	...	...	...	...	...	742,300	
							<u>411,000</u>
Carried over	...	...	..	...	...		<u>£44,927,300</u>

of 1886 - 1887.

EXPENDITURE.

CIVIL—Salaries and expenses	... £12,354,900		
Less receipts	... . 1,433,800		
		<u>£10,921,100</u>	
Miscellaneous civil charges	... 4,848,600		
Less receipts	... . 763,100		
		<u>4,085,500</u>	
Civil buildings and roads	... 4,293,900		
Less receipts	... . 492,000		
		<u>3,801,900</u>	
			<u>£18,808,500</u>
ARMY—Effective and non-effective	... 18,266,000		
Less receipts	... . 841,100		
		<u>17,424,900</u>	
Military buildings	... . 1,155,400		
Less receipts	... . 188,100		
		<u>967,300</u>	
			<u>18,392,200</u>
INTEREST on debt other than that charged to railways and irrigation works	... . 3,886,100		
On other obligations	... . 364,200		
		<u>4,250,300</u>	
Less interest receivable...		<u>644,200</u>	
			<u>3,606,100</u>
POST - OFFICE, TELEGRAPHS, AND MINT	... . 2,227,500		
Less receipts	... . 1,914,100		
		<u>313,400</u>	
FAMINE—Relief and insurance	... . 1,361,300		
Construction of railways	... . 109,200		
		<u>1,470,500</u>	
Carried over	... . . . .		<u>£42,590,700</u>
			c

REVENUE—continued.

	Brought over	...	...	...	...	£44,927,30
REGISTRATION	...	...	...	...	£309,800	
Less charges	...	...	...	...	191,200	
						<u>118,60</u>
TRIBUTES	...	...	...	...		712,00
						<u>45,757,90</u>

DEDUCT direct demand on the revenue :—

Refunds and drawbacks	...	...	307,000	
Assignments and compensations	..	..	1,301,000	
				<u>1,508,00</u>
NET	...	...	...	44,249,90

DEFICIT provided for as shown below ... 793,20

Portion of Provincial Balances appropriated	...	£975,400
Deduct above-mentioned Deficit	...	<u>793,200</u>
SURPLUS	...	<u>£182,200</u>

£45,043,100

EXPENDITURE—continued.

RAILWAYS—	Brought over	£42,590,700	
<i>State</i> —Interest on debt	£3,099,600		
Annuities in purchase	2,301,100		
Miscellaneous expenditure	120,000		
	<hr/>	£5,520,700	
Gross earnings	10,841,500		
Working expenses	5,569,100		
	<hr/>	5,272,400	
<i>Guaranteed</i> —Interest	3,590,900		
Surplus profit, land, &c. ..	497,500		
	<hr/>	4,088,400	
Net traffic receipts	3,133,500		
	<hr/>	954,900	
<i>Subsidised</i> —Interest	36,000		
Land, supervision, &c.	69,500		
	<hr/>	105,500	
Interest on Capital deposited by railway companies		412,400	
	<hr/>	1,721,100	
IRRIGATION WORKS—			
Interest on debt		997,800	
Direct receipts	921,300		
Land revenue ascribed to works	555,700		
Receipts from minor works	144,600		
	<hr/>	1,621,600	
Working expenses £611,700			
Ditto on minor works	743,400		
	<hr/>	1,355,100	
	<hr/>	266,500	
		731,300	
		<hr/>	£45,043,100

From this form it will be seen that the net revenue and the net expenditure amount, according to the Budget estimates, to only £44,249,100 and £45,043,600, leaving a deficit of £793,200; and that this deficit has been converted into a small surplus in the manner already mentioned. It will also be seen that the items of Interest, Post-office, Railways, &c., which figure in the Official Statement A, under the head of Revenue, actually constitute charges to the aggregate net amount of £6,371,900.

If we now examine the different heads of expenditure we shall find that it is chiefly in cost of the civil administration and the working expenses of the State railways and canals that retrenchment can, under present circumstances, afford any material relief to the Indian Exchequer. As regards the Army, its consolidation under one Commander-in-Chief (a change long advised by the highest military authorities as being calculated to promote both efficiency and economy) should doubtless, if the interests of India alone were consulted, be no longer delayed. At the same time, so long as the policy of 1885 prevails, it seems hopeless to look for any material diminution in the total military expenditure, an item which already CONSUMES ABOUT HALF THE NET REVENUES OF INDIA. Then as regards the allotment under the head of "*Famine relief and insurance*," it would appear from the *Financial Statement* to have been wholly or in part diverted, under the new policy, to the construction of military works; that is, to expenditure which "must remain for ever unfruitful."

Now, in estimating the amount of possible retrenchments, it should be borne in mind that the cost of the civil administration includes £3,812,700* of Pensions

• Territorial and political pensions	...	..	...	£674,300
Civil, furlough and Absentee allowances	...	..	...	299,600
Superannuation allowances and pensions	...	..	...	2,8388 00
				£3,812,700

which cannot at once be reduced, and, moreover, that any saving effected through the abolition of posts, would be partially neutralised by the compensation due to the officers removed for such a purpose. Under all these circumstances, and looking especially at the constitution of the Finance Committee, it would scarcely be reasonable to expect a net reduction of more than £800,000 in the Budget of 1887-88.

Such a saving may be entirely swallowed up by a fall in the rate of exchange, seeing that the £800,000 raised by taxation to cover a similar loss this year was found to be insufficient almost immediately after the introduction of the Budget. Let us see, at all events, what view the Government itself takes of the silver question, as affecting the financial position in India; that view will appear from the following remarks which occur in the last *Financial Statement* :—

“The fact that India, whose currency and revenue are in silver, has incurred heavy obligations in gold, has introduced in our financial situation, since the fall of silver commenced, an element which experience shows to be one of the most serious dangers with which Indian administration has been hitherto menaced . . . This difficulty has lately reached a point beyond all previous experience, and it is more felt in proportion as we pursue a more active policy in regard to public works such as military and other considerations have lately led us to adopt. Owing to the oscillation in the silver market, there is now little practical control over surplus, equilibrium or deficit in the Indian Budget. This uncertainty throws doubt and discredit on our financial position and on the sufficiency of our resources, and must tend, therefore, to depreciate our credit in the money market . . . Neither we nor anyone else can feel any assurance of any kind whatever that the rupee will remain at one shilling and sixpence, the rate at which the estimates are framed for the ensuing year . . . Some of the causes which maintain silver at its present price may be removed, should any of these causes

cease to act, the downward progress of silver prices will probably, for a time at least, be more considerable than hitherto. Hence, there is too much ground for believing that the more hopeful views which may have been entertained from the seeming recoveries of 1880 and 1882, and which still linger in many minds, have now no reasonable basis."

Entertaining such views, the Government are bound to provide, to the utmost in their power, for the risk of unforeseen losses arising from the fluctuations of the silver market in the course of each year. The measures which are now being taken for effecting reductions in the ordinary expenditure, may afford the means of making the necessary provision; but they can scarcely, under the circumstances just detailed, be expected to do more; and yet another important item equally calls for a special provision: it is the ever-growing cost of the civil administration; a growth that all efforts at economy have hitherto been powerless to stop. The charge for the civil departments was £18,051,781 in 1875-76, and £20,118,726 in 1884-85*; and, as the increase arose to a considerable extent in the item of pensions, it has, to such extent, secured no greater efficiency in the service.

In fact the item of pensions, civil and military, already constitutes a charge of six millions on a net revenue of forty-four millions, and threatens, by its rapid growth, to become ere long another source of very serious embarrassment, as the following figures,

	1875-76.	1884-85.
*Salaries and expenses	£10,325,679	£11,743,167
Miscellaneous charges	4,379,910	4,315,929
Civil buildings	3,346,192	4,059,630
	<u>£18,051,781</u>	<u>£20,118,726</u>

taken from pages 80 to 85 of the *Financial Statement*, will show :—

	Army Service, Non-effective.	Civil Furloughs, Absentee Allowances, Superannuations, and Pensions.	Totals.
	£	£	£
1875-76	2,282,362	2,375,624	4,657,986
1876-77	2,615,199	2,341,042	4,956,241
1877-78	2,933,713	2,404,607	5,338,320
1878-79	3,037,302	2,609,409	5,646,711
1879-80	3,234,285	2,772,360	6,006,645
1880-81	3,185,498	2,746,792	5,932,290
1881-82	3,425,801	2,731,940	6,157,741
1882-83	3,545,314	2,782,968	6,328,282
1883-84	4,921,267	2,749,987	7,671,254
1884-85	3,755,611	2,807,312	6,562,923

All this growing expenditure is the more disquieting that the revenue has, for many years, ceased to give any signs of elasticity, enhanced assessments having failed to produce any commensurate increase in the collections. The land-tax, from which two-fifths of the State income are derived, produced net £18,589,125 in 1876, and an average of only £18,422,468 during the 10 years ending in 1885; and the prospects of this most important branch of revenue are by no means encouraging. The latest report on the Madras Presidency, which contributes the largest share of the land revenue, says :—

“It is to be regretted that the number of coercive processes increased to the extent of 27,047, or 26 per cent., the number of defaulters whose property was sold being 130,714. Nevertheless, the amount realised was 20 per cent. less than in the previous year, which would seem to indicate a more general poverty among the ryots.”—(*Blue Book* 210 of 1886, page 31.)

Regarding the North-Western Provinces which, after Madras, yield most land revenue, the report says at page 28 :

“The unfavourable season had the effect of increasing

the proportion of the land revenue demand remaining unpaid at the end of the year."

These sentences indicate a deplorable amount of destitution among the cultivators; a state of things ascribable to the over-assessment of the land-tax and which reveals itself, from time to time, in serious agrarian disturbances, such as the Deccan riots and the Rumpa rebellion, or in desolating and wide-spread famines, with their depressing effect on the whole country and their appalling amount of human suffering.

Of the other principal sources of revenue, it may be observed that OPIUM is exposed to eventualities which render it particularly uncertain; SALT already pays a duty of 2 Rs., or (at 18d. per rupee) three shillings a Maund, which is equal to 82 shillings a ton. Therefore, on Cheshire salt costing 10 to 12 shillings a ton delivered on board, and 30 shillings with freight and insurance to India, the duty exceeds 250 per cent. EXCISE has yielded increased revenue of late years, but could not be rendered more productive unless the consumption of intoxicating drinks were further stimulated among a proverbially sober people; and STAMPS are already oppressively high, as will presently appear.

If we now revert once more to the subject of retrenchment, it will more clearly be seen that any reduction of expenditure which is likely to be effected in the Budget of next year, may all be needed to provide for losses from exchange and for future growth in pensions, and in the cost of civil administration; and that the financial situation, so long as the policy of 1885 prevails, must continue to be as precarious as it is at present.

The limit of legitimate taxation in India has already been overstepped, and the only financial resource still

available to the Government, besides loans, lies in the re-imposition of some of the import duties which were abolished some years ago. A step in that direction, however, would imply the adoption of a policy which, at no time since India has been ruled by a Cabinet Minister, has prevailed in the administration of that country; a policy which would hold Indian interests to be paramount, and would oppose the sacrifice of such interests to those of a Cabinet or to any party or class interest whatever. There is nothing to warrant the expectation that a similar policy will prevail, so long as the system of government, established in 1858, endures. This will more clearly be seen from the evidence recorded by the Select Committee of 1873, extracts from which will be found in the appendix hereafter.

Meanwhile, lest any doubt be entertained as to the barrenness of the financial resources which are left to the Government of India, it may be as well to observe that the re-imposition of the income tax, in the present crisis, fully exposes the actual situation, seeing that that impost was condemned by the highest authorities, as being quite unsuitable to the conditions of society in India. Experience has shown that its assessment requires the employment of a host of underlings, over whose actions no efficient control is possible; and that, through bribery and extortion, a very much larger sum of money is taken from the people than ever comes into the coffers of the State. The senior member of the Revenue Board of the North-Western Provinces made the following statement on the subject in the Legislative Council of India in 1871 :—

“ It is, I believe, no exaggeration to say, that for every man who pays the tax to Government, twenty pay to get off; and for every rupee that is paid into the Treasury, another is paid to the subordinate officials. that is, that the people of India have paid last year upwards of £2,000,000 as Income

Tax to the Government, and upwards of £2,000,000 more in bribes. Everywhere, throughout the country, the people are being demoralised by the tax."

The Government having entertained doubts on the accuracy of this grave statement, directed an inquiry to be instituted on the subject, as complete as its importance deserved, and Sir William Muir, Lieutenant-Governor of the North-Western Provinces, after a careful investigation, replied at great length, and cited numerous cases in support of his conclusions: the substance of his report being that "three-fourths of the officers in the said provinces who had had opportunities of forming an opinion, shared Mr. Inglis's sentiments; and that, with hardly an exception, those officers who possessed most experience and judgment, coincided to a large extent in Mr. Inglis's views and impressions, and, broadly speaking, were at one with him as to a very general prevalence of oppression and corruption."

The feeling in the other provinces may be gathered from the following facts. In Madras, Sir Charles Trevelyan, the Governor, openly resisted the re-imposition of the tax, preferring the loss of his appointment and official prospect, to carrying out a measure that had proved to be so frightfully oppressive and demoralising. Mr. Massey stated: "Nothing on earth should induce me to hold office as Finance Minister, if the condition imposed upon me by the Secretary of State was the maintenance of an income tax as an ordinary source of revenue." Sir George Campbell, Lieutenant-Governor of Bengal, said: "The tax falls chiefly on small cultivators and ryots. Among them so strong and bitter a feeling has been aroused, that they threaten to migrate to Nepal"; and Mr. C. H. Campbell, Commissioner of the Presidency Division in Bengal, recorded his strong condemnation of the tax in the following terms: "Since the British connection with India began, no measure has ever

been introduced which caused such deep dislike to our rule."

It is impossible, therefore, to believe that the Government of India would, after such experience, have reverted to a measure so demoralising and financially defective, had a less objectionable resource been available for satisfying the exigencies of their situation. It is obvious at all events that direct taxation has already been carried beyond the limits prescribed by prudence and sound policy; and, as regards indirect taxation, it is not generally known that even the administration of justice has been turned to account for supplying the wants of the Indian Exchequer. The last parliamentary paper on the *Moral and Material Condition of India* contains, at page 15, the following statement, which will doubtless be read by many with surprise and concern.—

"It is worthy of notice that, while the sale of Court fee stamps in 1884-5 realised very nearly Rs.25,000,000, the whole expenditure incurred by the Government for law and justice was scarcely in excess of Rs 33,000,000, of which over Rs 7,500,000 represented the cost of jails and convict stations, and nearly Rs.9,000,000 the cost of criminal courts. Thus it appears that civil suitors in India, fully paid, and in some provinces much more than fully paid, for the cost of all the courts and establishments for dispensing justice"

The unavoidable conclusion from all the facts mentioned in the foregoing pages, is that, unless a very considerable reduction be made in the expenditure of the government of India, an equilibrium in its finances can be maintained only by loans. On the other hand, it would be an insult to common sense to contend that a fertile country like India, proverbially rich in products, teeming with an industrious, thrifty, and docile population, could not be duly administered with such financial resources as an intelligent, zealous, and thrifty govern-

ment may obtain from the country, without imposing oppressive taxation or having recourse to the extraneous aid of loans.

A Secretary of State for India may individually be intelligent; but are the conditions on which he assumes the government of India such as to call for the exercise of his intelligence in favour of thrift and of zeal for Indian interests? Let us briefly review those conditions.

When the East India Company was abolished, the enactment which transferred the government of India to the Crown (Act 106 of 1858), vested all the powers of the Company and those which had been exercised by the Board of Control, in a Secretary of State, subject *apparently* to certain restrictions. The Council of India, with its seat in London, was created by the same enactment, for aiding and advising the Secretary of State; and its members were to be appointed for life, in order to secure to them that degree of independence in the discharge of their duties, which judges enjoy under a similar condition. Section XLI. of the Act provides that no grant or appropriation of any part of the revenues of India shall be made without the concurrence of a majority of votes at a meeting of the Council. Sections XXIV. and XXV. provide that every order or communication proposed to be sent to India shall previously be submitted to the Council, and that, if the majority of the Council are against the act, and the order does not involve any expenditure of Indian revenue, the Secretary of State shall, if he do not defer to the opinions of the majority, record his reasons for acting in opposition thereto.

These restrictive clauses, however, are rendered nugatory by other sections of the same Act. Section XXVI. relieves the Secretary of State of the obligation of consulting his Council whenever it should appear to

him that the despatch of an order or communication not concerning the expenditure of Indian revenue, is urgently required. In such cases of urgency he has only to notify to his Council, afterwards, his reasons for not having consulted them, and of the validity of such reasons he alone is to be the judge. Moreover, Section XXVII. provides that any order which, under the previous *régime*, might have been sent by the Board of Control through the Secret Committee of the East India Company, may be sent without being communicated to the Council, and without any reason being notified for the adoption of such a course.

Now, an order sent under the last-mentioned Section, while it might not, in form, constitute a grant or appropriation of money, may, nevertheless, involve a large expenditure of Indian revenue for instance, an order to declare war or to do any act calculated to lead to hostilities. The security, therefore, which Section XLI. seems to afford to the revenues of India is virtually destroyed by Section XXVII.; and it must also be observed that any degree of independence which Parliament intended to confer on the Council of India, when it provided for its members being appointed for life, has likewise been destroyed by a subsequent enactment empowering the Secretary of State to appoint members for five years.

Then the Indian Councils Act of 1861 was long interpreted, both by the authorities in India and by the public generally, as placing certain restrictions on the power of the Secretary of State, by conferring a degree of independence on the Governor-General of India in Council, when sitting with additional members for the purpose of making laws. Such an interpretation, however, was ultimately disavowed by the Secretary of State, who thus laid down, in his despatch of 24th November, 1870, the principle on which India is ruled from home :—

“That principle is that the final control and direction of

the affairs of India rest with the Home Government, and not with the Authorities appointed and established by the Crown, under Parliamentary enactment, in India itself."

"The Government established in India is (from the nature of the case) subordinate to the Imperial Government at home. And no Government can be subordinate unless it is within the power of the Superior Government to order what is to be done or left undone . . . Neither can I admit that it makes any real difference in the case, if the directions issued by the Imperial Government relate to what may be termed legislative as distinguished from executive affairs. It may be quite as essential, in order to carry into effect the views of the Imperial Government as to the well-being of Her Majesty's Indian dominions, that a certain measure should be passed into law, as that a certain act described in common language as executive should be performed. But if it were indeed the case, as your argument would represent it to be, that the power of the Imperial Government were limited to the mere interposition of a veto on Acts passed in India, then the Government of the Queen, although it could resist the passing of an injurious law, would be helpless to secure legislative sanction for any measures, however essential it might deem them to be, for the welfare or safety of Her Indian Empire. . . . The Imperial Government cannot indeed insist on all the members of the Governor-General's Council, when assembled for legislative purposes, voting for measures which may be proposed, because on such occasions some members are present who are not members of the Government, and are not official servants of the Crown. But the Act which added these members to the Council for a particular purpose, made no change in the relations which subsist between the Imperial Government and its own executive officers. That Government must hold in its hands the ultimate power of requiring the Governor-General to introduce a measure, and of requiring also all the members of his Government to vote for it."

It was by this despatch of the Duke of Argyll that the relative positions of the Indian Secretary of State and the Government of India were finally settled, leaving to the former the SUPREME CONTROL OF THE ADMINISTRATION, THE ARMY, AND EVEN THE LEGISLATURE OF INDIA.

The Indian Secretary remains of course responsible

to Parliament, but the illusory nature of such responsibility has long been obvious from the indifference, nay, the actual repugnance, which Parliament has invariably evinced to discuss Indian affairs when they involved no party question or home interest. Those who have attended the House of Commons when the Indian Budget was submitted in Parliament, were struck by the very small number of members present, although the occasion is one which offers the most convenient opportunity for inquiring into the condition of things prevailing in that country. When these facts are considered, it will at once be evident that INDIA, SINCE 1858, HAS BEEN RULED BY A POWER VIRTUALLY IRRESPONSIBLE.

And by whom has that irresponsible power been exercised over two hundred millions of people whose destinies Providence confided to the British nation, and whom we solemnly pledged ourselves to protect? —By a person unacquainted with India, and selected without any regard whatever to his fitness for the duties for so important a post. After this, can any wonder be felt at the general extravagance, the oppressive taxation, the disastrous speculative enterprises, the unwise and, at times, unprincipled legislation, the financial crises, and the appalling famines which have so conspicuously marked the course of our Indian administration during the last twenty-eight years? Can, moreover, any doubt be felt as to the fatal end to which we are being rapidly carried by a similar course?

The need for reform has often been talked of, but has an executive ever been known to reform itself?

Reform is produced only by external pressure, such as in England is exercised by public opinion acting continuously through the medium of Parliament; and the effect of this continuous action has been to prevent,

by gradual reform, the violence and convulsions which have attended reform under less favourable circumstances. But India has no parliamentary representation, and, as public opinion does not possess the same means there as exist in this country for making its voice heard, it has very little influence with a government directed from a distant land, supported by all the power of Great Britain, and fortified, moreover, with legislative functions in addition to its legitimate attributes.

It is only through a strong expression of public opinion in England in favour of sound organic reform in the Indian administration, that the imminent danger to India can be averted. Nothing, therefore, that could arouse public attention to the existing state of things should be left undone by those who have at heart the welfare and safety of our Indian Empire.

LONDON, *February*, 1887.

P.S.—Before taking leave of the reader I would earnestly draw his attention to the valuable evidence which has been recorded by the Select Committee of 1873, on the characteristic point in the form of Government organised in 1858. The short extracts from that evidence which are appended to this paper may meanwhile serve to throw some light on the broad lines of reform which have been advocated by a succession of eminent statesmen during the last sixty years. The decentralisation of the finances is the key which they propose for the solution of the problem, and the latest official expression of opinion on that subject is contained in a Resolution of the Government of India, dated 30th

September, 1881, in which it is stated :—“A very important question is intimately connected with the scheme for the decentralisation of finance, namely, the development of self-government. Allusion was prominently made to this point in the resolution of December 14th, 1870, in the following terms: *Beyond all this there is a greater and wider object in view. The operation of this resolution will afford opportunities for developing self-government.* The Governor-General is of opinion that the time has arrived when further practical development may be afforded to the intentions of Lord Mayo's Government, and that the provincial agreements should no longer ignore the question of local self-government.”

This intention to develop local self-government, which is inseparable from popular representation, received, however, but little practical effect from the Government of India; and it may be useful here to observe how baneful is the quasi-autocratic rule imposed in 1858, seeing that, while it exposes India to all the evils attaching to irresponsible power, it makes it impossible for the best intentioned and most enlightened Secretary of State to secure any permanent protection to the country. “We have no power,” said Lord Salisbury, “to give permanent force to any policy. Can we enact that our successors shall do that which we are not doing—forebear from altering their predecessors' work?” It seems useless, under such conditions to press the Government of India or the Secretary of State for measures of Indian administrative reform, seeing that all such measures must be protected by a Parliamentary enactment before they can possess any element of permanency.

J. D.

APPENDIX.

*Extracts from the Minutes of Evidence of the Select
Committee of 1873.*

THE following evidence was given by Sir Charles E. Trevelyan, whose official career in India commenced in 1826, and who, after some years of employment in the Treasury in London, returned to India as Financial Member of the Viceregal Council, and again as Governor of Madras, retiring ultimately only a short time before he was examined by the Committee. Few men, therefore, have had such opportunities of forming a correct judgment on questions relating to the civil administration and the finances of India.—

“ 415. The Queen’s Government has been earnestly desirous to do justice to its great task ; but it has entered upon its charge with something of the excess of zeal of a person who has come into office with a strong impression that a great arrear of improvement has to be brought up. Whenever a clear case has been made out for any administrative improvement, however expensive, it seems to have been accepted quite as a matter of course that it should be done, and done at once, without much regard to its effect upon the finances. In short, the spirit of the new *régime* has been high-minded, open-handed, munificent ; and it is remarkable that all this was foreseen, and safeguards were attempted, but without success.”

“ 417. The direct action of the popular Government of England, brought to bear immediately upon the administration of India has been altogether too strong. When people spend their own money, they generally look well after it ; when they spend other people’s money, they are generally inclined to be liberal ; and that is what has taken place here. It is the English Government spending the money of the people of India under all these influences, and the new machinery of Government has provided no effectual check against it ; and therefore I state, as the first and most powerful cause of the deranged state of Indian finance, that no sufficient barrier exists against official or popular pressure, or against the greed of class interests.”

" 545. I do not see how the Council of India could be so modified as to form a body who will protect the interests of the Indian taxpayer. All was done to erect the Council into a body such as we are speaking of, and it has all failed. The utmost limits of *quasi*-independence were given to the Council. We could not have gone further, without making them masters. They were given a life tenure, like the judges, and an exclusive power of directing payment out of the revenue. I do not see what more could have been done : and all that has failed ; therefore, I do not look to any improvement of the Council for a remedy. What I look to is that these facts should be known to the people of England, who are actuated, as a body, by a sense of justice and fair play, and when the facts are known, I feel sure that they will take care that our future proceedings shall be an improvement on our past proceedings.

" 546. The true remedy is to put the raising and the spending of the money into the hands of the people of India themselves.

" 547. I would propose a more full development of a change which has been in progress for some time, namely of decentralisation."

" 588. The Council of India is a secret, silent body. However much they may object to particular proceedings, the decision is come to and promulgated, without their being heard outside the walls of the India Office."

" 591. At present we have no means of knowing the truth of any matters connected with India, except through the exposition of the Secretary for India, or the Under Secretary, in the House of Commons, neither of whom has ever been in India, and who must derive their information entirely at second-hand ; and more than that, the House of Commons has no means of forming a judgment upon proceedings connected with India, until those proceedings have actually taken effect, and it is too late to remedy them."

" 618. The East India Company, which founded our Indian Empire, while they abolished the most oppressive of the old taxes, and endeavoured to regulate those that remained, carefully abstained from new taxation.

" 619. This ought certainly to be the cardinal principle of our financial administration, until we have finally remitted the income and expenditure into the hands of the people of India themselves, by a proper system of local administration ;

whereas, in fact, since the mutinies we have been doing nothing else except inventing new taxes. We seem to have forgotten all at once the old maxim, that the true plan is keeping down expenditure, and to have exercised our ingenuity in inventing, and discussing, and elaborating all sorts of new taxes—tobacco tax, succession duties, marriage tax, and all sorts of taxes.”

“631. If an inexperienced person is appointed Secretary of State for War, or First Lord of the Admiralty, or at the head of any other English administration, he has an extremely well-instructed House of Commons and the whole of the English tax-payers to watch him; whereas, if an inexperienced person is placed at the head of Indian affairs, he has nobody to look after him.”

“855. The decentralisation of the finances is the key to the solution of the whole problem. It is not a new idea; it was an early aspiration of our Indian administrators, and has had a gradual development. It was soon perceived that it was simply impossible that the whole of that great country could be administered on the principle of centralisation, and, as early as Lord Amherst's time, an Act was passed by which local funds were established, and it continued until it became necessary to re-absorb the funds into the fisc, in consequence of the financial difficulties arising out of the first Burmese war. While I was minister of finance the Government transferred various sources of income to be administered by the local governments. Mr. Laing and Mr. Massey had the same aspirations. The final application of the principle, which has now to be acted upon and practically considered, was Lord Mayo's resolution of the 14th December, 1870.

“856. It is an excellent first step, but it is of a provisional and imperfect character. It is open to this objection, that no self-adjusting principle is provided between the services which have been transferred to the local governments and those which have been retained by the central government, or rather between the funds applicable to each. There are also other defects.

“857. The real administration of India is vested in the local governments; for all practical administrative purposes they are the major, and the supreme Government is the minor quantity. Instead of attempting to define what the local governments should do, the process ought to be reversed. The functions of the supreme Government should be defined,

and everything not included in that definition should be left to the local governments."

"863. I am of opinion that, as in other countries where the same principle has been carried out, representation should be commensurate with taxation. I think that there ought to be, first, provincial councils at the chief seats of the eight local administrations. Then there should be zillah or county councils, and lastly there should be town and village municipalities, and the principle of direct election should be introduced within such limits as may be safe and expedient.

"864. We should work up to actual election, and we have had experience enough to show that it is quite practicable."

"866. The people of India have been prepared for this development by ancient habitude and recent cultivation. The foundation of Indian society is the village municipality. . . . The natives are by no means deficient in public spirited liberality; the country is covered with ancient works, tanks, caravanserais, and works of various kinds, which have been constructed by individual munificence. . . . If councils were merely consultative, the members would never become emancipated from the control of the European official presidents. The natives should not be made to go always in leading strings. It is the old story of not allowing a boy to go into the water till he can swim; he never will learn to swim unless he goes into the water and incurs a little risk and paddles about. At first, no doubt, they will be timid and frugal; but a little done willingly is better than a great deal done under compulsion, or done ~~for~~ them. Give them the raising and the spending of their own money, and the motive will be supplied, and life and reality will be imparted to the whole system. All would act under a real personal responsibility under the eyes of those who would be familiar with all the details, and would have the strongest possible interest in maintaining a vigilant control over them; and it would be a school of self-government for the whole of India—the longest step yet taken towards teaching its 200 millions of people to govern themselves, which is the end and object of our connection with that country."

"890. First of all, I would speak of the right of India to raise her revenue in the manner most convenient to herself. As India provides in the fullest manner for all her expenses, she ought to have the same privilege, which is accorded to the British Colonies, of levying the amount in the manner most convenient to herself. We bear with Canada and

Australia when, with a more or less covert view to protection, they impose duties which are decidedly injurious to British trade; while, on the other hand, we do not permit India to levy even ordinary moderate revenue duties. We ought not, in such cases, to have one law for the weak, and another for the strong; or rather, we ought not, either in justice or policy, to take advantage of the circumstance of our having at present entire control over a country of great latent strength, a country which has a great future before it, to do to India what we should not venture to do to Canada or Australia, or even to the Cape or New Zealand.

“ 891. Indirect taxation is still so much in vogue in England, that we raise about four-sevenths of our revenue from consumable articles which by habit have become necessities. . . . The native alternative for the income tax is always some form of indirect taxation, and the Imperial policy coincides with popular predilection. Administering, as we do, a foreign government, which can never have a strong hold upon the affections of the people, or an intimate acquaintance with their circumstances, which is best for us?—an easy-going self-acting system to which the people have long been accustomed, or one which is totally unsuited to their character and habits and is singularly odious to them?—It matters less now, but wait till another crisis comes, and see how it will be then.”

“ 893. I consider that, in the next degree to the income tax, the license tax in the hands of the central Government is extremely odious. If the charge for each license is put high, then it becomes unequal and oppressive: if it is put low, then it is unproductive. But I consider that the impost is suited to municipal taxation, because there the people have the management of their own affairs, and they can make it equal because they are familiar with all the circumstances which have to be considered in assessing the tax.”

“ 950. With regard to the Council of India, I pointed out that a new profusion has characterised the administration of the finances of India since it was transferred to the Crown. I have also pointed out various grave instances of questionable expenditure, and I find that the Council of India has not opposed any check upon this profusion and these questionable expenditures, and therefore I say that the Council of India has failed to exercise that check which it was intended and hoped that it would exercise.

“ 953 I have pointed out a policy of profusion and a series of transactions of a cognate character, which not only I, but various other people of greater authority than myself, consider very objectionable, and I see that the Council of India, notwithstanding all the guarantees introduced into the constitution of the Council, have failed to oppose a check to those transactions.”

“ 981. The East India Company was the founder of our Indian Empire, and the whole period of the administration of the Company was a period of constuction of that Empire ; so that the expenses of the wars out of which that Empire originated, were continually pressing upon them ; therefore they were often in deficit, although on two or three remarkable occasions, by the exercise of strict economy, a surplus was produced ; but the observation that I have to make is that, if it had not been for this habitual frugality of the Company, they could never have done what they did—they never could have constructed that Empire.”

“ 1160. Reverting to the Council of India, I see danger in making the debates of the Council open to the public and the press. The Council are sitting in the midst of English interests. The Councillors naturally care most for those with whom they are in daily communication, whose good opinion is the greatest object to them, and they are naturally influenced by the opinions which prevail around them ; and I should fear that, if the debates of the Council were thrown open, it would only strengthen those class interests which the Council was intended to guard against. I think that the interests of Manchester and the City would be strengthened by it, and that the case would be worse than ever.

“ 1161. I think that if the Council were held in India instead of England it would be different, because the surroundings and the prevailing influences would all be Indian.

“ 1162. Yes ; I think that the provincial Councils, where every financial proposal would be discussed, would be the best safeguard. I conceive that if the finances of India were decentralised and reconstructed, with the infusion of a strong popular element, round the eight local centres and the central Government, then the finances would be placed on a solid basis ; and although there would be a transition period and the security would be by no means perfect at first, yet there would be a steady, wholesome growth in the right direction.”

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THE GRAMMAR OF INDIAN FINANCE.

X 7.2

INTRODUCTION.

THE area of India in square miles is 1,378,044, of which 868,314 miles are British, and 509,730 native territory.

According to the last Census its population including native states was 253,982,595, of which 198,790,853 belonged to British territory, and 55,191,742 to native states. There is no distinct separation according to nationalities, but the races inhabiting India speak upwards of 50 different languages, the chief of which are as follows:—

Hindustani	82,497,168	Malayum	4,848,490
Bengali	38,965,428	Burmese	2,611,467
Telagu	17,000,358	Sindi	3,718,961
Mahratti	17,044,634	Hindi	1,880,777
Punjabi	15,754,793	Assamese	1,361,759
Tamil	13,068,279	Kol	1,140,489
Guzrati	9,620,688	Sonthali	1,130,509
Canarese	8,337,027	Gondi	1,079,565
Ooriya	6,819,112		

The others number from 10,000 to just under one million. According to religion they may be distributed roughly as follows:—

Hindoos	187,937,438	Sikhs	1,853,426
Mahomedans	50,121,595	Jains	1,221,885
Aboriginals	6,426,511	Parsis	85,397
Bhuddists	3,418,895	Others	964,048
Christians	1,862,626		

There are no fewer than 187 native states, viz. Hyderabad, Baroda and Mysore under the Government of India; 82 under the Central India, and 20 under the Rajpootana Agencies; 4 under the Government of Bengal; 2 under the Government of the North West Provinces; 36 under the Government of the Punjab; 15 under the Government of the Central Provinces; 5 under the Government of Madras; and 20 under the Government of Bombay.

From these figures it will be understood with what varied interests and races the Government of India has to deal.

The total revenue of British India for 1883-84, is put down in the Finance and Revenue Accounts at £71,727,421, the expenditure at £70,339,925.

The accounts shew the revenues and expenditure as Imperial, Provincial and Local. The Supreme Government of India administers the first; the different Provincial Governments the second; and Local bodies the third. Municipal accounts are not included in those of the Government.

For purposes of account India is divided into nine circles, which, except in the case of "India General," correspond with the jurisdiction of the different Provincial Governments. "India General" includes the accounts of Coorg, Ajmere, Quetta, the Political Treasuries throughout India as well as those in Persia and Jeddah. I now proceed to take each head of account separately.

LAND REVENUE.

The Land Revenue of India, should be that share of the produce of the land to which the state has always been held entitled from time immemorial, in return for the protection afforded to the cultivator. This share was originally paid in kind, the State receiving so much of the actual crops. It was thus to the direct interest of the State, to protect its subjects, and to foster agriculture, for if the crops failed by reason of war or famine, the revenue fell away. It was for this reason, no doubt, that the different kings and emperors constructed such numerous canals and tanks, knowing that the money laid out on them would return in the shape of an increased share of produce.

The following are extracts from the Institutes of Menu on the subject of the Land Tax :—

“ A king who takes even a fourth part of the crops of his realm
 “ at a time of urgent necessity, as of war or invasion, and
 “ protects his people to the utmost of his power, commits no sin.”

“ The tax, which in times of prosperity must only be a twelfth part
 “ of the crops, may be an eighth in a time of distress, or a sixth,
 “ or even a fourth in a great public adversity.”

“ Of old hoards and precious minerals in the earth, the king is
 “ entitled to half by reason of his general protection, because he
 “ is lord paramount of the soil (master of the land).”

The system did not allow of landlords intermediate between the Sovereign and the cultivator. The land belonged to him who cultivated it, and there was no forfeiture of that right contemplated under Hindoo law. The king had no power to alienate the land, all he could do was to give away the right to his own share of the produce of the soil, and this was the only right that the grant of Jaghirs, Altumghas, etc., carried with them. The grantee took the place of the king as regards the revenue, but the village system, the rights of the cultivator and village servants, were unaffected by the transfer. It was the misapprehension of these first great principles of Hindu law and custom, which caused our most serious mistakes regarding the land revenue.

In the time of Akbar, owing to the extent of his empire, it was found very difficult to ascertain the prices current every year in all parts of the kingdom, and the delays thus occasioned in making settlements were productive of many inconveniences. He directed that a settlement should be concluded for ten years, calculated on the average of the previous ten years, at the rate of one third of the average produce, the revenue to be paid in money, though the husbandman might pay in kind if more convenient.

The system of Menu existed in a more or less modified form over the whole of India until our advent. Different systems now exist in different provinces, and these I would propose referring to briefly under each province.

The receipts under Land Revenue for the whole of India during the ten years from 1874-75 are as follows:—

1874-75	£21,332,176	1879-80	£21,861,150
1875-76	21,540,480	1880-81	21,112,995
1876-77	19,891,491	1881-82	21,948,022
1877-78	19,891,145	1882-83	21,876,047
1878-79	22,323,868	1883-84	22,361,899

There has thus been a total increase of £1,029,723 during the ten years, chiefly in Burmah and Bombay. In the former province there has been a large increase in cultivation of late years, owing to the extension of the rice trade, and in the latter the termination of settlements, together with the prosperity of the province, and the yearly increasing value of land and its produce, has allowed of an enhancement of the share of the Government.

LAND REVENUE. Central Provinces.

The following have been the Land Revenue receipts since 1874-75 :

1874-75	£584,919	1879-80	£606,007
1875-76	607,885	1880-81	609,292
1876-77	604,419	1881-82	613,759
1877-78	601,910	1882-83	609,759
1878 79	607,245	1883-84	619,298

The Land Revenue system is based on the same principles as that of the North West Provinces.* The Administration Report for 1882-83 states, "Most of the estates in the provinces are held on what is known as the *Malguzari* tenure. The estate, whether the property of one or many owners, is always managed by a single proprietor, and the land is chiefly held by the cultivators, whose rents are thrown into a common stock. The profits are divided or the losses made up with reference to the respective shares of the different proprietors. The antient proprietary land in cultivation by the owners themselves is either held and cultivated by the proprietors according to their shares, or else is cultivated in common."

The settlements are for terms of 30 years or less.

The land is as fertile as that of any province in India. The rich black cotton soil abounds, and wheat, cotton and linseed all flourish, yet, with the extraordinary fatality which followed, up to very recent years, all our arrangements regarding the land revenue the rate was fixed so ridiculously low, as to average about six annas three pies an acre, less than that settled under the permanent settlement of Bengal. It was settled when the North West system was in favour, and instead of the *Ryotwari* system, which had existed under Mahratta rule being continued, villages were grouped together, and a headman selected and made responsible for the collection of the revenue. These are the men who now benefit by the low rates. They have become virtually landlords, and will continue so till the termination of the settlement towards the end of the century. The Land Revenue of the Central Provinces should be nearly three times what it is at present, and by that time the loss to the Indian Government will have been many millions sterling.

* See North West Provinces.

LAND REVENUE.

LAND REVENUE. British Burmah.

The Land Revenue from 1874-75 up to 1883-84 has been as follows :

1874-75	£728,425	1879-80	£969,357
1875-76	823,655	1880-81	899,100
1876-77	835,376	1881-82	1,052,262
1877-78	785,649	1882-83	1,057,886
1878-79	901,946	1883-84	1,308,065

In Burmah, as in India, it was recognised that the king was entitled to a share in the produce of the land, which was levied on each member of a family using a "dah," or knife, for cutting the yield, or else by what was called a rice land tax, which was not assessed on the land, but on the number of cattle employed upon it. The assessment was made by irresponsible subordinate officers, who after paying a certain sum into the State Treasury were accustomed to levy such additional contributions as they pleased for their own benefit. On our taking over the country we levied the land revenue on the land cultivated. A rough survey was introduced, and certain areas were grouped together as revenue paying divisions, the settlements being annual. Now the settlements are for ten or fifteen years, being made with the actual cultivators, or with certain revenue paying groups, as may be most convenient.

Upwards of 1,000,000 acres of land have been taken up for rice cultivation since 1878-79, and this accounts for the increase of revenue during the last few years.

A capitation tax is also levied and credited to Land Revenue, on all males between 18 and 60 years of age, being two rupees eight annas a year for bachelors, and five rupees eight annas for married men. The amount realised in 1883-84 was £307,964.

Fishery revenue is also taken under the head of Land Revenue; it is derived from sale of licenses for sea fishing, nets and boats, and rents of inland fisheries. The revenue for 1883-84, was £122,623.

LAND REVENUE. Assam.

The Land Revenue from 1874-75 up to 1883-84 has been as follows :

1874-75	£347,676	1879-80	£383,018
1875-76	346,011	1880-81	374,761
1876-77	349,927	1881-82	379,380
1877-78	377,677	1882-83	385,504
1878-79	378,618	1883-84	394,706

The Sylhet and Goalpara districts belonging prior to 1874 to Bengal were permanently settled by Lord Cornwallis.

In the Assam Valley, upon our conquest, each chief under the Ahom Raja was allowed certain lands for the support of his retainers, and revenue was taken in the shape of a poll tax, which was afterwards changed into a payment on land. The land was held at the pleasure of the Raja, and there was no heritable or transferable right. The Ryotwari system now prevails over the greater part of the valley, the settlements being either annual, or for periods of ten years. The cultivator has a right to his holding so long as the revenue is regularly

paid, and his power to transfer it is tacitly admitted, though it is only when a settlement is made for ten years that the right of occupancy heritable, and transferable, is formally recognised. The annual leases number 262,962, covering an area of 823,556 acres, and paying £143,140. The ten-year leases are 164,895, occupying an area of 571,977 acres, the revenue being £108,549. 82,295 acres are held rent free in recognition of grants by previous Governments. In the hill tracts the revenue is chiefly realised by means of a house tax.

LAND REVENUE. Bengal.

The receipts from 1874-75 to 1883-84 have been as follows:—

1874-75	£3,649,251	1879-80	£3,733,873
1875-76	3,788,281	1880-81	3,751,808
1876-77	3,667,822	1881-82	3,794,389
1877-78	3,695,766	1882-83	3,883,673
1878-79	3,767,082	1883-84	3,791,872

In 1765 the Diwani of Bengal, Behar and Orissa was made over to Clive by the Moghul Emperor as a free gift, and *altumgha*. The Nawab of Bengal was to receive an annual allowance of Rs. 53,86,132, and the Mogul an annual tribute of 26 lacs. After the deduction of the public expenses, Clive calculated that there would be an annual gain to the East India Company from their possessions in Bengal of 122 lacs of rupees. This expectation was never fulfilled. Prior to our receiving the Diwani, Bengal had been over-run by the Mahrattas, and at the mercy of the strongest, and the utmost farthing had been wrung year after year from the cultivator. At first we tried farming out the land revenue, but there were no data to go on, and the native agents proved altogether untrustworthy. Then came the terrible famine of 1770. In 1772 the Company stood forth directly as Dewan, and by the agency of their servants took upon themselves the entire care and management of the revenues. A five years settlement of the Land revenue was first made, after that annual settlements, but these arrangements were not considered satisfactory. At last Lord Cornwallis in 1773 introduced the permanent settlement. He, with the English ideas of landlord and tenant, considered the State to be the landlord of the soil, the absolute owner of it; his advisers had doubts on the matter, but the desire to obtain a regular revenue overbore all arguments, and, introduced as a temporary settlement, it was after ten years made permanent for ever. The agreement was made with men termed *Zemindars*, who were simply collectors of the Government revenue, and had no real connection with the land; the collection of the revenue had been farmed out to contractors or agents, as it is to this day by the landlords of Bengal, and it was with these that the settlement was made. The amount was fixed with reference to what had previously been received, no attempt was made to measure the land or calculate the outturn. It is confined to the three provinces of Bengal, Bihar and Orissa, according to their boundaries in 1793. Orissa proper, the Bhootan Dooars, and other districts, which have since been added to Bengal are settled under 30 year, or temporary leases.

Kaye writes that the great blot of the permanent settlement is that whilst the amount leviable from the landed proprietor is definitely and permanently fixed, there is no definition of the claim to be made by him on the under tenant. An attempt to remove this blot has at length been

made by the Bengal Tenancy Bill, passed last year, regarding which there was so much discussion, but from a financial point of view the great blot is the loss to Government which has been caused by it.

In 1790-91 the amount of the land revenue was £2,858,772, and this was the amount at which the permanent settlement was fixed in 1793. In 1882-3 the amount for the same districts as those in which it was permanently fixed, amounted to £3,276,209, some addition having been made when the landlords were relieved of police and other charges, and by the resumption of invalid tenures, by escheats, and the assessment of lands brought to light by survey. The gross land revenue of Bengal for 1882-83, was £3,833,673, the revenue from the temporarily settled districts amounting therefore to £557,464 only. Though, owing to the want of agricultural statistics of any kind, nothing certain is known of the area under cultivation, or of the value of the respective crops, the gross rental of Bengal may be put down at not less than 22 millions. Some calculate it as high as 30 millions, while the gross value of the produce cannot be less than 150 millions, probably nearer 175 millions. The Government share, as the price of protection, according to Hindoo law should be not less than one-twelfth part of the gross produce, which would be 12½ millions, but the Government receive by the permanent settlement less than 4 millions, so that the loss, is not less than 8 millions sterling a year.

Owing to this, Bengal, the most wealthy of the provinces of India, contributes, per head of population, less to the Imperial finances than any other province.

When Lord Cornwallis created the landlords in 1793, they gradually farmed out their rents to agents. As the country settled down and the value of the produce increased, these contractors found that the unfortunate cultivators could pay increased rents, and to save themselves the trouble of realising them, they in their turn contracted with sub-agents for them. As the country further progressed, a higher rent was wrung from the cultivator, and further agents introduced, until we find generally three or four of these middlemen, but sometimes as many as twelve of them, between the cultivator and the landlord, and it is now calculated that they number about 1,000,000. Custom has given them rights which it is impossible to ignore, and the difference between the rent received by the 110,456 landlords borne on the Government rent rolls, which is estimated at about £13,000,000, and the gross rental of from £22,000,000 to £30,000,000, is absorbed by these middlemen; they prey upon the cultivator, and it is they who have rackrented him and reduced him to the miserable state which compelled the Government to introduce the Tenancy Bill.

Some have suggested buying out the landlords, some the parasitical middlemen. That something will have to be done eventually there can be no question, and also that the longer it is deferred the more difficult and more costly it will be; but this is a question which can only be dealt with by experts.

LAND REVENUE. North West Provinces & Oudh.

For the ten years from 1874-75 the figures have been as follows:—

1874-75	£5,614,204	1879-80	5,698,869
1875-76	5,653,176	1880-81	5,593,703
1876-77	5,702,751	1881-82	5,751,104
1877-78	5,269,960	1882-83	5,656,543
1878-79	5,942,197	1883-84	5,680,105

The greater portion of the North West was acquired in 1805 and subsequent years, and at first orders were issued that a permanent settlement similar to that of Bengal should be introduced. It had already been established in 1795 in the Benares province, which now belongs to the North West, so that the land revenue of the districts forming the southern portion of the province is permanently fixed.

But even the few years that had elapsed since the introduction of the permanent settlement had not failed to expose some of its defects, and the commissioners specially appointed to make it general throughout the North West declined to do so. The matter was referred to the Court of Directors, who, in accordance with the advice of the local officers, wisely refused to enforce it. Short leases were then introduced, apparently obtainable by any applicant, whether previously connected with the estate or not, who promised solvency with regard to the Government demand for revenue. The rights of the original cultivating owners were thus virtually confiscated in favour of these outside leaseholders, many of them subordinate officials of the local law-courts, and consequently familiar with legal chicanery. The consequence was, that many estates were sold, and great injustice and oppression ensued.* In 1821 a regulation was passed, recognising the injustice which, under cover of the sale law had "been done to poor and ignorant men," and a commission was appointed to enquire into the matter. Nothing came of this, but an investigation into rights followed, which after ten years of labour it was calculated would take sixty years more to complete. The outcome of it all was what has since been known as the N. W. System of Settlement, and this was introduced, not only in the North West Provinces, but afterwards in Oudh when that province was subsequently annexed.

This system is based on the recognition of the village community as a whole being responsible for the land revenue assessed on its lands through a head proprietor or chief. There is, however, a regular record maintained of the rights of each individual member of the community, and of the share of the revenue to be contributed by him, while he is protected in return by special legislation, so that it is claimed for the system that it has all the advantages of the ryotwari, while Government is saved the labour of realising its revenue from each individual cultivator. Had the headman been recognised as nothing more than revenue collector for Government, as he was under the Hindu system, receiving a percentage on the revenue realised, this would have been true; but unfortunately the pernicious views regarding landlords and their absolute rights in the soil, which prevailed at the commencement of the century, were introduced here, and we find the headmen termed proprietors, having certain rights over the waste lands within the village boundaries, and with certain powers for collecting revenue, and that they are regarded in the light of landlords of the villages, for the revenue collections of which they are responsible, instead of as simple collectors of revenue for Government.

LAND REVENUE. Punjab.

The receipts for the ten years from 1874-75 have been as below:—

1874-75	£2,007,735	1879-80	2,018,914
1875-76	2,001,600	1880-81	1,928,982
1876-77	2,004,312	1881-82	2,061,963
1877-78	1,941,229	1882-83	2,042,772
1878-79	1,987,643	1883-84	1,996,510

The following description of the system of land tenures in the Punjab is taken from the administration report for 1882-83.

“Taking the province as a whole, it may be estimated that between one-fifth and one-sixth of the area is the property of Government, while upwards of four-fifths belong to private owners; the greater part of the area belonging to Government is, however, little better than a desert, and could not profitably be brought under cultivation without the aid of extensive works of irrigation, some of which are now under consideration. Some of the more favourably situated portions are preserved as forest or grazing lands, and others are held under lease from Government for purposes of cultivation, but almost the entire cultivated area of the province is in the hands of private owners. These lands are held subject to the payment of land revenue to the State, or to grantees holding from the State, and the revenue at present exceeds Rs. 236,50,000 per annum, of which more than Rs. 29,50,000 are received by assignees who had on various grounds claims and considerations from Government. In some cases these assignments are of the nature of the release of the revenue of lands belonging to the assignees, but they have no necessary connection with proprietary right, and in the majority of instances the grantees are merely entitled to receive the revenue payable to Government, the amount of which is limited in the same way as if it were paid direct to Government. The great mass of the landed property in the Punjab is held by small proprietors who cultivate their own land in whole or in part. The chief characteristic of the tenure generally is that these proprietors are associated together in village communities, having to a greater or less extent joint interests, and under our system of cash payments, limited so as to secure a certain profit to the proprietors jointly responsible for the payment of the revenue assessed upon the village lands. It is almost an invariable incident of the tenure, that, if any of the proprietors wishes to sell his rights, or is obliged to part with them in order to satisfy demands upon him, the other members of the community have a preferential right to purchase them at the same price as could be obtained from outsiders.”

The assessments are usually for periods of thirty years. The rate per acre of revenue-paying cultivated land is thirteen annas and six pies. The state of the cultivator is satisfactory, he is generally fairly well to do, and not generally in debt or in the hands of the money lender. Considerable transfer of land takes place, but in 83-84 three-fourths of the voluntary sales were by agriculturists to agriculturists. The Government state that the alienations of land would seem to be confined to the more thriftless and less sturdy proprietors whose removal from connection with the soil is to be little regretted. The matter, however, is one that requires careful watching, as our system is very likely to force the cultivator into the hands of the usurer, as has happened in the older provinces.

A new and more liberal Tuckavi Act has been passed, which will enable advances to be made more freely for agricultural purposes. The advances during 1883-84 aggregated Rupees 375,77. The increase in the wheat trade and demand for other cereals has caused large strides in cultivation in the Punjab. The value of the land and of the produce is increasing, and with the opening up of the country by railways will continue to do so; and as fresh settlements are made, the Government share in this prosperity will lead to some increase in the land revenue. If properly administered, and if the cultivator can be protected from the usurer, the land revenue of the Punjab is likely to increase slowly but steadily year by year.

LAND REVENUE. Madras.

The receipts for the ten years from 1874-75 have been as follows:—

1874-75	£4,635,487	1879-80	4,465,628
1875-76	4,545,012	1880-81	4,121,286
1876-77	3,296,575	1881-82	4,354,421
1877-78	3,494,883	1882-83	4,506,459
1878-79	4,965,548	1883-84	4,515,342

The decrease in 1876-77 and 1877-78 was due to the famine. As in the rest of India the Land revenue system of Madras was in great confusion when we took over its government. The settlements were at first annual, but when the permanent settlement was made in Bengal, the Court of Directors directed the Madras authorities to adopt it also there, and they were reluctantly forced to introduce it into the Northern Sircars, the Jagir of Madras, and the district of Salem. After this the village system was tried, which was also pronounced unsatisfactory. The ryotwari system then came in favour chiefly through the exertions of Sir Thomas Munro, who became Governor in 1820. He had found that it had existed in Canara from the 14th century, and when settlement officer in that district, he at once adopted it. He considered it far superior to the system which introduced middlemen between the Government and the cultivator, and with the exception of about one-fifth of the Presidency, which is permanently settled, the ryotwari system was introduced. The following are the advantages claimed under it for the cultivator:—

- 1st. Fixity of tenure conditional on the payment of the Government demand.
- 2nd. His occupancy is heritable and transferable by gift, sale or mortgage without other restriction than the requirement to give notice to the authorities.
- 3rd. His assessment is fixed, but subject to revision after periods of 30 years. The right of occupancy is not affected by the expiration of a term of settlement, being conditional solely on the payment of the assessment imposed.
- 4th. He is at liberty to resign his entire occupancy, or any recognized share or part of it defined by the Survey, in any year, provided notice be given by a fixed date. If waste land be available he may enlarge his holding at pleasure on application to the District officials.

5th. He may sub-let his lands, and Government will assist him under certain limitations in recovering rents from his tenants.

6th. His holding cannot be encroached upon by his neighbour, every sub-division of it being clearly defined by boundary marks, and susceptible of immediate identification, by means of village maps and registers. Further, the fact of his possession of any field or sub-division of it can be traced without difficulty in the village records year by year up to the date of the introduction of the first survey settlement. Thus the chances of dispute and litigation are entirely removed, or reduced to a minimum.

LAND REVENUE. Bombay.

The revenue for ten years up to 1883-84 has been as follows :—

1874-75	£3,701,514	1879-80	3,900,729
1875-76	3,706,121	1880-81	3,744,845
1876-77	3,355,866	1881-82	3,845,746
1877-78	3,641,887	1882-83	3,694,768
1878-79	3,689,165	1883-84	3,959,182

The land is settled on the ryotwari tenure. The remains of the village communities of Menu are to be found all over the Deccan, and had been preserved as far as possible by Malik Ambar the great Abyssinian administrator, under the Ahmednuga dynasty at the commencement of the 17th century; the Mahrattas preferred a system which dealt with each individual cultivator, whose assessment was based on the actual soil in cultivation, though when their power was declining arrangements with farmers of the land revenue were made. Consequently our revenue officers found that the system which had previously existed, though, owing to the confusion of the times, changes had been introduced, was that which allowed the cultivator to contract for his revenue direct with Government. This was Sir Thomas Munro's ryotwari system in Madras, and it was decided to maintain the system for Bombay.

In Scind also the ryotwari system exists.

A few years ago serious complaints were made of the poverty of the cultivator in the Deccan, who was asserted to be worse off than under the Moghul or Mahratta. The chief cause appears to have been the want of elasticity in our system of collection, and our allowing of the sale of the land—a thing impossible under our native predecessors. We make our settlements usually for a term of 30 years, and our share of the produce fixed in money, though small, was realised equally through good years and bad, and the cultivator was consequently bound to go to the money-lender. Akbar fixed his settlements for ten years, but then if the cultivator found it hard to pay the Government share of his produce in money he was allowed to pay it in kind. The cultivator is the most thrifless of mankind, and never

puts by for a bad year, and once on the money-lenders' books he is never allowed to escape. The money-lender advances him the seed for his crops, taking as his own, at his own price, the difference between the Government share and that necessary for his victims' actual subsistence. In many instances the land was sold and the money-lender became landlord, the former proprietor becoming a mere tenant at will. Remissions of land revenue in unfavorable years now form a part of the Government policy and the fact that cultivators are usually able to repay in favourable years the portion temporarily remitted, shows how light our land assessment is.

To alleviate the position of the indebted cultivator, the Deccan Agriculturists' Act was passed and came into operation in four districts in 1880-81. According to the latest reports there has been a considerable improvement in the position of the agriculturist; but, though the Act may have conduced to this happy result, it is probably chiefly due to the abundant harvests and general agricultural prosperity of the last few years, for the cultivator is still sadly dependent on the money-lender, and the question how to deliver him is still unsolved. Some have suggested Agricultural Banks, Insolvency laws, &c. Government is liberal in advances for agricultural improvements, but the Administration report for 1883-84 says: "All the cultivators are more or less in the hands of the money-lenders, who would, if their clients manifested any intention of borrowing from Government, insist on the immediate payment of the sums owed to them."

Thus nothing would be of any avail that did not first arrange for the payment of the cultivator's present debts. No one can do this but Government. It will be said that it is interfering with freedom of contract, and this is perfectly true,—but the Government of India is paternal, and the cultivator a most ignorant and helpless child, without the least idea of what stamped paper and words mean. It is only when he is fairly in the meshes of the usurer, when the sum borrowed has been repaid over and over again, and there is still more to pay, that he begins to realise his condition. In a country which depends so largely on agriculture as India does, where there is no representative Government, and little knowledge or civilisation amongst the masses, it is only right that this most helpless class should be protected. In fixing the Government share of the produce at its low rates, Government was actuated by solicitude for the welfare of the cultivator, but this kindness does him no good. The question therefore suggests itself—should public revenue be sacrificed for the sole benefit of the money-lender? Government might pay off the present debts of the cultivator. Money could be borrowed by Government at a low rate, and a higher rate charged to the cultivator to repay the loan and its interest, together with any extra expense caused by the arrangement. The cultivator would become indebted to Government and would pay a fair interest, and not the cent. per cent. he pays now. In a few years he would pay off his debt and become well to do, and at our next settlement we should be able to take the share allowed by Hindu law.

The British Government borrowed millions to liberate the West India slaves, and the Government of India will have to do the same to liberate the Indian cultivators, who can at present scarcely be called free. The latter Government would however be paid back its borrowings with interest, so that this most urgently needed and charitable measure would ultimately prove a profitable one likewise.

COMPARISON OF RATES, &c., IN THE
VARIOUS PROVINCES.

1883-84.	Receipts	Collection Charges	Percentage of cost of Collection on Revenue	Rate of Revenue per Cultivated Acre			Cultivated area in Acres.
				Rs	As	Ps	
Central Provinces	61,92,980	6,46,230	10'4	6	2	15,923,984	
British Burmah	1,30,80,650	1,483,420	11'3	3	4	3,970,549	
Assam	39,47,060	7,65,910	19'4	10	5	6,028,036	
Bengal	3,79,18,720	32,22,870	8'4	11	1	54,500,000	
Central Provinces	5,68,01,050	72,75,950	12'8	1	11	2	33,402,880
Punjab	1,99,65,100	22,99,310	11'5	13	6	23,630,080	
Madras	4,51,53,420	67,01,370	14'8	1	3	11	36,144,864
Bombay	3,95,91,820	58,01,280	14'6	1	0	4	28,970,934

In Bengal where the permanent settlement chiefly prevails and the landlords pay the revenue direct to the Government Treasury, the cost of collection is naturally lowest.

In the other provinces the charges for collection vary from several causes. In some districts, where only a small quantity of land may be under cultivation, that land bearing only a low assessment, the comparative cost of collection would necessarily be high. In Burmah the quantity of land under cultivation is comparatively small, and yet owing to the high assessment the cost of collection is relatively small. With the different rates of assessment that exist it is impossible to make any satisfactory comparison of these charges.

The rates of assessment per cultivated acre vary very much. British Burmah, with its rich rice lands, and its ten years settlements, bears by far the heaviest rate. The North West Provinces with its village system and thirty year settlements—though some districts are permanently settled—and Madras and Bombay with their ryotwari systems follow next. The Punjab, a comparatively new province, with a less fertile soil than these, comes next, then Assam, where two of the largest districts are under the permanent settlement of Lord Cornwallis. Then comes Bengal with the low average rate of 11 as., 1 pie per acre,—about 1 shilling and a penny,—and last the Central Provinces. Where the rent of the cultivated land throughout the whole country varies from 13 pence to 4 shillings an acre, Government cannot be called an exacting landlord. The gross annual produce of the land is estimated to be between 400 and 500 millions. Our Government's share is about one twentieth part of it, viz: £22,361,899. The Hindoo law allowed at the lowest a twelfth part of the crop to be taken. This would be not less than £33,000,000. Akbar, who was considered the most beneficent of all the native rulers, took 1-3rd or £133,000,000, and history tells us that one half was often taken. The *Times* wrote some years ago: "The surrender of the land revenue of this country (India), will be the sacrifice of the one single opportunity left in the world of carrying out in practice the dream of the political economist in the maintenance of the community with entire justice and without waste. From the first hour, when the philosophy of administration has been understood it has been admitted that the true source of state revenue is the land, and the only sound policy is to preserve the land as the property of the state."

The land, until lately, was administered solely through the District Officer. Now this officer is not only the collector of land revenue, but he has to look after the Government revenue of every description; the Excise,

Stamps, and Registration Departments are under him; he is Magistrate, he has to look after District Forests, Schools, Dispensaries, and to be responsible for, and report on every imaginable subject that it is thought can come before him in connection with his multifarious duties. Directors of Agriculture have now been appointed in most provinces; but this is not enough. Not only should there be one Director of Agriculture for each province; but there should be one for each district, or rather district manager to look after the Government share of the produce; who should go about the District and become acquainted with the people, he should, without unnecessary interference, find out where improvements are required, and assist the cultivators in making them, make advances to them, arrange and see what lands are being cultivated, and with what crops, and act in short as the manager of the large landholder does in England. Of one thing there can be no doubt, the land revenue is the mainstay of Indian finance; and it is equally certain that the Government share of the rent is very small and the assessments remarkably low.

OPIUM.

Under native rule the privilege of cultivating opium was let out to contractors. We continued this practice, but it did not work satisfactorily, and in 1797 the system of management by agent was substituted or that of contract, a liberal commission being allowed on sales.

Opium is now grown in Bengal under a monopoly. The villagers who cultivate it are under annual agreements, by which they receive advances, and undertake to sell all the opium produced to Government at a certain rate. The manufacture is under strict government supervision. After preparation, it is packed in chests, and forwarded to Calcutta, where auction sales, of which notice is always given, take place.

Malwa Opium is grown in the native states of Central India. Formerly it was purchased by the Resident at Indore, and then sold by public auction in Calcutta, or Bombay. Owing to smuggling, chiefly in Scind, through the Portuguese settlements of Diu and Damaun, this plan was discontinued in 1831, and a transit duty levied in its stead. At first this amounted to Rs. 175 per 140 lbs. chest, but was reduced subsequently to Rs. 125. The conquest of Scind put a stop to smuggling, but the old system was not resumed, and in 1843 the rate of transit duty was raised to Rs. 200; in 1845 to Rs. 300; in 1847 to Rs. 400; in 1860 to Rs. 600; in 1878 to Rs. 650; in September, 1879 to Rs. 700; in June, 1882, it was reduced to Rs. 650, at which figure it is now levied. Opium is grown in Bombay, but the duty of Rs. 12 a seer (2 lbs.) is almost prohibitive.

A great deal has been written and said against the opium monopoly in India. The chief points urged against it seem to be that the Indian government forces the drug on the Chinese, and the immorality of this policy. As a matter of fact, opium is not being forced on the Chinese, and never has been. The Englishman likes spirits, and the English government raise an enormous revenue from his failing. The Chinese likes opium, and prefers the Indian drug to that of his own country, and the Government of India derive a revenue from his failing.

Opium appears to have been cultivated in China for at least one hundred years, and the drug manufactured from the indigenous plant is that is consumed by the lower classes; but the Indian drug for which a higher price has to be given, is used almost exclusively amongst the higher classes. It is true that till 1860 the cultivation or use of opium was illegal in China, but notwithstanding the law the love of the Chinaman for the drug was so strong, that he always contrived to obtain it, and the law was virtually a dead letter. Major Baring in his Financial Statement for 1882-83, discusses the question fully. He says:—
 "Mr. Lay, who was Chinese Secretary to Lord Elgin's Mission, and who personally conducted the tariff negotiations, has specifically stated that the Chinese Government admitted opium as a legal article of import, not under constraint, but of their own free will deliberately."
 "Mr. Laurence Oliphant, who was Secretary to the Mission, has confirmed Mr. Lay's statement, and has added that he informed the Chinese Commissioner that he had received instructions from Lord Elgin not to insist on the insertion of the drug in the tariff, should the Chinese Government wish to omit it. This, he (the Chinese Commissioner) declined to do. Mr. Oliphant then proposed that the duty should be increased beyond the figure suggested in the tariff, but to this the Chinese Commissioner objected, on the ground that it would increase the inducements to smuggling."

“ This evidence, I venture to think, is a conclusive answer to the charge that the clause of the Tientsin Treaty, under which opium is admitted into China was extorted from the Chinese.”

He continues :—“ No less conclusive is the evidence that the foreign drug is not now forced on the Chinese Government ; but that on the contrary it would view with dislike the cessation of a trade from which it derives a large revenue. The account which Sir Thomas Wade gives of a conversation he recently held with the Chinese Ministers, affords remarkable testimony on this point. In a telegram to Lord Granville of 7th February, 1881, he says :—I went to the Yamen on the 16th to speak of various matters—four ministers received me. Adverting to opium, I observed that the authorities in some places were taxing opium native and foreign, in others were trying to increase the sale and consumption of both. Without at all denying the right of the Chinese Government to do as it chose, I should wish to know which course the Government approved. They said the question was embarrassing. The Chinese Government would be glad to stop opium smoking altogether, but the habit was too confirmed to be stopped by official intervention. No idea of abolishing the trade at present was in the mind of the Government. Alluding to the desire of well-disposed people at home to see England withdraw from the trade, I asked if it would be any use to diminish yearly the exports from India. The Indian Government might be thus enabled to provide otherwise for loss of income. They said so long as the habit exists, opium will be procured either from India or elsewhere—any serious attempt to check the evil must originate from the people themselves. The measure I suggest would affect Chinese Revenue, but would not reach the root of the mischief.”

Persia also sends China several thousand chests annually—if she wished to stop the opium trade why does she not prohibit their importation ?—there is no treaty with Persia.

As to the charge of immorality against Government for conducting the monopoly, let us consider how a change of policy could be effected, and if any practical benefit would be derived from such a change.

If the Government is not to lose the revenue of five millions a year, and yet withdraw from the monopoly a transit duty on each chest exported would have to be levied. Under private manufacture the standard quality of excellence would probably not be maintained, the cost to the manufacturer would be almost certainly increased and a part of the profit would have most assuredly to be surrendered. Taking all these points into consideration, Major Earing calculates an actual loss of at least £2,128,000 would be incurred, which does not include the cost of a preventive force, which would probably have to be maintained to prevent smuggling.

He writes :—“ These considerations lead irresistibly to the conclusion that there is only one way by which the system of levying an export duty might possibly be substituted for the Government monopoly without a financial loss, which it is impossible for the Government to afford. As the profit to be derived on each chest would be considerably diminished, it would be necessary in order to recoup this loss that the number of chests produced should be largely increased and without doubt, if the export duty were very low, production would considerably increase. In other words the Government of India, by withdrawing from the trade, would probably intensify the evils which the society for the suppression of the opium trade so much deplore. The

“ Chinese market would be glutted with Indian opium at a relatively “ cheap price.”

If the Government are to give up the monopoly and the 5 millions a year, the result would be much the same. Free trade in opium would cause a large increase in the cultivation, the price would go down, and the poorer classes in China would be able to afford the Indian drug, which is now beyond their reach, and is used by the higher classes only. Its cheapness would also have an injurious effect on the natives of India. It is taken now to a certain extent by them, but lowering the price would extend the custom, and thus the evils complained of by the Anti-Opium Society would be aggravated. Thus there is nothing gained were the Indian Government merely to sever its connection with the cultivation and manufacture of the drug. It must go further than this, and to prevent further evil resulting from the giving up the monopoly, must absolutely prohibit the cultivation and sale of the drug throughout India. Do the Anti-opiumists wish this? Unless they are prepared to go as far as this their agitation has no practical point in it. But before this is attempted, would it not be as well to try and get the Chinese and Persian Governments to prohibit and stop the cultivation of the drug in those countries where the article manufactured is not nearly so wholesome as the Indian drug? For if the Indian Government alone prohibited the cultivation of the drug without its being forbidden elsewhere, the cultivation in those countries where it was free would increase enormously, owing to a greater demand, and the cause of philanthropy would gain nothing by the self-sacrifice of the Indian Government. In fact it comes to this, that, view it which way you will, the abolition of the Indian monopoly would not be of the least benefit unless the Chinaman will forego his liking for the drug, and of this, as far as we can tell, there is no prospect.

The Government monopoly is no doubt to be deprecated, and a transit duty, or some system by which the area under cultivation should be taxed, so as merely to bring in an adequate revenue to Government would be preferable. The tax on Malwa opium is altogether unobjectionable, but at present it does not seem desirable to urge in any way a change in system. As has been pointed out, no practical good would accrue to the Chinese opium eaters, and the Indian Government cannot afford to lose any of its revenue now for mere theories or sentiments. For India probably would lose not only so many millions a year, which might be utilised in opening up the country by railways and communications, and protecting her against famine, but other millions also, which that developing of her resources would indirectly bring in.

The Opium account for ten years from 1874-75 is as follows :—

DATE.	GROSS RECEIPTS.	COST OF CULTIVATION, ETC.
1874-75	£8,556,629	£2,341,546
1875-76	8,471,425	2,218,565
1876-77	9,122,460	2,841,647
1877-78	9,182,722	2,661,266
1878-79	9,399,401	1,698,730
1879-80	10,319,162	2,067,492
1880-81	10,480,051	2,028,757
1881-82	9,862,444	2,057,335
1882-83	9,499,594	2,282,816
1883-84	9,556,501	1,854,690

The fluctuations in the receipts are due chiefly to the variations in the number of chests offered for sale. The practice of Government since 1880 has been to offer a certain number, (previously announced in the *Gazette*), of chests of Bengal opium annually for sale.

The crops of 1875-76 and 1876-77 were bumper ones (see Budget Estimate 1882-83) and a large number of chests had consequently in each subsequent year been offered for sale from the reserve thus formed. This becoming yearly smaller, the number of chests sold in 1883-84 and 1884-85 were 54,400 only. The crops in 1883-84 and 1884-85 have again been bumpers, so with a larger number of chests to be offered for sale, a larger revenue is nearly certain.

S A L T.

Like opium, the Salt monopoly was under native rule, leased out to contractors. In 1766 Clive constituted it into a fund for payment of such of the Company's servants as were not provided with adequate incomes, but this was disallowed by the Court of Directors. In 1772 the monopoly was farmed out, the salt being manufactured for Government. In 1777 the practice of farming the manufacture was continued; but the salt was left to the farmers for disposal. In 1780 a different system was introduced by which the manufacture was to be exclusively for the Company, and the salt sold at rates fixed by the Governor General in Council.

"In Bengal" (in 1822 Tucker writes) "the manufacture of salt is a strict monopoly, and the article is not allowed to be imported even from the coast of the Coramandel, and other parts of our own territory, except on account of Government, or under permits from Government requiring its delivery into the public stores at a stipulated price."

Since 1836 the system in Bengal has been that of an excise on the salt manufactured, and an import duty on that imported; nearly the whole of the salt now used in Bengal is imported.

The North West Provinces are supplied partly with Bengal salt, and also partly with that from the Sambhar Lake. In Madras salt is manufactured on account of Government and sold for internal consumption at a fixed price. In Bombay it is manufactured under a system of Excise.

Very various rates for salt formerly existed in different parts of India, and a huge army of patrols against the smuggling of foreign salt into British territory, was maintained to guard the frontiers from Attock to Cuttack. In 1868-69 the duty in the Madras and Bombay presidencies was raised from Rs. 1-8 to Rs. 1-13 per maund of 82lbs.; in Bengal it was Rs. 3-4; in the rest of Upper India Rs. 3., while in Sind it was only 8 annas. The reform of the salt duties was initiated in 1869 by Lord Mayo, and was completed in 1880.

In 1870 we obtained all rights over the Sambhar Lake by treaty, and in 1878 the Government entered on a lease of all the more important salt sources in Western Rajpootana; it thus became possible to abolish in 1880 the Inland Customs line, 2,274 miles in length, guarded by 223 officers and 11,703 men, maintained at an annual cost of Rs. 162,000.

In 1877 a step was taken towards equalising the rate throughout India by raising it in Bombay and Madras from Rs. 1-13 to Rs. 2-8 a maund, and by lowering it in the other provinces by four annas a maund. In August 1878 a further reduction was made of two annas in Lower Bengal, and four annas in the Upper provinces. By these means a uniform rate of Rs. 2-8 a maund was established throughout India, except in Bengal, where it was Rs. 2-14, and in Burma and Trans-Indus Punjab where it is still almost nominal, being only three annas a maund in the former, and 2½ to 4 annas a maund in the latter province. In 1882 the duty was reduced everywhere except in Burma and the Trans-Indus districts to Rs. 2 a maund, the duty on imported salt being lowered to the same rates—and these are the rates at present in force.

For the ten years from 1874-75 the account of Salt has been —

DATE.	RECEIPTS.	CHARGES.	NET RECEIPTS.
1874-75	£6,229,396	£463,714	£5,765,682
1875-76	6,245,555	508,661	5,736,894
1876-77	6,305,869	488,987	5,816,882
1877-78	6,461,225	546,173	5,915,052
1878-79	6,941,120	404,743	6,536,377
1879-80	7,266,413	340,687	6,925,726
1880-81	7,115,988	363,537	6,752,451
1881-82	7,375,620	486,209	6,889,411
1882-83	6,177,781	449,030	5,728,751
1883-84	6,145,413	446,641	5,698,772

After the revision of the rates in 1878 there was still an increase in the Salt revenue until 1882-83, in which year the duty was reduced to Rs. 2 a maund. A large increase in consumption was anticipated from the reduction of the rate, but the receipts do not shew that this expectation has been fulfilled, and it seems that the reduction of the duty to Rs. 2 per maund, has resulted in an uncompensated loss of more than a million sterling to the revenue.

The expenditure consists of the salaries of the officers and establishments of the Salt Departments in the different Presidencies, and the cost of purchase and freight of the salt itself. There does not at first sight seem to have been any considerable saving by the abolition of the Inland Customs line, in fact if we add to the departmental charges those on account of compensation given to the various native states in return for the permission to control their sources of supply, and shewn under "Compensation and Assignments" amounting to £350,022, they would seem to have very materially increased. The total charges for 1883-84 would then amount to £796,663. But it should not be forgotten that the salt duties now reach and include the populations of native states, previously outside our customs line, and the additional receipts from this cause probably more than balance the additional expenditure.

The Salt Revenue has often been the subject of attack, as obtained by a tax on an absolute necessary of life. It is consequently said to be a duty objectionable in principle and injurious in its effects—thus its opponents. Its defenders hold that it is an indirect tax not felt by those who contribute it, and that it is only by some such indirect tax that the Government can realise anything considerable from the masses. The Duke of Argyle writes "On all grounds of general principle salt is a perfectly legitimate subject of taxation. It is impossible in any country to reach the masses of the population by direct taxes: if they

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"are to contribute at all to the expenditure of the state it must be through taxes levied upon some articles of universal consumption. If such taxes are fairly adjusted, a large revenue can thus be raised, not only with less consciousness on the part of the people, but with less real hardship upon them than in any other way whatever. There is no other article in India answering this description upon which any tax is levied. It appears to be the only one which at present in that country can occupy the place which is held in our own fiscal system by the great articles of consumption from which a large part of the Imperial revenue is derived. I am of opinion therefore, that the Salt tax in India must continue to be regarded as a legitimate and important branch of the public revenue. It is the duty however of the Government to see that such taxes are not so heavy as to bear unjustly on the poor by amounting to a very large percentage upon their necessary expenditure." Most people will, I think, agree with him in this opinion.

I give an extract from the *Hindoo Patriot*, one of the ablest native papers, which will shew the view taken by intelligent natives when the tax was reduced in 1882-83.

"We have always protested against the reduction of the salt duty. It is a most unobjectionable source of revenue; it does not press even upon the poorest of the poor; it is levied with perfect ease and facility; it involves no inquisitorial inquiry, and causes no irritation, annoyance or oppression; the people hardly know that they pay a tax on the salt they eat. To sacrifice such a source of revenue to any extent on sentimental grounds is simply folly. . . . The relief which the reduction of the salt duty will afford the people is so infinitesimally small that it will be scarcely appreciable. For instance, in Bengal, where the reduction will be 14 annas per maund, the saving per head will not be quite one pie and a half per annum, while in the other provinces it will be less. So that while the benefit to the tax-payers will be so infinitesimal, the loss of revenue to Government will be immense, viz., £1,400,000, or nearly three times the produce of the license tax. We admit that it is objectionable to tax a necessary of life; but in the Government of this country we are guided by the example of England, and does not England tax tea, which is also a necessary of life with English people? Again, the poorer classes of this country ought to make some contribution for the protection they receive, and this tax, which is a capitation tax, is certainly the least objectional form that can be devised for the purpose."

The question is, Is the rate too high, and how does it affect consumption? As we control all sources of supply, the tax is paid by the population of the native states as well as by that of British India. According to the last census the population of India is 254,000,000, and the tax is therefore 3 annas 3 pies a head. Taking the exchange at 1s. 7d., the official rate for 1885-86, this represents 4½d. a head, which can not be accounted high.

Taking the consumption of salt for 1883-84 at 30,500,000 maunds, it gives 9lbs a head to each individual. This is lower than it should be. As the country is opened out, and the cost of carriage cheapened, it will no doubt increase, for the average consumption is considerably depressed

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 3 annas 3 pies a head means to the people
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 the average consumption is considerably depressed

by the disproportionately small quantity consumed by the inhabitants of the less accessible districts. The average quantity consumed in Burmah is 28lbs. a head, a large quantity being used for salting fish sent to Upper Burmah. In Bengal it is 12lbs. a head, and that is now probably the average of all parts of India where there are at all easy means of communication.

STAMPS.

The receipts and charges have been as follows from 1874-75 up to 1883-84.

	RECEIPTS	CHARGES.
1874-75	£2,758,042	£125,470
1875-76	2,835,368	106,436
1876-77	2,838,628	95,266
1877-78	2,993,483	102,673
1878-79	3,110,540	115,452
1879-80	3,193,739	114,324
1880-81	3,250,581	107,465
1881-82	3,381,372	110,623
1882-83	3,379,681	123,398
1883-84	3,513,201	109,094

According to Elphinstone the stamp tax was an old one, for he relates that before the battle of Sikri, Baber, when fearful of its result, promised to remit the stamp tax on all Mussulmans should it please God to give him the victory. This was in 1572. The tax was introduced by us in 1795, when a deposit fee was ordered to be paid on each suit. The results were evidently at first disappointing, for in a minute of Lord Wellesley's, of 12th June, 1798, we read that "The stamp duties imposed in place of "the Police Tax, which were estimated at about 5 lacs, have not produced "more than one, and are estimated at only 2 lacs for the current year." In 1824 stamps were first required for bills of exchange, agreements, receipts, deeds, etc. Since then various Regulations and Acts have been passed to improve the revenue, the present Acts in force being the General Stamp Act of 1879, and the Court Fees Act of 1870, amended by the Act of 1875.

The revenue is derived from sales of impressed sheets, impressed labels, receipt stamps, share transfer stamps, foreign bill stamps, bill of exchange stamps, notarial stamps, advocate, vakeel and attorney stamps, and one anna cheque and bill stamps. Those under the Court Fees Acts are on judicial suits, and are really a tax on justice. Distinguishing between judicial and non-judicial, the following are the figures for each Province during 1883-84.

	JUDICIAL	NON-JUDICIAL
Central Provinces	£88,760	£40,999
British Burmah	57,124	31,613
Assam	51,936	22,483
Bengal	919,382	328,772
N. W. Provinces	452,182	145,767
Punjab	236,232	191,398
Madras	362,471	191,606
Bombay	232,430	161,178

EXCISE.

The Revenue and Expenditure for ten years from 1874-75 have been as follows :—

	RECEIPTS.	EXPENDITURE.
1874-75	£2,347,274	£91,916
1875-76	2,494,339	87,226
1876-77	2,523,986	91,409
1877-78	2,458,029	99,350
1878-79	2,619,349	87,839
1879-80	2,838,021	92,038
1880-81	3,135,226	95,404
1881-82	3,427,274	96,886
1882-83	3,609,561	94,431
1883-84	3,836,961	92,359

The Excise Revenue is derived from a duty levied on the consumption of liquor, European and Native, and intoxicating drugs.

There are two systems under which the revenue from native liquors is realised. (1.) The Out-still system, which obtains in the Central Provinces, Assam, Bengal, Bombay and Madras, except in the Presidency towns, under which the right to distil the liquor is put up to auction; and (2.) the Central distillery system under which the liquor can only be distilled at certain depôts, the outturn being taxed at so much a gallon, which is in force in the North West Provinces, Punjab, and British Burmah. The right to vend all liquors, European or Native, can only be obtained by licenses, which are usually put up to auction.

Great complaints were made that the Out-still system caused an increase in drunkenness, and a commission in Bengal was about two years ago appointed to investigate the matter. The conclusions arrived at were, that though a great deal of the increase in the consumption of spirits was due to the operation of social, moral and religious changes among the people, and to the increase in the purchasing power of the consuming classes, drinking had also been much encouraged by the cheapening of liquor, and the facilities which existed for procuring it; and that the latter causes were due to errors in administration susceptible of correction, and not to any inherent defect in the Out-still system. The Central distillery system was pronounced quite unsuited to rural tracts, and it was observed that while that system existed, considerable speculation and fraud occurred, to such an extent that in 1875-76 there was a loss of not less than 7½ lacs of rupees to the revenue caused by it. "It will, however be again introduced where there is a large drinking population in a comparatively small and well defined area, and where there is a reasonable probability of effective supervision by an agency which can itself be supervised." But what is most remarkable is, that in those places, whence came the loudest complaints of the increase in the consumption of liquors, there has actually been a falling off in the receipts since the outstill system was introduced. "The great object," the Lieutenant-Governor remarks, "is, whilst employing to the utmost the advantages of the "outstill system in regard to the suppression of illicit distillation, so to "administer it, that the quantity made available for consumption may "be limited, and that the price may be affected by the levy of revenue "upon it: It may involve some loss of revenue, but no consideration of "revenue can be allowed to outweigh the paramount duty of Govern- "ment, to prevent the spread of intemperance so far as it may be "possible to do so."

Excise opium is sold generally at certain fixed rates, a certain portion of which is carried to Opium, and the balance to Excise, the share credited to Opium being fixed with regard to the cost of the opium supplied for sale, and the difference (carried to Excise) at such rate as may be fixed by the Local Government. The right to sell opium, as well as all other drugs, within certain prescribed areas, is usually put up to auction, and sold to the highest bidder.

PROVINCIAL RATES.

These consist of various Cesses levied in different provinces.

Date.	Central Provinces	British Burmah	Assam.	Bengal.	N W Provinces	Punjab.	Madras.	Bombay
1874-75	£46,065	£24,629	£1,093	£112,379	£693,625	£191,899	£583,589	£215,870
1875-76	42,672	29,893	730	165,507	704,939	193,636	586,963	218,875
1876-77	43,575	31,264	1,023	252,427	732,957	193,320	485,147	187,421
1877-78	42,007	29,582	3,898	561,241	734,827	193,828	462,432	225,042
1878-79	43,753	32,406	3,837	727,077	755,632	248,064	611,899	213,462
1879-80	59,514	38,014	3,893	720,305	881,351	247,583	691,741	237,149
1880-81	55,234	53,371	29,205	723,383	875,245	254,966	553,030	225,151
1881-82	56,454	78,121	32,215	724,417	891,660	256,320	618,765	231,951
1882-83	54,596	81,500	34,102	740,479	646,139	256,595	638,912	224,326
1883-84	59,002	101,483	40,211	779,626	649,480	336,672	668,518	236,994

CENTRAL PROVINCES.

The details for 1883-84 are as follows :

PROVINCIAL—Education Cess	... ..	£13,635
District Post Cess	... ..	3,670
Additional rate on land	... ..	12,801
LOCAL—District Public Works Cess	... ..	14,652
Putwari Cess...	... ..	14,244

These are all collected with the Land Revenue. The first two were fixed with the Land Revenue Settlement as extra cesses, at 2 per cent. and $\frac{1}{2}$ per cent. on the Land Revenue, to be realised for Educational purposes, and for making postal arrangements within districts which the Imperial Postal Department would not undertake. The third is the Famine Tax, instituted in 1878, at 2 per cent. on the Land Revenue. The two last were fixed with the Land Revenue Settlement, the former at 2 per cent. on Land Revenue, the receipts of which are for public works within the district in which they are realised, and are entirely local, while the latter, at 6 per cent. on Land Revenue, is for the payment of costs of its collection. The charges in some provinces are taken to Land Revenue, or the Land Revenue is credited net after deducting them, while in others the expenditure is defrayed by the landlords, or included in charges of collection.

BRITISH BURMAH.

The details in 1883-84 were :—

LOCAL—District Cess	£101,483
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This is a 10 per cent. Cess levied on the amount of the Land and Fishery Revenue. The charges are chiefly for Village Police, Schools, District Post and Roads.

ASSAM.

The receipts are derived from a rate on land levied under the Assam Local Rate Act of 1880, which in 1883-84 realised Rs. 40,170. The revenue is Local, and the expenditure met from it is on account of Public Works, District Post, and Education.

BENGAL.

The details for 1883-84 were:—

PROVINCIAL—Public Works Cess of 1880	£375,604
Rate levied for management of	} 5,870
Wards' and attached estates	
LOCAL—District Road Cess of 1871 ...	364,746
Zemindari dak Cess of 1862...	33,406

The Public Works Cess, of which the rate is $3\frac{1}{8}$ per cent. on rentals is the Famine Tax of 1878. The second is to recoup the cost of the management of estates temporarily under Government superintendence. The District Road Cess, at the rate of $3\frac{1}{8}$ per cent. on rental, is for the construction of roads within the districts in which the cess is levied, and the Zemindari dak Cess is for the carrying on of postal arrangements in those districts where there are no Imperial postal lines.

NORTH WEST PROVINCES AND OUDH.

The receipts in 1883-84 were in the North West Provinces:—

PROVINCIAL AND LOCAL—Local Rate Fund	£527,835
In Oudh—	
Local Rate Fund	£66,812
Settlement Rates	37,220
LOCAL—Village Watch Cess	17,613

The Local Rate Fund receipts in the North West are those realised under Act III. of 1878. Before this time certain local rates had been levied, but in that year the previous Acts were repealed and this one was issued instead, the increased rates being authorised to include the Famine Tax. They consist of a Road Cess at 1 per cent. on land revenue, and an acreage cess of $2\frac{1}{2}$ annas on each cultivated acre levied in the permanently settled districts, and a local rate at 12 per cent on land revenue, levied in the temporarily settled districts. They are proportioned between Provincial and Local Funds and are devoted to expenditure on Public Works, Schools, Hospitals, Famine Assurance, &c. The "Local Rate Fund" receipts in Oudh are those levied under Act IV. of 1878, and consist of a $4\frac{1}{2}$ per cent. cess on Land Revenue. Only half of them, however, are local; and are expended on Roads, Schools, and District Post, the other half being the Provincial demand on account of Railways, Canals, and Famine Assurance.

The Settlement Rates are those levied under Settlement Agreements by a $2\frac{1}{2}$ per cent. cess on Land Revenue, or $2\frac{1}{2}$ on rental, for expenditure on Roads, Schools and District Post, nine-tenths being Local and one-tenth Provincial.

The Village Watch Cess is levied under an Act of 1876, from landholders who can not be trusted to pay the village police regularly, the watchmen being paid by Government from the receipts so realised.

PROVINCIAL RATES.

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PUNJAB.

The details for 1883-84 were :—

PROVINCIAL AND LOCAL—Local Rates	£198,556
PROVINCIAL—Cess on Wards' estates	356
LOCAL—Road Cess	} 47,756
Education Cess	
Post Cess	8,752
Village Service Cess ..	81,252

The first includes the Famine Tax of 1878, as well as the Local rates previously levied for local, educational and sanitary purposes, and is shared by the Provincial Government and Local Funds in the proportion of $\frac{1}{4}$ th and $\frac{3}{4}$ ths. It is levied at $8\frac{1}{3}$ per cent on Land Revenue.

The Cess on Wards' Estates is Provincial, being levied to recoup Government the expenses incurred in the management of Wards' Estates. The Road, Education and Post Cesses were sanctioned at the time of the settlement of the Land Revenue at $2\frac{1}{2}$ per cent. on Land Revenue or $1\frac{1}{2}$ on rental, the whole of the income from them belonging to the Local Funds of the District in which they are raised. The Village Service Cess is for the payment of the subordinate Revenue Officials, which is charged to Land Revenue.

MADRAS.

The details for 1883-84 were :—

LOCAL—Local Fund Cess	£436,249
Village Service Cess	228,024
Irrigation Cesses	4,245

The Local Fund Cess receipts are those received under the Act of 1871, by which a Cess was levied on all occupied lands beyond Municipal limits, to meet local expenditure on roads, education, etc., at one-eighth on land revenue or one-sixteenth on rental. The Irrigation Cess originated in 1857, and is one on lands irrigated from Government canals, taken in lieu of unpaid cultivators' labour, by which, according to the old Hindu custom, certain channels had hitherto been kept up. The Village Service Cess was constituted in 1864-65, and its receipts are for the support of the village revenue collectors and other servants whose cost is shewn under Land Revenue.

BOMBAY.

The details for 1883-84 were :—

LOCAL—District Road Cess	£235,587
Sind Jagirdars Cess	1,070
Petty Cesses	337

The District Road Cess is one levied for Public Works and Educational purposes under Acts of 1865 and 1869, at one anna in the rupee on revenue or $\frac{1}{4}$ on rental. The Sind Jagirdars Cess is for roads in Sind, and is levied on landlords who hold their lands free of the Government land revenue demand.

CUSTOMS.

The receipts and expenditure for ten years up to 1883-84 are as follows:—

DATE.	RECEIPTS.	EXPENDITURE.	NET.
1874-75	£2,682,233	£187,124	£2,495,109
1875-76	2,724,426	187,695	2,536,731
1876-77	2,484,448	202,174	2,282,274
1877-78	2,624,123	207,611	2,416,512
1878-79	2,326,561	200,417	2,126,144
1879-80	2,280,793	201,280	2,079,513
1880-81	2,539,612	198,927	2,340,685
1881-82	2,361,388	195,110	2,166,278
1882-83	1,296,119	154,982	1,141,137
1883-84	1,187,266	139,345	1,047,921

It is unnecessary to say much upon this head. In 1882 the whole of the Cotton and General Import duties were abolished. No doubt these were indefensible, and the only question was as to the opportuneness of the time chosen for their abolition. The only duties now remaining are the Import duties on wine, beer, spirits, and liquors, on arms and ammunition, and salt, and the export duty on rice.

The figures excluding wharfage, fees, rents, etc., according to provinces for 1883-84 were as follows:—

	IMPORTS.	EXPORTS.
Bengal	£151,359	£199,210
Madras	50,995	60,778
Bombay	153,931	24,064
British Burmah	82,802	445,240

The duty on Salt, which amounted to £1,750,824 is credited to Salt, not to Customs, and is not included in these figures. Of the total imports £422,138 is on account of duty on liquors.

Burmah and Bengal, the two rice-exporting provinces have the larger sums against them on account of Exports. They have a practical monopoly of the rice trade, and as long as that is the case, the duty on rice is unobjectionable. The duty on the export of an article of which a country has the monopoly is paid by the consumer, and the statement that the cultivators of rice bear an additional burden compared with other agriculturists, is incorrect; but if the exports from Saigon were to increase and serious competition arise, the incidence of the duties would then be transferred, and they would have to be modified without delay.

ASSESSED TAXES.

Our first attempt at direct taxation was in 1860-61, when an Income Tax was introduced; after many alterations it was in 1867 changed into a License Tax, but after two years trial this was abolished, and the Income Tax revived, which in its turn again was abolished by Lord Northbrook in 1873-74. In 1878 a License Tax was again introduced, which this year has been changed into an Income Tax. In 1882 it was stated that in the matter of direct taxation:—"fixity of policy had been conspicuous by its absence. In the last 22 years no less than 23 Acts of the Legislature have been passed in which successive Governments, have either rung the changes on the various expedients for imposing direct taxes, or have for the time being adopted a policy opposed to any direct taxation whatever."

Everyone is agreed that in some form or other, the trading and commercial classes, who have gained more by the peace and security of our rule than any other class, should pay something towards the

cost of administration. Under Hindu and Mahomedan rule they were always made to bear their share of the public burdens.

In the institutes of Menu we find "As men versed in-cases of tolls and acquainted with all marketable commodities shall establish the price of saleable things, let the King take a twentieth part on the profit of sales at that price."

That the Licence Tax was not theoretically perfect has been publicly confessed by more than one Finance Minister, but since the minimum income assessed was fixed at Rs. 500 and the tax fell only on those who were perfectly able, though of course unwilling, to pay, the stories of oppression and injustice in its collection have been rarely heard. The remarks of the Lieutenant-Governor of Bengal in his Administration report for 1882-83 describes the state of feeling generally on the subject—they were as follows. "The experience of the year tends to confirm the view that, with the exception of those who have to pay the tax and those who fear they may have to pay it, the people regard it with indifference. No one has as yet discovered a tax which a conscientious assessee would take a pleasure in paying, and in India all direct taxation must involve a risk of extortion and oppression being practised. But while the reluctance to pay will naturally remain, there is every reason to hope that the other element of unpopularity will gradually disappear. The people are now thoroughly aware of their liabilities under the law, and they have not been backward in contesting the former and asserting the latter. Provided stability of policy be maintained, there is every reason to think that, as experience in the details of administration is accumulated, the License tax will be become as well adapted to the circumstances of India as is possible for any form of direct taxation."

The Income Tax introduced this year is chargeable, with few exceptions, on all official salaries as well as professional earnings. The great objection to the License Tax, which was paid by traders only, has thus been removed. Direct taxation must sooner or later form a part of the Indian fiscal system, and as now introduced will cause as little ill-feeling and dissatisfaction as possible. The sum to be realised by it is only £620,000 in excess of that realised by the License Tax. The rate is approximately 2½ per cent. on incomes of Rs. 2,000 and upwards per annum, and 2 per cent. on incomes under Rs. 2,000. It affects altogether only about 300,000 persons and scarcely alters the liability of those who have already paid the License Tax.

The receipts under Assessed Taxes since 1874-75, according to provinces are as follows:—

Date.	Central Provinces.	Bengal.	North West Provinces.	Punjab.	Madras.	Bombay.
1874-75	17,447	122	1,804	17	177	129
1875-76	14,133	20	234	1	60	47
1876-77	14,226	6	20	—	115	43
1877-78	15,572	10	86,037	—	14	16
1878-79	31,050	201,940	215,101	13,434	79,955	240,426
1879-80	30,873	256,170	120,334	54,187	80,761	242,981
1880-81	25,466	165,300	129,701	48,839	50,857	138,599
1881-82	26,869	163,897	120,378	46,089	47,725	131,867
1882-83	25,488	152,034	118,113	50,143	46,036	125,987
1883-84	25,473	151,760	119,487	56,162	46,627	126,574

In the Central Provinces they are confined to the proceeds of the Pandhari Tax. This was a native tax continued by us after the annexation of the Central Provinces, and is a graduated license tax, levied on non-agriculturists only.

The receipts in other provinces, are those received from the License tax introduced as a Famine Tax in 1878. The maximum fee was Rs. 500, except in Bombay, where it was Rs. 200. It was imposed on no person whose net earnings were less than Rs. 500 a year, and was not to exceed 2 per cent. on the annual income of the party assessed.

FOREST.

The following are the receipts and charges for the ten years from 1874-75 :—

	RECEIPTS.	CHARGES.
1874-75	£ 598,367	£ 444,021
1875-76	697,543	419,811
1876-77	616,468	458,099
1877-78	678,699	439,938
1878-79	605,433	454,934
1879-80	676,234	465,056
1880-81	709,320	465,976
1881-82	874,435	557,645
1882-83	938,228	567,318
1883-84	1,052,190	649,375

In all Provinces the revenue is in excess of the expenditure, the net revenue in Burmah and Bombay being the largest.

One of the chief items of expenditure has hitherto been the demarcation of forests; this will now decrease as the work is coming to an end. The revenue is realised by the sale of forest produce. This is sometimes collected at depôts, and there put up to auction; sometimes it is sold on the spot, cut and taken away by the buyer; sometimes a license or seignorage is levied on the timber removed. Grazing fees also form a considerable portion of the receipts. Many young plantations and preserved forests will in a few years be coming to maturity, and from them a steady increase in the receipts may be anticipated.

The indiscriminate felling of timber has been everywhere prohibited, and endeavours have been made by grants of certain privileges to induce the people to plant trees, as is being done by Government officials by road and canal sides, and wherever possible. In several localities this is thought already to have conduced to an increased rainfall, just as in others the former denudation of forests caused a decrease. In a country, liable as is India in certain parts, to drought, the planting and preservation of forests must therefore be encouraged, not only as a source of revenue, but also as a precaution against famine.

REGISTRATION.

The receipts and charges since 1874-75 have been as follows :—

	RECEIPTS.	CHARGES.
1874-75	£ 185,169	£ 130,217
1875-76	187,651	136,449
1876-77	199,253	141,458
1877-78	234,160	149,676
1878-79	266,361	160,800
1879-80	269,239	165,208
1880-81	281,230	173,351
1881-82	284,714	179,401
1882-83	285,829	184,501
1883-84	258,955	167,091

The receipts consist of fees for registering documents, such as leases, deeds of association, sales, mortgages, bonds, wills, &c. Registration was first introduced by Act XVI. of 1864-65, in which year the receipts were taken under "Law and Justice." The increase is due to improvements in the mode of levying fees introduced by subsequent Acts, to the better enforcement of the law, and also to the people recognising its advantages in the security which it affords them.

TRIBUTES.

These are received under Treaty from various Native States, and aggregate about £700,000 a year; the actual figures for 1883-84 were £720,487.

POST OFFICE.

No explanation of this head is necessary. The receipts have steadily increased since 1874-75 from £739,819 to £1,018,743 in 1883-84, and the expenditure from £895,966 to £1,234,481. The net sum that India pays for her postal arrangements is thus £215,738. As however, the charges on account of District Posts are included here, it is only fair to take into account the Cesses levied to meet them, and shewn under "Provincial Rates;" these aggregate upwards of £50,000, the real net cost is therefore only about £150,000. Considering the enormous extent of country the postal service covers, and the many duties undertaken by it in the interests of the public, this is virtually nothing, and as the postal revenue appears to be steadily increasing, the Post Office will probably in a few years pay its way. Not only are there the ordinary postal duties, by which in 1883-84 some 182,514,520 letters and post cards, 15,848,586 papers, 4,977,089 parcels and packets were carried, but money order business to the extent of £7,312,417, bringing in a commission of £88,492, was transacted, as well as the payment of £55,589 on account of foreign money orders issued on India. India postal notes for fixed sums of money, viz; Rs. 2-8 Rs. 1 and Annas. 8 were also issued in 1883-84, to the extent of £14,757.

Post Office Savings Banks were likewise carried on, shewing a balance of £751,445 on the 31st March 1884, representing 84,848 accounts. Letters and parcels were insured to the value of £8,252,500, bringing in insurance fees amounting to £20,684. Value-payable parcels, that is parcels the value of which is recoverable by the Post Office on behalf of the senders, valued at £280,887, were delivered, bringing in a commission of £5,345. £498,792 worth of ordinary postage labels were sold, and £156,495 worth of Service labels, that is, those used on Government letters and parcels only. In 1883-84 a Life Insurance system for Post Office employes was introduced, which is said to be a success. The sale of Stock notes is also undertaken by the Post Office.

There were in 1883-84, 5,879 post offices and 8,426 letter boxes. The mails were carried by 10,631 miles of railway, 3,580 miles by mail carts and camel lines, 34,805 by runners and boats, and 14,520 miles by sea.

The increase in the expenditure is due to the largely increased staff it has been necessary to entertain owing to the great extension of the Post Office business. The Insurance and value-payable systems were only started in 1877-78. The Money Order system was undertaken by the Post Office in 1880, and the Post Office

Savings Banks from the 1st April, 1882. The developement of new lines of work necessitates the creation of new appointments; and an increase of work and responsibility on the Post-masters necessitates an increase to their salaries.

TELEGRAPH.

The Telegraph was first started in India in 1850, but messages for the public were not carried till 1st February, 1855.

The receipts have gradually increased from £286,479 in 1874-75 to £522,570 in 1883-84, and the expenditure from £432,109 to £669,239; the net loss in 1883-84 thus being £146,669. This does not however include interest on the capital outlay which on the 31st of March, 1884, amounted to £3,197,106; in calculating the net cost, though the telegraphs have been constructed entirely out of Revenue, this should be taken into account; at 4 per cent. it amounts to £127,884, thus the total sum which India pays for the Telegraph is £274,553 a year. This includes the expenses of the Indo-European Telegraph.

The total number of miles of line open on the 31st March, 1884 was 23,341; the number of miles of wire was 68,694, and of cable 135. There were 349 offices open and the number of messages sent was 1,837,648, their value being £326,837. The Telegraph is being extended yearly, and each year the number of messages and the receipts increase. In 1881-82 there was a fall in receipts due to the reduction in the rates charged. The number of messages has, however, largely increased, and the revenue will no doubt soon reach and exceed the amount realised previously, and eventually, as the wealth, intelligence and population increase, it may safely be anticipated that the Telegraph Department will successfully pay its way and allow of still further reductions in rates. Between any two stations in India, for messages of eight words, these are now two rupees for urgent messages, viz., those for whose immediate delivery special arrangements are made, one rupee for ordinary messages to be delivered at their address on arrival, and eight annas for deferred, that is, messages which are delivered with the post.

Since the commencement of 1884, an attempt has been made to utilize the services of Post Masters as telegraph signalliers, this will cause a considerable saving to Government if successfully carried out, and will also permit of Telegraph Offices being opened at places where Post Offices already exist, but where it would not pay to open separate Telegraphic Establishments.

MINT.

The receipts under this head consist chiefly of a seignorage duty on the coining of silver and the gain on copper coinage; and the charges are confined to the cost of the two Mints at Bombay and Calcutta.

For the ten years from 1874-75 the following were the receipts and charges:—

1874-75	£159,021	£132,607
1875-76	110,489	107,626
1876-77	258,854	130,601
1877-78	443,859	132,083
1878-79	172,335	103,991
1879-80	230,569	109,549
1880-81	89,565	92,618
1881-82	70,584	87,526
1882-83	185,882	89,280
1883-84	131,448	80,338

The large receipts in 1876-77 and 1877-78 were due to the famine which caused the poorer classes to dispose of their ornaments, enormous quantities of which were received in the Bombay Mint.

The coinage has always been a recognised source of income. Akbar charged six per cent. on the coinage of gold, five on that of silver, and five dams per cent. on copper. We charge a seignorage of 2 per cent. on all silver presented for coinage, and this constitutes the income derived from silver coinage. Copper is purchased by Government in the market, or imported from England, and the gain on its coinage consists in the difference between the nominal and the intrinsic value of the coins; in 1883-84 it amounted to £56,023.

The coinage consists of the standard rupee, weighing 180 grains, of which 165 is pure silver, with subsidiary coins of half rupees, quarter rupees, and one-eighth rupees in silver, and anna, half anna, quarter anna, and pie in copper. There are 12 pies in one anna, and 16 annas in one rupee. In 1883-84, 33,915,862 rupees were coined, 2,146,003 half rupees, 3,054,314 quarter rupees, 7,052,526 eighth rupees, 70,013,952 quarter annas, and 14,634,432 pies; the value being £3,800,764.

The Indian Mints coin also for the Portuguese Government, and for that of the Straits Settlements.

LAW & JUSTICE.

In 1874-75 the receipts amounted to £606,876; in 1883-84 to £573,859. They consist of Judicial Receipts; Sale proceeds of Unclaimed and Escheated Property; Court Fees realised in cash; General Fees, Fines, and Forfeitures; Jail manufactures and Hire of Convicts.

The Jail receipts in 1874-75 were £329,960; in 1883-84 £274,373. They would have increased, but for the change in policy with regard to Jail Manufactures, during Lord Ripon's Viceroyalty, by which all those competing with private industry were discontinued.

The charges on account of Law and Justice in 1874-75 were £3,074,440; in 1883-84, £3,238,811. This increase is due to the institution of a larger number of Courts and the establishments necessary to carry on the Judicial business of the country with due efficiency, and to extra cost under Jails chiefly on account of Penal Settlements at the Andamans.

To obtain the true figures however under Law and Justice, the receipts under Judicial stamps should be taken into account. In 1883-84 these aggregated £2,416,835, the true receipts thus stand at £2,990,694, against an expenditure of £3,238,811, or a net balance of expenditure of only £248,117. It appears therefore, that litigants pay, either in the form of fees or stamps, nearly the total cost of the administration of justice, both civil and criminal.

The Court Fees Regulation of 1795 states :—“That many groundless and litigious suits and complaints have been instituted against individuals, and the trials of others have been protracted by the filing of superfluous exhibits, or the summoning of witnesses, whose testimony was not necessary to the development of the merits of the case. The business in many of the Courts of Judicature has in consequence increased, so as to prevent the Judges determining the causes and complaints filed with that expedition which is essential for deterring individuals from instituting vexatious claims, or refusing to satisfy just demands, and for giving full effect to the principles of the regulations. The establishing of fees on the institution and trial of suits, and on peti-

" tions presented to the Courts, being considered to be the best mode of
 " putting a stop to the abuse of the ready means now afforded to
 " individuals of availing themselves of the exercise of the laws without
 " obstructing the bringing forward of just claims, the following rules
 " have been created."

The rate now levied is above 5 per cent. upon value, and some change in this and the manner in which the fees are levied is manifestly necessary, so that the revenue realised from them may not cover more than the cost of Civil Justice. However desirable it may be to prevent unnecessary litigation, it was evidently never originally intended, and ought not to be allowed, that the general community who have surely an interest in the due administration of justice, especially that of the Criminal Courts, should be almost entirely exempted from its cost.

POLICE.

The receipts in 1874-75 amounted to £207,980; in 1883-84, to £311,874. They consist of payments by Railways, or public, or private persons for police supplied, and of fees, fines and forfeitures, chiefly cattle trespass fines.

The charges have increased from £2,450,088 in 1874-75, to £2,761,054 in 1883-84. As our frontiers become more civilised, police take the place of the military, and this accounts for some part of the increased cost. In Burmah, where the people are much addicted to dacoity, police charges have increased more largely than elsewhere, owing to the necessity for a larger number of police. About £100,000 of the increase is due to the Government in 1882-83 relieving municipalities of all police charges, and assuming them as a part of the general charges of the administration.

* The Police force in each province is, except in Bombay, where there is a Commissioner, under the control of an Inspector-General. It consists of about 350 superior, and 16,000 subordinate officers with 3,000 mounted and 125,000 foot constables. This includes Frontier, Railway, and Civil Police, which latter, in addition to ordinary police duties, provides Guards for Civil Officers, Treasuries, Government Stores and Buildings, Escorts for Conveyance of Treasure, and Inspecting Officers of Steam Boilers, Municipal, Special Irrigation, and Thuggi and Dacoity Police. In addition to these there are some 700,000 Village Chowkidars distributed over the whole of India, who are paid partly by grants of land, and partly by money and grain contributions from the villagers and townspeople, whose houses and property they protect.

MARINE.

The receipts under this head in 1874-75 were £302,067; in 1883-84, £192,867. The expenditure in 1874-75 was £549335; in 1883-84, £589,568.

The receipts consist chiefly of payments for Dockyard Services and supplies to other Departments, Coast Light dues in Burmah, and Pilotage receipts, mostly in Bengal. The charges consist of cost of maintenance of the Dockyards at Calcutta and Bombay, of the Marine Survey Establishments, General Superintendence, Accounts and Salaries, and the keep of officers and men afloat. About one third is on account of charges paid by the Secretary of State in England, chiefly for stores and contributions towards the expenses of H. M.'s Ships employed in Indian Seas, the former amounting to £77,355, the latter to £99,447.

EDUCATION

EDUCATION.

The receipts in 1874-75 were £ 141,431, in 1883-84 £ 204,427. They consist chiefly of fees, though these are little more than nominal, from Scholars at Government Colleges and Schools, with some contributions from public bodies, or private persons. The expenditure in 1874-75 was £ 986,802, in 1883-84 £ 1,184,194. It consists of charges for Direction and Inspection, salaries of the Staff of Government Colleges and Government Normal and Technical Schools, Scholarships and Prizes, and Grants in aid

Education was first undertaken by Government in 1845, but it was Sir Charles Wood's despatch of 1854, that laid the foundation of the present system. It may roughly be divided into education in Indigenous, Primary, Middle, High, and Technical Schools, and in Colleges and Universities. It begins with vernacular reading, writing, and arithmetic, and rises through the curricula of the different schools to that of the University, so that any industrious boy can obtain a thoroughly good education, and obtain degrees, at an almost nominal cost.

The Special or Technical Schools are —Medical Schools and Colleges, Engineering Colleges, Schools of Art, Mahomedan Schools, Survey Schools, Normal Schools, and a Musical School in Bengal. Degrees of M A, and B A, and Bachelor and Doctor of Medicine, of Law and of Engineering, are obtainable. Scholarships as well as prizes are given in all Schools as an incentive to pupils. In Bengal two Agricultural Scholarships of £ 200 each, tenable for two-and-a-half years, were founded in 1880, to enable two natives of Bengal to study Agriculture in England, and this year six scholarships have been instituted to allow of natives of India completing their education at the Universities of either Oxford or Cambridge.

The number of pupils being educated in the different schools in 1883-84 was 2,840,732, of which 191,203 were females, the number of Schools and Colleges being 105,182. Taking the net expenditure at £ 979,767, the cost per head of each pupil would be only five shillings and sevenpence a year. There were also 26,874 Private Institutions, with 340,610 scholars, 6,011 of which were females.

The Government of India in their resolution on the report of the Educational Commission of 1883 state :—“ The report shows that the number of educational institutions in the provinces comprised in the table had risen from 50,998, with 923,780 pupils in 1855, to 114,109 institutions, with 2,643,978 pupils in 1881-82; this includes private schools. The vastness of the field which has still to be occupied is gathered from the fact, brought out in the Census Report, that, after excluding children under five, who are too young to be at school, out of every 1,000 males in the empire, only 104 are able to read and write, or are under instruction.” The Census Commissioner writes, “ Burma is the only Indian country where the majority of the males are instructed. There 532 of every 1,000 males (over 5) are

"able to read or write, or are at school. In Madras we find the next highest proportion, but the drop from the Burma figure is very great, the Madras figure being 158 in every 1,000. Of the large provinces Bombay comes next with 127, then Bengal with 102. The North-west proportion is extremely low, 66, and the Punjab little better, 72. In Bengal which has 1,099,767 pupils in its schools and colleges, the census returns show that in every 1,000 males above 5 years of age, 34 are learning, 67 can read and write, and 899 are ignorant, while in every 100 boys of school-going age, 20 only are under instruction. The percentage of persons instructed, or under instruction, is better in some provinces and worse in others, but is extremely small in each."

The general policy of the Government may be briefly described as follows.—That the improvement and extension of private institutions shall be the principal care of the Educational Department in future, that while it would be contrary to the policy of the Government of India to check or hinder in any degree the further progress of high or middle education, it is held that the different branches of public instruction shall for the future move forward together and with more equal steps than hitherto; that the development of elementary education calls for more systematic attention than it has always received, and that secondary education should, if possible, be made more self-supporting.

MEDICAL.

The receipts in 1874-75 were £45,575, and in 1883-84 £54,971. They consist of Medical College fees, Hospital and Lunatic Asylum receipts, and contributions from public bodies or private persons. These figures, however, do not include the entire receipts, as dispensaries are allowed to keep their own accounts outside those of Government, and they receive many contributions from municipal bodies and private subscriptions which do not appear in the public accounts.

The expenditure in 1874-75 was £657,439, and in 1883-84 it was £716,825.

This covers the cost of all Medical Establishments and Hospitals, Medical Schools and Colleges, Vaccination and Sanitary Establishments, Lunatic Asylums, and grants for medical purposes.

As the population increases and civilization advances, more hospitals and dispensaries become necessary, there is a larger population to be attended to, and the people appreciate more our system of medicine and forsake their native doctors. The appreciation of the people of the free system of relief to be obtained at all hospitals and dispensaries, and the work done by the medical establishments, will be understood when it is considered that in 1884 there were 8,330,541 persons treated.

SCIENTIFIC AND OTHER MINOR DEPARTMENTS.

These are distributed as follows :—

SCIENTIFIC—	AGRICULTURAL—	LABOUR & EMIGRATION.
Survey of India		Emigration.
Geological Survey.	Public Exhibitions and	STATISTICS.
Exploration of Coal	Fairs.	Census.
and Minerals		Gazetteer and Statisti-
Meteorological Depart-	Government Bull and	cal Memoirs
ment.	Stallion Charges.	Trade Statistics.
Archæological Depart-	Botanical and other	
ment	Public Gardens.	MISCELLANEOUS.
Repairs of Monuments	Agricultural Depart-	Examinations.
of Antiquity.	ment.	
Central Museums.		

The receipts in 1874-75 amounted to £29,359; in 1883-84 to £89,731. They are chiefly from Exhibitions and Fairs, Botanical Gardens, and Bull and Stallion Receipts.

The charges amounted in 1874-75 to £375,464; in 1883-84 to £469,430, the increase being chiefly due to the introduction of Agricultural Departments in most provinces in accordance with the recommendations of the Famine Commissioners.

INTEREST.

The receipts are on account of interest on securities held by the Paper Currency Department, on loans to native landholders and other notabilities, Municipalities, etc., and on the cash balance invested in England.

The following are the figures for 1874-75 and 1883-84 :

	1874-75.	1883-84.
Loans, &c.	£239,717	£569,689
Paper Currency Department	236,500	250,286
On Cash Balance in England	67,102	29,488

The increase under Loans, &c, is due to the larger number advanced in every province, the total amount having risen from £5,289,191 to £7,593,566. In Bombay the interest on the Port Trust Loans only accounts for £271,972, and the Mysore State Loans, in Madras, for £31,680 of the increase.

Prior to 1862 the Presidency Banks had been permitted to issue notes of their own, but in that year the Government Paper Currency was introduced, and the notes were issued only through the Government offices. There are now eight circles of issue, viz: Calcutta, Allahabad, Lahore, Bombay, Kurrachi, Madras, Calcut, and Rangoon. The notes of each circle can only, as a rule, be cashed at the Currency Office of that circle, though the Government Treasuries cash all notes of small denominations, and those of the higher also when the state of their balances will permit of their doing so. Notes of other circles are also cashed under certain circumstances. Allahabad and Lahore being subordinate circles to Calcutta, Kurrachi to Bombay, and Calcut to Madras, the notes of those circles are exchangeable not only at the local, but at the respective head offices. The denominations of the notes issued are as follows—Rs 5, Rs 10, Rs 20, Rs 50, Rs 100, Rs 500, Rs 1,000, Rs 10,000.

The number of notes of each denomination in circulation on the 31st March, 1884, was :

Rs 5	532,508
Rs 10	2,010,682
Rs 20	249,265
Rs 50	167,931
Rs 100	279,767
Rs 500	25,815
Rs 1,000	34,090
Rs 10,000	1,644

Total ... 3,301,702

Their value being Rs 12,75,65,410; the value of notes below Rs 500 being Rs 6,41,27,910, and that of notes above Rs 100, Rs 6,34,37,500.

The Rs 10 is thus by far the most popular, and consequently most useful note, and then follows the Rs 5 note, the number of these forming $\frac{1}{3}$ of the entire number of notes in circulation. Next come the Rs 100, then the Rs 20, and then the Rs 50 notes. The value of these lower denomination notes, viz, from Rs 5 to Rs 100, is exactly half of that of the total number in circulation. The notes of the higher values are almost exclusively used by Banks and others for commercial purposes. It is manifest from the circulation of the notes of the lower denominations that the Paper Currency is thoroughly understood and appreciated by the people, that is the traders, shopkeepers, and the rather well-to-do classes, for the present value of even the lower denomination notes is too high to be used by the mass of the population, whose needs are measured in single rupees and not in fives and tens. Is it not possible to introduce a Rs 1 note so as to reach them? Should it fail to circulate very extensively, no harm would be done, while should it be a success, it would strengthen imperceptibly our hold on the people and add to the note circulation.

The Currency Reserve on the 31st March, 1884, consisted of Rs 6,03,54,857 in whole rupees distributed over India in the various Currency Offices, Rs 10,19,500 in small silver coin, Rs 61,91,053 in silver bullion, and Rs 6,00,00,000 invested in Government Securities.

The amount to be invested in Government Securities was at first restricted to Rs 4,00,00,000, but increased in 1872-73 to six crores, the present limit. Since that year up to 1883 there had been a steady increase in the average amount of the note circulation (which may be expected to continue as soon as trade revives), it having risen from £10,670,407 in 1875 to £15,180,711, and the reserve in coin and bullion had also increased from £4,976,454 to £9,180,714. Considering, therefore, the success and stability of the Paper Currency, the hold it has on the people, which hold it is almost certain to retain owing to the bulkiness and small value of the standard coin, there seems no objection to the investment in Government Securities being increased. The interest received on account of the investment in 1883-84 was £250,286; the expenditure of the Currency Department £42,791, thus the Paper Currency brought in a net profit of £208,095. Since the establishment of the Paper Currency in 1862, the net receipts have aggregated £3,272,813.

The expenditure under Interest is chiefly on account of interest payable on Government Loans, on Stock Notes, on certain Special Loans, Service Funds and Savings Bank Deposits.

The following are the figures for 1874-75 and 1883-84.

Ordinary Debt	India	£2,841,940	£1,371,427
	England	1,992,063	2,442,210
Capital Stock, East India Company		198,484	—
Stock Notes		—	5,394
Special Loans		103,410	97,541
Service Funds		138,585	183,338
Savings Bank Deposits		69,904	148,606
Railway Balances		56,110	8,459
Miscellaneous		11,559	19,291

In 1874-75 the Imperial debt of India amounted to £118,446,992 and in 1883-84 to £161,300,221. In 1874-75 the sum which had been borrowed for productive Public Works was £16,223,058; in 1883-84 it had risen to £68,505,624. Excluding these items the total debt for 1874-75 becomes £102,223,934, and that for 1883-84 £92,794,597, so that notwithstanding Famine and the Afghan War, and the redemption of the East India Stock, the debt of India has actually been reduced by £9,429,337 in ten years, and consequently the charge for interest also.

Loans and Stock at 5½ and 5 per cent. have been paid off, or the rate reduced.—the maximum rate is now 4½ per cent., and the average rate of interest is slightly in excess of 4 per cent.

The Public Works' loans up to 1884 were floated in India, but there are no funds available there. That of the Europeans is entirely required for their own business, and natives prefer the higher rates obtainable amongst themselves to the lower rate and safer security offered by Government. A great part of the loans had in fact been taken up by the Exchange Banks on account of investments for the public in England, but owing to the system of telegraphic transfers by which Government arranges remittances for the banks, the cash available for investment in India of these banks had been considerably reduced, and it was found impossible to float a loan there at all. The Committee of the House of Commons in 1884 authorized the

floating of the loans in the cheapest market, whether England or India, and there can be no doubt that for many years to come they will have to be raised in England.

Stock notes were first issued in 1882-83 with the object of increasing the Indian debt in silver, and also of attracting the savings of the masses of the people which were hoarded, or deposited with petty money lenders. The scheme has not been successful. The first year a considerable amount was taken up by native bankers and others at a discount from the Government, on the understanding that they might issue them at par—a very few being taken up by the outside public. These unfortunate bankers have been unable to dispose of the notes, and would now be only too thankful to sell them at any price, as would all others who have invested in them. Government will probably, in a year or so, have to redeem them. They are not negotiable in the market owing chiefly to their not being payable for 20 years, and to there being no limit to their issue.

Special Loans consist of sums made over to Government by various persons, the interest being devoted to a special purpose.

Members of the different branches of the Civil Services are allowed to deduct the subscriptions to their Family or Provident Funds from their salary bills each month, the net salary only being paid from the Treasury, the Government allowing interest to the respective funds at rates varying from 4 to 8 per cent. on the subscriptions so deducted, which are looked on as loaned to Government. The Covenanted Civil Service Funds in Bengal and Madras used to receive 8 per cent, but in 1832 the rate was reduced to 5 per cent. To compensate them, however, for the loss caused by this, the Court of Directors allowed an annual donation equivalent to the difference. In Bombay, 8 per cent appears to be still allowed. The Uncovenanted Funds receive 6 per cent.

Savings Bank Deposits aggregated in 1874-75 £1,746,793, and in 1883-84 £4,017,230. At first the Banks were opened only at District Treasuries, then the Post Office Banks were opened, but from 1886-87 the former will be closed and their accounts transferred to the Postal Department. There has been a steady yearly increase in the deposits. More than half the investors in Government Savings Banks belong to the professional classes; the domestic class comes next. The agricultural, commercial and industrial classes make but little use of them.

In 1883-84 of the total number of depositors 76,884 were natives of India, and 42,169 Europeans and Eurasians.

Railway Balances represent the balances of Guaranteed or Assisted Railways not immediately required for expenditure and deposited in Government Treasuries, interest being allowed on them.

SUPERANNUATIONS.

The receipts in 1874-75 amounted to £702,881, in 1883-84 to £302,437. In the former year, the major portion of these receipts consisted of subscriptions on account of the different military funds, which have since been taken over by Government, and are being allowed to die out, military officers being now permitted to subscribe to a fund under the Military Department. £39,145 in 1883-84 consisted of subscriptions from officers belonging to the different services who had been lent to local bodies, or native states, so as to preserve their claim to pension on retirement.

The charges in 1874-75 were £1,831,378, and in 1883-84 £2,156,278, showing an increase of £324,900. The increased establishments, caused by the annexation of new provinces or districts, would not affect the pension roll until the lapse of the time requisite to entitle claims to pension, say for a period of from 25 to 35 years; thus the ten years from 1874-75 to 1883-84, which we are considering, would be affected only by the pensions of the establishments created by the annexation of the Punjab, Oudh, Central Provinces, and other parts, at least twenty-five years previously. The same period has also seen the pensioning of covenanted civilians of the North West, in order to accelerate promotion, and relieve the province of its excess of officers, and also the pensioning of many Public Works officers in 1879-80, when the Government of India, in one of the periodical financial panics, determined on reducing the staff of that department.

As our administration develops in scope and efficiency, increased establishments will be required, and the pension roll must become heavier; but the period during which an increase might be expected from the acquisition of new territory is approaching its termination, and the variation, after a few years, ought not to be great until the increase of establishments caused by the annexation of Upper Burmah is felt, some twenty or thirty years hence.

The following are details of the expenditure for 1883-84 :—

Pensions —	India	England.
Covenanted Civilians	£5,298	£416,048
Uncovenanted ditto	576,389	89,740
Judges	—	29,850
India Office	—	49,100
East India Company and Indian Navy	—	39,600
Miscellaneous	—	18,486
Family and Service Funds :—		
Covenanted Civil Service	121,119	38,937
Military	36,494	706,623
Uncovenanted Civil Service	—	5,325
India Office	—	23,269

Covenanted civilians contribute 4 per cent. from their salaries towards their annuities which is supposed to cover £600 out of the £1,000 pension. The real charge against Government, therefore, is three-fifths of the sum shown above, or £249,629 in England, and £3,175 in India.

The amount shown under Family Funds, Covenanted Service, is for the difference between 5 and 8 per cent on the moneys deposited with Government which used, up to 1832, to be allowed to the Family Funds of that Service. The payment in England consists of a donation of £2,500 to the Bengal Civil Fund, and of pensions of nominees of the Bombay Civil Service Provident Fund, which has been taken over by Government. The payments on account of the Uncovenanted, Military, and Home Services are for pensions which have been duly subscribed for, except £1,000 which is a donation annually given to the India Office Fund.

STATIONERY AND PRINTING.

In 1874-75 the receipts were £50,491; in 1883-84, £50,595. These proceed from the sale of Gazettes and other publications, and of stationery supplied to local and other non-Government bodies.

In 1874-75 the charges aggregated £427,083, and in 1883-84, £485,657. The increase is chiefly on account of stationery; but there has been an increase in nearly every province in printing also, which may be attributed to extended administration, a more elaborate system of official notes and correspondence, and a more perfect system of record keeping than existed before, by which a larger consumption of stationery is caused, and a larger quantity of printing required.

MISCELLANEOUS.

In 1874-75 the receipts amounted to £564,396; in 1883-84 to £310,109. They consist of premia on bills, sale of old stores, &c, lapsed deposits, fees, fines, and forfeitures, contributions, rents, and other similar items.

In 1874-75 the charges amounted to £425,917; in 1883-84, to £269,995. These comprise rewards for passing in Oriental languages, cost of remittance of treasure, donations for charitable purposes, rewards for destruction of wild animals, establishments on account of local funds, rents, rates, and taxes, and other items which can be taken to no recognized head of account.

REFUNDS AND DRAWBACKS.

In 1874-75, these charges amounted to £225,434, and in 1883-84 to £388,270. They consist of refunds under the principal heads of revenue only, viz. : Land Revenue, Stamps, Excise, Provincial Rates, Assessed Taxes, Forest, Opium, Salt, Customs and Registration. Other refunds are taken under the departmental heads concerned.

ASSIGNMENTS AND COMPENSATIONS.

In 1874-75 the charges amounted to £897,656, in 1883-84 to £1,238,840. The increase is chiefly caused by payments on account of Salt, as compensation to various States, agreed to under treaty on the abolition of the Inland Customs line, and the subsidy to the Goa Government.

The payments for 1883-84 may be classed as follows :

Salt Compensation	£ 396,647
Compensation for abolition of transit duties	70,039
" " " resumption of lands, &c.	236,725
Allowances by native governments continued by us	518,637
Miscellaneous compensations	16,792

Out of the "Compensation for resumption of lands, &c.," £165,425 are on account of Bombay. Part is for temple lands resumed, a part for miscellaneous lands resumed. Out of "Allowances by native Governments," £490,576 are on account of payments to Enamdars and Surrunjamdars in Bombay. These latter incumbrances were inherited from our predecessors, and were no doubt originally given by them for services rendered; but whether they should have been continued by us, or whether they would have been continued beyond the life of the original grantee by the native rulers who conferred them, is doubtful. After so many years, it is manifestly impossible for us to shirk their payment, and the only thing to be done is to commute them as far as practicable.

GENERAL ADMINISTRATION.

In India the charges taken to this head are those on account of the Governor General, the Governors, with their Councils, the Lieutenant Governors, and Chief Commissioners, Secretaries and Staffs, and those on account of the Boards of Revenue, Financial Commissioners, Commissioners,

Comptroller General, Account Offices, and Paper Currency Offices. In England they are on account of the cost of the India Office, and include stores for India, chiefly Currency notes.

The figures for 1874-75 and 1883-84 are as follows.

	1874-75.	1883-84.
Government of India	£ 379,397	£ 459,151
" of Bombay	136,241	149,905
" of Madras	111,153	133,124
" of Bengal	152,043	194,874
" of North West Provinces	153,595	157,432
" of Punjab	108,620	136,536
Administration of Central Provinces	43,458	54,319
" of Burmah	36,357	47,943
" of Assam	16,087	25,641
India Office Establishment	210,682	220,071

There has been an increase under every Government and Administration as well as in England, which increase seems to be general under all heads. Under "India" £50,879 is caused by the Account Department. It was reorganized in 1880 at an extra cost, and the duties of the Comptroller General were subsequently augmented, and his staff enlarged, on the recommendation of the Committee appointed to consider the cause of the Afghan deficit £12,952 is for allowances to Presidency Banks, and £37,339 for tour charges. This latter is due no doubt to the larger establishments now taken to Simla.

ECCLESIASTICAL.

The charges in 1874-75 amounted to £165,551, in 1883-84 to £159,112

The Ecclesiastical Establishment in India is on an entirely different footing from that in England; it has no rich endowments, and the amount paid for it is the Government contribution towards the spiritual welfare of its employés, Military and Civil. Chaplains are always located in those stations where European troops are quartered: but they are also appointed to stations where the majority of the Europeans are civilians. The charge is, therefore, brought against the Government, that it contributes for the benefit of the well-to-do civilian, and the wealthy planter and merchant. This is, however, hardly correct. The well-to-do civil servants, except in the provincial capitals, are numbered by twos and threes, the rich planters pay for their own Clergy, and the rich European merchant is nowhere to be found except in the Presidency towns. It is the poorer classes, the railway employés, and the subordinates in the telegraph, public works, and other departments, the clerks and writers in the public offices, who with their families are scattered all over India, that benefit by the Ecclesiastical

Establishment. They are poorly paid, and could certainly not afford to contribute for the services of a Chaplain. The consequence of the abolition of the Ecclesiastical Establishment would be that these poor people would be left without anyone to baptize their children, marry their sons and daughters, bury their dead, or guide and advise them. There are no wealthy Europeans in the country, as there are in England, who could afford to maintain an independent Ecclesiastical Establishment. The civil servants, the planters and the merchants, come out to India to make money, and leave the country the first day they can. They have little to spare. Nevertheless, they have established and do maintain a large number of European schools, and provide two-thirds of the cost of some 50 additional clergymen required, over and above the Government Chaplains, to meet the wants of the increasing Christian population. Were the Ecclesiastical Establishment abolished, there would be no excuse for continuing the grants we now give annually towards the maintenance of Hindu and Mahomedan religious services. None of them were guaranteed under treaty with the native rulers when we annexed the various provinces. It was the policy of the East India Company to respect all religions, whether Hindu or Mahomedan, Jain or Buddhist, but every grant was an act of grace on the part of the Company. Under native rule, when a change of Government took place, the right of the ruler to resume all alienations and grants made by his predecessor was always recognised, and consequently in no treaty do we find any mention of religious lands or endowments which were to be respected. In the Madras Presidency alone the land alienated for Hindu religious purposes is 1,347,000 acres, assessed at £222,310 a year. For Mahomedan religious purposes the acreage is 137,000, with an assessment of £26,300. Thus the acreage alienated is little less than 1,500,000, with an income of £248,610. The cash payments for religious purposes amount to £86,800 a year. It is impossible to pick the particulars out of the accounts for other provinces, but the alienations and payments in Bombay and Bengal are very great, and for the whole of India have been estimated at between £3,000,000 and £4,000,000 annually. Thus it is the Hindu and Mahomedan Church Establishments, paid by the State, that conform more to the status of an Established Church than the small ecclesiastical Establishment which the Government maintains for the benefit of its employés. If we go further and consider the obscene practices which are, to a great extent, encouraged by Government support, and which would very likely disappear but for that support, the morality of the Indian Government in continuing these grants is very doubtful. The disclosures at the trial of the Raja of Poori, one of the highest of the Hindu Priesthood, who was condemned for his malpractices to penal servitude for life, show to what the money is devoted, and disputes connected with misappropriation of the money for Temple grants are continually being brought into court. From a moral point of view, there is no question these grants should all be abolished, and the alienated lands resumed. The money could be much better employed in reducing taxation, or preserving the country from famine by protective works. Let the English people move for the reversal of this extraordinary policy, and then it may be time to consider the propriety of the withdrawal of the small sum paid by Government for the spiritual welfare of its servants.

Handwritten notes:
 The Hindu Priesthood
 who was condemned for his malpractices
 to penal servitude for life

POLITICAL.

This head includes charges on account of the Political Officers and their establishments, distributed all over India at the courts of native chiefs, the charges for the entertainment of native chiefs and envoys, Durbar presents, allowances to refugee princes and State prisoners, and political subsidies. The charges vary every year, in 1874-75 they were £404,595, in 1883-84 £532,665

In the Home accounts there is a charge of £10,000 on account of the Mission to the Court of Persia, and £15,000 on account of Her Majesty's Establishment in China.

When the Resident at Tehran was appointed by the Government of India and subordinate to it, India paid the expenses of the embassy. Now that the Resident is in every respect under the control of the British Foreign Office, it would seem only fair that England should bear the charge, as well as that for China, with regard to which also India has no voice

TERRITORIAL AND POLITICAL PENSIONS.

In 1874-75 these charges amounted to £840,712, and in 1883-84 to £750,252. They consist of pensions to the King of Oudh, Nawab Nazim of Bengal, Rajah of Benares, Nawab of Arcot, Ex-Amirs of Sind, the Maharajah Dhulep Sing, and others. The decreased amount now payable is due to decease of pensioners.

CIVIL FURLOUGH AND ABSENTEE ALLOWANCES.

These charges depend on the number of officers on leave and vary accordingly.

In 1874-75 the charges amounted to £217,378; in 1883-84 to £220,347

In India in 1883-84 they were £3,431 only; in England £216,916, distributed as follows:—

Covenanted Civil Service	£103,592
Military Officers in Civil Employ	74,912
Uncovenanted Civil Service	38,412

These figures do not include the charges for Public Works Officers, which are shewn under Public Works and were for:—

Military Officers	£27,590
Civil Officers	25,276

FAMINE RELIEF AND INSURANCE.

In 1877 it was determined to apply one million and a half annually as insurance against famine. The original idea was due to Lord Northbrook, who, in 1874, wrote: "It would not be safe to depend upon loans for the purpose of meeting future charges on account of famines. Although means have been taken and will be taken to obviate or mitigate those calamities, some such charges must, for a time at least, be looked upon as contingencies to be expected to recur with more or less regularity. It is necessary, therefore, that, besides a fair surplus of income over ordinary expenditure, such a margin should be provided in addition in ordinary times as shall constitute a reasonable provision for meeting occasional expenditure on famines. If the surplus be employed in the reduction of debt, in the construction of reproductive public works, or remain in the cash balances, the expenses caused by future droughts may fairly be met by appropriations from the cash balances, or by loans to the full extent of the accumulations of surplus." This was twelve years ago, and affairs have very materially altered since then. Communications were all India required to protect her from famine, for while the people were dying of starvation in one part, the grain would be rotting on the ground in others, all for want of the means of conveyance. Scarcity will occur with a failure of the crops, but the country is being so covered with a network of railways, that famines such as we have had in the past will be impossible.

When, therefore, the railways and irrigation works now in course of construction as protective works against famines are completed, there will be no reason for retaining this head. In fact, it would now be much more correct, and would simplify the accounts—since so much misunderstanding exists regarding this grant for Famine Relief and Insurance,—to show the expenditure for protective works under Public Works, thus bringing all the Public Works expenditure together. The amount appropriated to the reduction of debt usually reduces the amount borrowed each year for reproductive public works.

The expenditure on what may be called Famine Railways in 1883-84 was £626,461; on Irrigation Works, £283,217; on Reduction of Debt, £581,137.

PUBLIC WORKS.

As all distinction between productive and non-productive public works is now abolished, I have taken the two heads together

During the last ten years, that is, from 1874-75 to 1883-84, the receipts and expenditure on account of public works have been as follows :—

DATE.	RECEIPTS.	EXPENDITURE.
1874-75	£5,319,132	£11,533,470
1875-76	5,649,960	11,786,095
1876-77	6,619,507	11,771,723
1877-78	8,746,267	12,436,772
1878-79	7,666,919	13,352,420
1879-80	9,371,375	15,324,065
1880-81	11,609,323	18,139,196
1881-82	12,958,657	17,491,331
1882-83	13,054,682	18,907,494
1883-84	14,120,404	18,614,594

The increase in receipts and expenditure since 1879-80 is due chiefly to the East Indian Railway, also to the construction of other railways which were commenced in 1879-80. There has also been a larger expenditure on Civil buildings, roads, &c., during the last few years. The total sum expended on public works out of revenue during the last ten years amounts to the large figure of £149,357,160.

The principle of borrowing for public works, which were expected to prove profitable investments, was first sanctioned by the Secretary of State in 1864. In 1867-68 such expenditure was shown separately in the accounts, and in 1873 a forecast of the proposed expenditure for five years on State railways and irrigation works was made, the amount to be borrowed annually being limited to four and a half millions. In 1875 this limit was reduced to four millions. In 1879 a Committee of the House of Commons fixed it at two and a half millions, to be borrowed in India. In 1884 another Committee of the House decided that the distinction between productive and non-productive works should be abolished, and that the Secretary of State for India should not hesitate to borrow such moderate sums in England as would enable the Government of India to complete such works as shall have received his sanction. The annual limit has been fixed at three millions and a half.

RAILWAYS

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RAILWAYS.

The following statement shews the Government account of all the railways in India in 1883-84, in which it is interested, except those for protection against famine. I have allowed for difference on account of exchange on charges incurred in England, as the omission to do so would very materially affect the net profit and loss.

Railways.	Revenue. (Rs. 10) £	Expenses. (Rs. 10) £	Net Revenue (Rs 10) £	Interest (Rs. 10) £	Gain. (Rs. 10) £	Loss (Rs. 10) £
State	3,269,266	1,863,356	1,405,910	1,329,771	76,139	—
East Indian	4,999,461	1,996,842	3,002,619	1,965,451	1,037,168	—
Eastern Bengal	—	—	—	1,119	—	1,119
Guaranteed	3,688,143	637,272	3,050,871	3,697,915	—	847,044
Assisted	3,326	128,375	— 125,049	119,550	—	244,599

The capital invested in State Railways by Government on the 31st March, 1884, was (Rs 10) £40,002,161. They thus pay on an average $3\frac{1}{2}$ per cent. on it, but this is on the capital of lines still under construction and not complete, as well as on that of those open.

The following were the rates for each line open on the 31st March, 1884:

Railway	Rate	Miles in length.
Wardha Coal	8.51	46 $\frac{1}{2}$
Nalhati.	6.84	27 $\frac{1}{4}$
Nagpur Chattisgarh	6.63	149
Rajpootana Malwa System and Holkar	6.47	1260 $\frac{3}{4}$
Patna Gya	6.34	57
Indus Valley	4.19	652 $\frac{1}{2}$
Northern Bengal	3.98	289
Ghazipore Dildarnagar	3.10	12
Tirhoot	2.48	193
Burmah System	2.38	254
Cawnpore Achneyra	2.1	138
Dhond Manmad	1.89	145 $\frac{3}{4}$
Sindia	1.55	74 $\frac{3}{4}$
Calcutta & South Eastern	1.30	55 $\frac{1}{2}$
Punjab Northern	1.21	446

The last named, the Punjab Northern, was constructed when the narrow gauge policy (which cost India so dear) was in favour, and had afterwards to be reconstructed on the broad gauge. This will account for the miserable rate it pays on the capital invested in it. It would almost be fairer to write off the difference between what would have been the cost of constructing the broad gauge at once, and that actually incurred by the narrow gauge and its change, instead of allowing the error caused by a mistaken policy to continue, and depress the rate for ever.

The East India Railway was taken over by Government in 1880, and is managed not directly, but through a Company, as is also the Rajpootana Malwa System; it is the most remunerative work the Government of India possess. Though the capital cost to Government was only £32,059,440, its

market value is double that sum. There is now an annual charge for annuities terminable in 1953, amounting to upwards of £1,000,000 a year, yet it pays a net profit of over 2½ per cent, and there can be no doubt that this percentage will increase as branch lines, tapping the trade of fresh districts, add to its traffic in passengers and produce.

The following is the account for each of the Guaranteed Railways, including exchange on payments made in England, each pound representing ten rupees.

	Interest, &c	Surplus Profits, Land, and Control	Total.	Net Traffic Receipts.	Gain.	Loss.
	(Rs 10) £	(Rs 10) £	(Rs. 10) £	(Rs 10) £	(Rs 10) £	(Rs 10) £
Eastern Bengal	180,431	119,533	299,964	226,646	—	73,318
Bombay, Baroda and Central India	474,883	117,545	592,428	714,057	121,629	—
Great Indian Peninsula	1,335,300	355,854	1,691,154	1,591,478	—	99,676
Madras	627,419	8,227	635,646	286,386	—	349,260
South Indian	238,572	5,471	244,043	147,526	—	96,517
Oudh and Rohilkund	378,499	19,372	397,871	275,713	—	122,158
Sind, Punjab and Delhi	662,810	11,270	674,081	446,337	—	227,744

The period of 25 years from the date of the commencement of the construction of the Eastern Bengal Line, at the expiration of which Government, under its contract with the Company, had the option of buying it up, expired in 1884, and on the 1st July of that year Government took possession of it. When the East Indian line was taken over, the management remained with the staff of the old Company, under the direction of a new Company, which works the line for Government. In the case of the Eastern Bengal, the line has been taken over absolutely by Government, and is being managed on principles similar to those of ordinary State Railways. There can be no doubt that the Eastern Bengal Railway will prove an excellent investment, though it cannot perhaps be expected to prove quite such a good one as the East Indian.

The Sind, Punjab and Delhi Railway was similarly taken over in 1885, and is also directly managed by Government. No cash payment has been made for either—they will be paid for by annuities. A great mistake was made in not taking over the Great Indian Peninsula in 1874, or the Bombay and Baroda in 1880. Another term of 25 years will have to elapse before they can be purchased, that is on the favourable terms agreed on in the contracts with Government.

The following has been the capital, in true pounds sterling, invested in the different Guaranteed Railways up to 31st March, 1884, and the percentage returned on it during the year 1883-84, taking exchange into calculation.—

Eastern Bengal	£3,281,678	5.62
Bombay, Baroda, and Central India	8,193,049	7.09
Great Indian Peninsula	23,955,286	5.4
Madras	10,444,534	2.23
Oudh and Rohilkund	7,385,275	3.03
Sind, Punjab and Delhi	11,142,719	3.26
South Indian	4,366,327	2.75

Subsidized Railways are those constructed by private Companies, assisted by Government. Land is usually granted free of cost to the Company by Government, and a certain rate of interest given on the subscribed capital, and Government share with the Companies the net earnings.

The following are the lines : Tarkessar, Bengal Central, Bengal and North Western, Rohilkund-Kumaon, and the Southern Mahratta The first and last are complete, but the other three are still in course of construction.

The total sum spent in 1883-84 on Railways in India, including those on account of Famine, for maintenance, working, interest on capital borrowed and exchange, was as follows .—

State Railways (Rs 10)	£ 3,193,127
Purchased	3,963,412
Guaranteed	4,535,187
Subsidized	247,925
	<hr/>
(Rs 10)	£ 11,939,651

The capital invested in New Railways was :—

From surplus (Rs 10)	£ 335,085
From loan	4,107,905
	<hr/>
(Rs 10)	£ 4,442,990

On the 31st March, 1885, the total length of railway open for traffic was 12,004 miles. The total mileage open and under construction, 15,560.

IRRIGATION AND NAVIGATION.

The following is the Capital Account for 1883-84, including exchange on transactions in England .—

Capital.	Revenue	Expenses.
(Rs 10) £ 25,305,726	(Rs 10) £ 1,576,842	(Rs 10) £ 668,167
Net Revenue.	Interest.	Gain.
(Rs 10) £ 908,675	(Rs 10) £ 845,324	(Rs 10) £ 63,351

The following Irrigation Works are more or less remunerative :—

Cauvery Delta System	50.75 per cent.
Eastern Jumna Canal	24.30 "
Godavari Delta System	8.78 "
Kristna Delta System	7.34 "

THE GRAMMAR OF INDIAN FINANCE.

Western Jumna Canal	7.28 per cent.
Begari Canal	4.77 "
Desert Canal	4.01 "
Ganges Canal	3.66 "
Srivaikuntham Weir Project	3.63 "
Peinner Anicut	3.55 "
Bari Doab Canal	3.55 "
Agra Canal	1.04 "
Lower Ganges	.40 "
Panjhra River Works	.10 "

All the works constructed from loan in the North-Western Provinces pay, all except three in Madras, while only two pay in Bombay, two in the Punjab, and none at all in Bengal. The Ganges Canal is one of the greatest irrigation works ever constructed. It was begun in 1848, and completed in 1854. It starts from Hurdwar, in the North-Western Provinces, and the entire length of the main canals (for it branches into two after 180 miles, the one debouching into the Ganges at Cawnpore and the other into the Jumna near Etawah), is 614 miles, and that of the distributaries 3,111 miles.

The receipts and expenditure on account of works for which Capital Accounts were not maintained were £35,757 and £597,584. These works were constructed out of Revenue, and were chiefly tanks and small canals made to benefit special localities which cannot be expected to bring in any direct return for the money laid out on them.

The total sum spent on irrigation and navigation during 1883-84, including interest on capital borrowed and exchange, was as follows:—

From Revenue.	Famine (Rs 10)	£283,223
	Public Works	2,111,438
From Loan		737,356
		£3,132,017

MILITARY WORKS.

The receipts under Military Works are chiefly on account of rents of buildings, the charges for barracks, hospitals, lines for native troops, and cantonment roads. The former amounted, in 1883-84, to £44,062, the latter to £1,018,128. New works were constructed at a cost of £413,801, repairs cost £333,946; Barrack Furniture, £75,718; Establishment, Tools and Plant, &c., £194,737.

MILITARY SERVICES.

• The Military receipts and expenditure, exclusive of those on account of the second expedition to Afghanistan and that to Egypt, have been as follows, from 1873-74 to 1883-84 :—

	Receipts.	Expenditure.		Total Expenditure.	Net Expenditure.
		India.	England.		
1874-75	988,838	11,757,381	3,617,778	15,375,159	14,386,321
1875-76	1,045,612	11,725,264	3,583,196	15,308,460	14,262,848
1876-77	925,473	11,847,191	3,944,921	15,792,112	14,866,639
1877-78	869,981	12,358,511	4,281,250	16,639,761	15,769,780
1878-79	974,781	13,109,553	3,982,935	17,092,488	16,117,707
1879-80	1,029,483	12,781,795	4,114,444	16,896,239	15,866,756
1880-81	924,127	12,613,468	4,104,538	16,718,006	15,793,879
1881-82	1,161,707	13,218,733	3,997,482	17,216,215	16,054,508
1882-83	1,007,480	12,239,220	3,899,168	16,138,428	15,130,948
1883-84	952,524	11,952,166	5,017,422	16,921,714	15,969,190

The figures do not include charges for Military Works, which I consider should fairly be shown against the cost of the Army.

The receipts are chiefly recoveries on account of charges, such as Commissariat supplies, stores, messing on board troopships, &c., in which there has been, one may say, no variation during the ten years.

The net expenditure has increased by rather less than one million since 1874-75 (for one million of the charges in 1883-84 is on account of arrears of payments due to the British Government on account of Retired pay, pensions, &c., of Her Majesty's British Forces which had served in India from 1876-77 to 1879-80), rather more than half of which occurs in the English charges for which the Government of India is not responsible. The increase commenced in 1876-77, in which year it first occurred in the Home accounts, and was due to increased demands by the Horseguards on account of retired and deferred pay of troops serving in India, and partly to the growing charge for retired pay of Indian Officers. In 1877-78 famine helped to swell the charges.

In 1878-79 the increase was due to the first Afghan campaign, and though the expenditure on the second campaign is not included in the figures of 1879-80 and 1880-81, still there is no doubt that the increased expenditure was due chiefly to the war, for it caused an extra strain on the whole military service, and hence, of course, increased expense, which nevertheless it would be impossible to charge directly to the war. The figures for the Egyptian campaign are not included here.

In 1879 a Commission was appointed by the Government of India to ascertain what reductions could be effected in Army expenditure. It was recommended that instead of the three separate armies of Madras, Bombay, and Bengal, there should be four army corps, recruited and organized independently of each other, each under a Lieutenant-General, subordinate to the Commander-in-Chief in India. The Commander-in-Chief in India was not to be a member of the Governor-General's Council. A redistribution of forces and commands, and certain reductions in the native army were also suggested. The total savings to accrue from these proposals were estimated at Rupees 1,25,00,000 a year. How further economies might be effected was also mentioned. The strength of British regiments might be increased, thus allowing a reduction of the number of British regiments without reducing the number of British soldiers. It was pointed out that English regiments should be at their war strength, and not on a peace footing, as they had no reserve to fall back on, and their efficiency depended on their readiness for service at a moment's notice. Remark is also made on the injustice to India of sending out boy recruits, as being so liable to get sick. It was argued that no man of under three years' service should be sent to India, and only then if he was willing to extend his service to nine years with the colours. The costliness of the transport service was also commented on. The Commission did not recommend the formation of a local army, chiefly because it would disturb the system of the parent country, and would deprive the British Army of the valuable training which Indian service now affords, though it acknowledged a gain to India from being garrisoned by Imperial troops. None of the reforms suggested have, however, with the exception of those connected with the native army, yet been carried out, and the delay is attributed chiefly to the unwillingness of the English War Office. Considering that India pays every farthing of the expenses of the British troops after their leaving England till their return, even to the proportion of pension earned during the period they are employed in India, it is not unreasonable to expect, as the Commission stated, that the War Office should act in a spirit of reciprocity, and assist the Government to effect every economy possible, without detriment to the service. If the Commission's recommendations cannot be adopted, reasons for their rejection should at any rate be given.

In discussing a local army, the Commission estimate that the substitution of a local corps for 20,000 or 30,000 of Her Majesty's troops would cause a saving of from £160,000 to £240,000 annually. There can be no doubt that the formation of a local army, even to the extent of 20,000 or 30,000 men, would be a great economy; the men would be engaged for service for a long time, the charges in England would be reduced, as well as the cost of the transport service, that would follow from the smaller number of troops to be conveyed. The amount charged by the Admiralty in 1883-84 was £363,832.

A local army would also lead to the introduction of a larger European population, particularly in the Hills, where soldiers who had served many years in India, and who had formed ties in the country, would prefer remaining to returning to the mother country. It would most probably tend to increase the Eurasian population. And though it has been of late years the custom to treat the Eurasians as neither fish, flesh, nor good red herring, there can be no question that they contribute a great element of strength to the British rule. They are to be found in every large town in considerable numbers. They would always be on our side. They form, as it is, a large proportion of our Volunteers, and there seems no reason why an

attempt should not be made to form some Eurasian regiments for the regular local army. In early times Eurasians made first-rate officers, and during the mutiny some confessedly did good service; they are accused on some occasions, however, of having failed, but considering that they compete most successfully with natives in all civil employments, that their sympathies are altogether English, that they possess more energy and life than the native, and that their cost in a military capacity would be considerably less than that of European troops, it seems in every way desirable that an attempt should be made to raise one or two Eurasian regiments. No fair trial ever seems to have been given them in this capacity; they would at all events do for garrison duties, and allow of the number of costly British soldiers, and so, consequently, the Army expenditure being reduced.

It seems a pity that more attempts have not been made to locate our European troops in larger bodies in the Hills or healthy stations, only bringing them down for manœuvres in the cold weather, and leaving the wives and children there permanently. The life of each British soldier is calculated to be worth at least £100, and residence in the Hills during the hot season would save the lives of many. It is most exceptional for European troops to be required for internal disturbance, and were they required, with our network of railways and communications, they could be brought to any one particular place at a few hours notice. British troops are now scattered all over India, and in some of the most unhealthy stations. Barracks would no doubt be left vacant, but what is that compared with the lives of the men. Were Eurasian regiments raised, they might occupy them. Why could not the major part of the British troops in Madras be located at Bangalore or on the Neilgherries, and those of the Central Provinces at Pachmari.

The British Army in India consists of about 62,000 men. The Native Army consists of 135,000 men. Before the Mutiny the Europeans were 39,375, the Natives 214,985. Since the Russian scare last year it has been decided still further to augment the Army. This will be done gradually, and when completed will raise the British forces to about 70,000, and the Native to 140,000. This large Army is not necessary for the maintenance of peace in India; had that only to be considered it might be considerably reduced, particularly could we simultaneously obtain the consent of our Native feudatories to reduce their forces. India has emerged from the condition of being a mere Asiatic province surrounded by inferior races and petty states, and has now to order her house with due regard to the changes caused by the advance of a huge European Power to her Northern frontier, and to meet aggression from without a large army is requisite. It will entail a considerable augmentation of the military expenditure, but this, as a matter of national assurance, cannot be objected to. Taking Exchange into account, the total expenditure of the Military Department for 1883-84 was (Rs 10) £18,123,645.

The Armies of the Native States of India number 381,000 men, of whom 69,900 are cavalry and 10,964 artillery, with 2,698 serviceable guns. They are thus double the number of our British and Native troops together, but they are scattered all over India, and are mostly undisciplined, the only forces of importance being those of the Nizam of Hyderabad, and of the Maharaja Sindia of Gwalior. The Nizam's Army consists of 45,580 men, mostly recruited beyond his own territory. Under our treaty with the

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Nizam we maintain the Hyderabad contingent for his use, which would always be sufficient to keep order within his State, and we are responsible that no army from without should attack him ; his army, in its present strength, is therefore superfluous, and entails expenditure on us owing to our having to retain a larger force than we otherwise should to overawe it. Not only in the interests of our own taxpayers, but of those of the Nizam also who have to pay for its maintenance, it seems desirable that it should be reduced.

The Army of the Maharaja Sindia, to whom we have just given back the Fortress of Gwalior, consists of 11,000 men, of whom 6,000 are cavalry and 480 artillery, with 48 guns. The Maharaja is justly proud of his army, which he has made very efficient. As far as diplomatically possible, we should encourage and invite the native chiefs to reduce their armies, retaining only such a number of troops as are required for display and body guards, and employing police for maintenance of order within their territories. We are responsible that they shall not be molested by any external foe, and their armies are ostentatious luxuries for the keeping up of which there is no justification whatever.

EXCHANGE.

As is well known, the system has obtained in Indian Finance of exhibiting the Indian portion of the Revenue Accounts in pounds sterling at the conventional, or rather fictitious, rate of ten rupees to the pound. The expenditure, then, under this head of Exchange results from the difference between the nominal value of the rupee at two shillings and its market value on transactions between India and England. That there are obvious objections to the existing system has been long allowed, but it has been held that the alternative procedure of giving the figures in rupees would be still more objectionable as making comparison between the accounts of different years more difficult. To me, on the contrary, it appears that the existing method makes comparison in appearance easy only at the cost of making it altogether deceptive, and is a great stumbling block in the way of students of Indian Finance.

For instance, the receipts in India in 1883-84 under the head of Telegraph are put down at £471,146. The receipts in India were, no doubt, 4,711,460 rupees, and if the rupee had been worth two shillings the statement would have been correct. But the average rate of the Secretary of State's Bills for the year 1883-84 was 1s. 7^s 36d. for the rupee, and the equivalent in pounds sterling of the Indian Telegraph receipts of that year was in reality only £383,513 instead of £471,146 as stated in the accounts, and the total Telegraph Receipts, of India and England together, were for 1883-84 only £434,937,

and not £522,570, as set forth in the Finance and Revenue Accounts. Similarly it would be necessary for the purpose of comparison in rupees to turn the English receipts on account of Indian Telegraphs into rupees at the same current rate. The equivalent in rupees of the English receipts on Indian Telegraph Account, which amounted in 1883-84 to £51,424, would be Rs. 631,621, and the total of Indian and English Receipts together, would be Rs 53,43,081. Indeed, it may be said that there would be less danger of misconception, in comparing the accounts of different annual periods, if the rupee values, calculated in the case of English receipts and charges at the rate of exchange for the year, were given in pounds sterling at the conventional rate of ten rupees to the pound, than under the present system.

Further, not only does the practice of confining all consideration of Exchange to the particular head in the accounts so named, frustrate the purpose of facilitating comparison between the figures of different years, but it renders the compilation of correct accounts for any one particular province or department almost impossible. This defect in the system is especially inconvenient with regard to stores supplied to the Civil and Public Works Departments. The charges for these stores appear at present only in lump sums in the English Accounts, but are incurred in various proportions for various provinces, departments, or public works; and until the cost of the stores is correctly apportioned amongst the several provinces, departments, or public works to which they were supplied, no true account for such province, department, or public work can possibly be made.

Thus the entry of Exchange as a lump sum confuses and distorts the accounts; but the practice has the further disadvantage of giving an exaggerated idea of the loss entailed upon India by the fall in Exchange. That the loss really is considerable cannot, I think, be disputed; but that it has been so great and crushing as often represented may, perhaps, be reasonably questioned. The loss, at any rate, has not been without at least partial, if accidental, compensation.

It must be recollected that almost simultaneously with the fall in silver there has been a great (sometimes a greater) fall in the prices of other commodities, which India has had occasion to purchase, relatively to gold. It is remarkable that this fall should have been coincident with that of silver, and it is possible that there is more connection between the causes of the fall of silver and that of other commodities relatively to gold than has been generally recognised. At all events, there can be no question that, while there is a manifest loss on all obligations fixed in sterling before the fall began, the Indian Government is able to obtain all its material for railways, as also its stores, for the Telegraph and other Departments, for a much smaller number of pounds than it could had the fall not taken place, and consequently its payments in rupees are in many cases not higher than they would have been for similar supplies before the fall in the price of silver (and the coincident cheapness of commodities) commenced. Out of the expenditure incurred in England in 1883-84, £1,168,897 is on account of stores, and £1,307,680 on account of army stores, payments, &c. In both these cases, owing to the fall in the prices of all commodities as well as silver, the amount India has to pay in rupees has possibly not been increased above what she would have had to pay had prices remained as they were before the commencement of the fall of silver or other

commodities. No doubt had silver alone fallen, and had there been no fall in the prices of other commodities, the number of rupees to be paid would have been largely in excess of the number now sufficient.

Then again, £269,791 is on account of the furlough allowances of officers on leave, and £89,740 on account of Uncovenanted Officers pensions; both of these charges, except in the case of those officers drawing the maximum furlough allowance of £1,000, are calculated at the rate of exchange of the year. So here there is no loss.

*6-1
Int. in silver
charge up to*

Moreover, there is only a small loss on the amounts paid for interest on money borrowed in England for railways or public works since the rupee began to fall, this loss being due only to the difference between the rate of exchange at the time the loan was raised and that of the particular year in which the interest is paid. On the other hand the Government obtained a larger number of rupees by the loan than they would have received, had the rupee been equal in value to two shillings, a fact which, since the purchasing power of the rupee has not greatly diminished in India, constitutes a positive gain to Government.

Thus on several millions paid in England there is no real loss, or only a small loss, that is, considering the matter only in connection with what would have been paid for similar services before the general fall in silver and commodities took place.

On the sterling ordinary debt, however (not that for public works), the cost of the India Office, the payments to the British Government under Post Office, Marine and Political, the pension paid to Dhuleep Sing, and all other charges fixed in pounds sterling, the charges on account of the Royal Lunatic Asylum, Ealing, and the Royal Engineering College, Cooper's Hill, the number of rupees to be paid has been largely increased, and here the loss by Exchange is serious. In short, the case is this, that, except on sterling transactions fixed before the fall in silver and prices, the Indian Government has only lost by exchange in so far as it has not gained as it would have done had the standard continued equal to two shillings, while the prices of all other commodities had fallen, and if it could be proved (as some hold) that the simultaneous fall in prices of silver is chiefly due to the excessive appreciation of gold, then it might be said that the Indian Government had not, properly speaking, lost by exchange at all, except, of course, on sterling debts incurred before the appreciation began. Though owing to what may be called the fortunate fall in prices of other commodities, the evil effect of the depreciation of silver on the accounts of Government has been considerably modified, there can be no question of its generally disastrous effect on India. It has depressed her rupee paper and made it unacceptable to the British public. Worst of all it has prevented the influx of capital, retarding the construction of railways, and damping industrial and commercial enterprise. Surely these grave considerations alone, apart from any thought of the Government's balance sheet, ought to show the necessity of doing something at once to prevent further fluctuation in the value of the rupee.

To remedy the evil of the uncertain value of the rupee, various suggestions have been made, but the only real cure is to fix some universal standard of value. Gold alone cannot possibly be this universal standard,

as there is not sufficient of it, in fact the gold countries are already suffering from its scarcity. On the other hand, countries having the gold standard would certainly not contemplate the idea of abandoning it for a silver one. Thus we must come to a compromise, and there is no alternative but to adopt the system generally spoken of as bi-metallic, by which the relative values of gold and silver would be fixed and recognised by all the gold and silver-using countries in the world. These relative values would be those at the various Mints, and they could only be maintained by a seigniorage fixed according as the market value of one metal or the other deflected from the fixed ratio. The only objection raised by Mill to a seigniorage, or any attempt to keep the coinage at an artificial elevation, is that it would invite illicit coining; but the existing seigniorage on the subsidiary silver coinage in England, America and Holland, does not seem to have had this effect, and there is still less fear of it in India. There seems no valid reason why India need wait for the universal adoption of bi-metallism. By at once imposing a seigniorage on her silver coinage she would redress the injury she is now suffering from the want of stability in her standard.

Most bi-metallists, I know, believe in the free mintage of the two metals, and consider that whatever temporary deviations there might be from the fixed ratio they are to bear to one another, they would always, after a time, under the ordinary laws of supply and demand, adjust themselves to it. This, however, is doubtful, and in any case it seems to me that even temporary deflections from the fixed ratio would cause serious inconvenience, and lead to systematic trade and speculation in the standards of value, which would not be for the benefit of the general public, and that if a gain must be made by someone out of a bi-metallic currency it should be by Government.

PROVINCIAL FINANCE.

The idea of each provincial Government being allowed to deal with its own receipts and charges was mooted many years ago, but it was only in the time of Lord Mayo, in 1870, that the decentralization of finance was practically commenced. Certain receipts and charges which had hitherto been Imperial were then made over, subject to certain general rules, to the control of Local Governments. Later on further receipts and charges were added, an allotment being made from Imperial sources to cover any deficiency of receipts over expenditure, and on the last revision of the Provincial Contracts, as they are termed, in 1882, a certain percentage of the Land Revenue varying for each province was made over to the different local Governments to meet the short receipts, as well as 50 per cent of the receipts under Forest, Excise, Assessed Taxes, Stamps, and Registration, and in Burmah of the Customs and Salt Revenue. The principle recognised throughout, from the very commencement of the Provincial system, has been that the entire revenues of India were Imperial, and that the Local Governments were only entitled to such portion as the Imperial Government might choose to allow them. To make the financial position of each Province more clear, I have attempted to work out Provincial accounts on the very opposite principle, viz.—that the Provincial revenues pertain in the first instance to the several provinces which furnish them, the Imperial Government exacting only a quota, varying in proportion to the prosperity of each Province, for strictly Imperial purposes.

The immediate results as regards the Provincial balance sheets are precisely the same as at present, but we can judge of the state of the finances of each Province at a glance, and understand its position in the Imperial financial system. Had such an account been previously kept, we should not have had Members of Parliament voting against the resources of India being utilised for the Burmah expedition. Upper Burmah just annexed cannot be considered otherwise than as integrally associated with Lower (formerly British) Burmah, and is almost as distinctly dissociated in interests from the main Indian peninsula. The war operations in Upper Burmah have virtually been the affair of British Burmah alone. It is she that will profit by the annexation, and it is just that she should bear the cost. This she is very well able to do, the contribution of British Burmah towards Imperial expenses in one year alone being double the amount of the cost of the war. Per head of population British Burmah contributes more largely than any other Province in India, and rightly speaking India is considerably in debt to Burmah.

First of all I have distributed the receipts and expenditure as Ordinary and Extraordinary. Under the former come all the usual recurring

receipts and charges ; under the latter, capital expenditure on all railways and irrigation works, whether from revenue or loan, the receipts and expenditure caused by war, and reduction of debt.

As I classify all capital expenditure on public works as "Extraordinary," as well as the amount taken in reduction of Debt, it may be argued that the Famine Taxes, which were specially introduced to admit of expenditure on Famine works and reduction of Debt, should be also shown as "Extraordinary," but it does not seem to me correct to do so. While the Government have decided to devote £1,500,000 to works for protection against famine and the reduction of Debt, the Famine Taxes, which realise only £1,000,000, are not specifically allotted for that purpose, but for increasing the revenues generally, so as to allow, from the surplus so augmented, the expenditure of the sum determined on. The Licence Tax was one of the Famine Taxes, but this year it has been converted into an Income Tax, so as to bring in a larger revenue to meet expenditure on account of the Army ; it has thus lost its peculiarity of being a special Famine Tax. It is not intended, moreover, that charges for actual famine should be met from revenue. The amount annually now paid in reduction of Debt is to allow of money being borrowed should famine again occur, and all expenditure must necessarily be "Extraordinary," though charges for mere scarcity, which occurs more or less annually, should be "Ordinary."

Then, on the question what receipts and charges should be Imperial and which Provincial, I venture to think the former should consist only of those on account of Opium, Salt, Customs, Tributes, Post Office, Telegraph, Mint, interest on ordinary Debt, Marine (except river Navigation), the Viceroy, his Council, the Government of India Secretaries, the India Office, Ecclesiastical, Political, and Military. Civil furlough and absentee allowances, and superannuation charges would seem correctly Provincial, but I have been obliged to treat the former entirely as Imperial, and of the latter that portion of the amount which is paid in England, as no details by Provinces are procurable. All the receipts and charges of the main lines of Railway would be Imperial, those of all branch and minor ones Provincial. Thus, under "Productive Public Works" the following State Railways would be Imperial :—Rajputana Malwa system, Punjab Northern, Sindia, Indus Valley, and Nagpur Chattisgarh, inasmuch as the last-named is to be continued as a through line to Bengal. The East Indian and the following guaranteed Railways would also be Imperial : Bombay Baroda and Central India, Great Indian Peninsula, Madras, and Sind Punjab and Delhi. Under "Non-Productive Public Works," Bhopal, Sind-Pishin, and Punjab Northern (northern section) State Railways. The expenditure on all military works would also be Imperial, and being incurred on account of the Army I have included it under "Army Services" instead of under "Public Works."

The expenditure on "Protective Works," under Famine, or on Railways under "Non-Productive Public Works," could not be taken against such a provincial account as I have compiled, since it is really capital expenditure. The following account is worked out on these lines. Items no doubt appear in the Imperial column under all the Provincial as well as the purely Imperial heads. This is due to the receipts and charges of Coorg, Ajmere, Quetta, and the Political Treasuries administered by the Govern-

ment of India, appearing in the Finance and Revenue Accounts under the head of "India General." The two first are really petty Provinces, in every way capable of paying their own way and contributing to the Imperial Exchequer like any other Province ; but as the published accounts do not give details of their receipts and expenditure, I have been unable to separate them.

The account is not strictly accurate, for absolute accuracy is only possible to those having access to the information possessed only by the Government of India, but for all purposes of practical comparison it is correct enough.

HEADS.	Imperial.	Central Provinces.	British Burmah.	Assam.
(ORDINARY RECEIPTS)				
Principal Heads of Revenue				
Land Revenue ...	£ 96,819	£ 619,298	£ 1,308,065	£ 394,706
Opium ...	9,556,501	...	...	...
Salt ...	6,145,413	...	...	...
Stamps ...	29,788	131,073	89,390	74,765
Excise ...	30,414	235,643	224,202	212,364
Provincial Rates	105,632	54,494	91,294	37,973
Customs ..	1,187,266	...	...	...
Assessed Taxes ...	4	25,473	...	...
Forest ...	13,371	99,477	250,928	21,145
Registration ...	931	6,850	1,947	2,804
Tributes ...	720,487	...	...	...
TOTAL ...	17,886,626	1,172,308	1,965,826	743,757
Post Office, Telegraph, and Mint—				
Post Office ..	1,018,743	...	...	...
Telegraph ..	522,570	...	...	...
Mint ..	131,448	..	...	...
TOTAL ...	1,672,761	...	...	...
Receipts by Civil Departments—				
Law and Justice ...	46,872	47,065	35,640	15,250
Police ..	1,387	23,959	4,541	10,186
Marine ...	192,867	...	...	...
Education ...	1,870	10,884	3,859	3,637
Medical ...	2,699	627	725	91
Scientific ...	19,967	2,014	314	11
TOTAL ...	265,662	84,549	45,079	29,175
Miscellaneous—				
Interest ...	311,811	1,027	2,355	429
Receipts in aid of Superannuation ...	275,139	549	258	45
Stationery and Printing	6,970	2,338	586	321
Miscellaneous ...	27,903	9,906	10,918	4,373
TOTAL ...	621,823	13,820	14,117	5,168
Carried forward	20,446,872	1,270,677	2,025,022	778,100

Bengal.	North West Provinces and Oudh.	Punjab.	Madras.	Bombay.
£ 3,791,872	£ 5,680,105	£ 1,996,510	£ 4,515,342	£ 3,959,182
...
...
1,257,692	600,615	340,316	562,486	427,076
1,042,539	519,068	134,243	661,199	777,289
749,131	630,119	325,397	656,672	*228,019
...
151,760	119,487	56,162	46,627	126,574
69,433	161,138	91,018	95,370	250,310
98,296	34,055	17,396	63,206	33,470
...
7,160,723	7,744,587	2,961,042	6,600,902	5,801,920
...
...
...
140,970	97,449	69,918	58,075	62,620
56,280	42,597	67,783	35,392	69,749
...
53,165	12,141	11,408	33,619	73,844
14,175	14,261	2,893	12,937	6,563
30,000	11,450	8,072	15,701	2,202
294,590	177,898	160,074	155,724	214,978
82,521	22,379	17,384	73,917	337,640
6,915	2,025	3,861	2,094	11,551
12,072	7,145	8,942	7,288	4,933
105,700	50,145	26,621	50,318	24,225
207,208	81,694	56,808	133,617	378,349
7,662,521	8,004,179	3,177,924	6,890,243	6,395,247

* Amount equal to District Post Charges taken as Imperial, as these charges are included under Post Office.

HEADS.	Imperial.	Central Provinces.	British Burmah.	Assam.
Brought forward ...	20,446,872	1,270,677	2,025,022	778,100
Revenue from Productive Public Works—				
State Railways ...	2,359,294	76,529	167,717	...
East Indian Railway ...	4,999,409	...	...	...
Guaranteed Railways ...	3,038,258	...	...	...
Irrigation and Navigation ...	...	...	...	...
Portion of Land Revenue due to Irrigation ...	...	...	...	...
TOTAL ...	10,396,961	76,529	167,717	...
Receipts on account of Public Works not classed as Productive—				
State Railways ...	172,899	...	...	...
Subsidized Railways ..	...	...	...	...
Irrigation and Navigation ...	1,820	...	3,987	...
Civil Buildings, Roads, &c. ...	25,762	15,876	9,307	11,656
TOTAL ...	200,481	15,876	13,294	11,656
Receipts by Military Departments—				
Army ...	952,524	...	...	...
Military Works ...	44,062	...	...	...
TOTAL ...	996,586	...	...	...
TOTAL ORDINARY RECEIPTS	32,040,900	1,363,082	2,206,333	789,756
(EXTRAORDINARY RECEIPTS).				
Receipts by Military Departments—				
Operations in Egypt ...	3,708	...	...	...
TOTAL ...	3,708	...	...	...
GRAND TOTAL ...	32,044,608	1,363,082	2,206,333	789,756

Bengal.	North West Provinces and Oudh.	Punjab.	Madras.	Bombay.
7,662,521	8,004,179	3,177,924	6,890,243	6,395,247
398,328	61,215	...	...	19,165
...
226,646	275,713	...	147,526	...
116,984	534,963	239,616	15,386	29,632
..	87,238	72,454	336,951	37,483
741,958	959,129	312,070	499,863	86,280
14,079	...	..	..	...
2,645	...	..	..	77
81,110	15,223	19,550	7,998	12,184
79,089	111,604	61,311	81,574	108,084
176,923	126,827	80,861	89,572	120,345
..
...
...
8,581,402	9,090,135	3,570,855	7,479,678	6,601,872
...
...
8,581,402	9,090,135	3,570,855	7,479,678	6,601,872

HEADS.	Imperial.	Central Provinces.	British Burmah.	Assam.
ORDINARY EXPENDITURE.				
Interest ...	£ 4,263,075	£ ...	£ ...	£ ...
TOTAL ...	4,263,075	...	...	...
Direct Demands on the Revenues—				
Refunds and Drawbacks	67,017	4,505	4,092	1,644
Assignments and Com- pensations ...	472,440	7,186	...	8,388
Land Revenue ...	41,773	66,098	245,043	90,125
Opium ...	1,854,690	...	...	...
Salt ...	446,641	...	...	...
Stamps ...	—5,172	4,045	2,153	3,612
Excise ...	962	5,814	1,406	729
Provincial Rates ...	...	...	4,695	391
Customs ...	139,345	...	...	...
Assessed Taxes ...	...	45	...	...
Forest ...	23,570	43,535	121,606	19,744
Registration ...	427	2,982	1,056	1,628
TOTAL ...	3,041,693	134,210	380,051	126,261
Post Office, Telegraph, and Mint—				
Post Office ...	1,234,481	...	...	...
Telegraph ...	669,239	...	...	...
Mint ...	80,338	...	...	...
TOTAL ...	1,984,058	...	...	...
Salaries and Expenses of				
Civil Departments—				
General Administration	658,811	54,374	49,007	25,641
Law and Justice ...	160,000	118,733	151,946	62,860
Police ...	36,625	137,088	237,095	89,944
Marine ...	575,284	...	...	10,309
Education ...	13,015	58,024	39,791	27,685
Ecclesiastical ...	159,112	...	...	...
Medical ...	26,425	30,329	21,334	13,234
Political ...	532,665	...	...	...
Scientific, &c ...	256,844	10,604	24,569	3,019
TOTAL ...	2,418,781	409,152	523,742	232,692
Carried forward ...	11,707,607	543,362	903,793	358,953

PROVINCIAL FINANCE.

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Bengal.	North-West Provinces and Oudh.	Punjab.	Madras.	Bombay.
£ 199	£ 4,852	£ 1	£ 3,716	£ 4,423
199	4,852	1	3,716	4,423
30,247	13,308	14,155	50,609	202,693
21	4,102	18,484	72,190	656,029
346,758	800,677	290,714	772,727	675,232
...
...
44,070	12,248	13,223	15,520	19,395
27,229	10,945	5,932	19,947	19,395
26,937	650	15,829	...	6,045
...
9,668	635	193	680	1,993
38,770	104,110	65,008	78,569	154,463
55,787	19,955	8,710	48,263	28,283
579,487	966,630	432,248	1,058,505	1,763,528
...
...
...
...
196,600	159,249	137,650	142,290	174,757
931,982	518,929	320,449	466,392	507,520
458,589	603,899	334,900	387,698	475,216
...	...	...	305	3,670
315,541	166,164	117,004	187,519	259,451
...
137,817	108,309	80,239	160,952	138,186
...
44,805	31,818	22,348	41,716	33,707
2,085,334	1,588,368	1,012,590	1,386,872	1,592,507
2,665,020	2,559,850	1,444,839	2,449,093	3,360,458

HEADS.	Imperial.	Central Provinces.	British Burmah.	Assam.
Brought forward ...	11,707,607	543,362	903,793	358,953
Miscellaneous Civil Charges				
Territorial and Political Pensions ...	60,487	38,088	521	2,639
Civil Furlough and Absentee Allowances ...	220,347	...	...	...
Superannuation Allowances and Pensions ..	1,631,524	15,082	17,390	4,899
Stationery and Printing	40,887	12,301	17,103	6,832
Miscellaneous ...	38,207	5,782	27,385	8,096
TOTAL ...	1,991,452	71,253	62,399	22,466
Famine Relief and Insurance				
Famine Relief ...	...	...	...	209
TOTAL ...	...	...	...	209
Productive Public Works—				
State Railways ...	1,303,989	21,620	102,117	...
East Indian Railway ...	1,996,842	...	...	...
Guaranteed Railways ..	492,896	...	...	...
Irrigation and Navigation ...	43	...	...	...
Charges in respect of Capital Interest on Debt—				
State Railways ...	924,960	25,093	85,318	...
East Indian and Eastern Bengal Railways ...	503,173	..	...	...
Irrigation and Navigation ...	...	..	...	...
Annuities in purchase of Guaranteed Railways ...	1,203,118	...	...	...
Guaranteed Railways: Interest ...	2,622,637	...	...	...
TOTAL ...	9,047,658	46,713	187,435	...
Public Works not classed as Productive—				
State Railways ...	116,299	...	...	...
Subsidized Railways ...	...	...	...	...
Irrigation and Navigation ...	4,364	...	59,316	...
Civil Buildings, Roads, &c. ...	326,043	136,723	352,033	162,166
TOTAL ...	446,706	136,723	411,349	162,166
Carried forward ...	23,193,423	798,051	1,564,976	543,794

PROVINCIAL FINANCE.

Bengal.	North West Provinces. and Oudh.	Punjab.	Madras.	Bombay.
2,665,020	2,559,850	1,444,839	2,449,093	3,360,458
112,682	218,378	123,287	103,278	90,892
...
114,056	113,865	56,709	85,624	117,129
143,744	51,352	39,858	112,274	61,306
45,123	24,582	14,783	74,951	31,086
415,605	408,177	234,637	376,127	300,413
1,276	...	...	3,291	4,409
1,276	..	...	3,291	4,409
239,906	38,023	..	...	...
...
119,533	19,372	...	5,471	...
106,940	194,372	98,897	90,358	24,227
201,827	38,599	13,603	...	40,371
1,119	...	...	...	...
216,076	245,002	169,129	152,286	62,831
...
154,791	313,545	...	205,789	...
1,040,192	848,913	281,629	453,904	127,429
10,075	...	31,327	...	...
44,790	37,584	..	...	85,568
192,396	24,258	59,506	254,048	157,016
985,991	630,537	369,607	1,200,295	614,049
1,233,252	692,379	460,440	1,454,343	856,633
5,355,345	4,509,319	2,421,545	4,716,758	4,649,342

HEADS.	Imperial.	Central Provinces.	British Burmah.	Assam.
Brought forward ...	23,193,423	798,051	1,564,976	543,794
Army Services—				
Army ...	16,921,714	...	...	...
Military Works ...	1,018,128	...	...	...
TOTAL ...	17,939,842	...	...	...
Exchange ...	3,838,756	...	...	...
Total Ordinary Expenditure	44,972,021	798,051	1,564,976	543,794
EXTRAORDINARY EXPENDITURE—				
Famine Relief and Insurance—				
Reduction of Debt ...	581,137	...	...	...
TOTAL ...	581,137	...	...	...
Public Works Capital Account. Constructed from Surplus—				
Famine Railways ...	—108,888	...	...	...
Famine Irrigation Works ...	...	...	...	...
State Railways ...	24,448	1,474	...	27,052
Frontier Railways ...	102,929	...	...	...
From Loan—				
State Railways ...	821,965	35,086	394,066	...
East Indian and Eastern Bengal Railways ...	743,617	...	...	...
Irrigation and Navigation ...	...	...	...	...
Miscellaneous Public Improvements ...	...	...	...	...
TOTAL ...	1,584,071	36,560	394,066	27,052
Army Services—				
Operations in Egypt ...	54,036	...	...	...
TOTAL ...	54,036	...	...	...
Total Extraordinary Expenditure	2,219,244	36,560	394,066	27,052
GRAND TOTAL	47,191,265	834,611	1,959,042	570,846

PROVINCIAL FINANCE.

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Bengal.	North West Provinces and Oudh.	Punjab.	Madras.	Bombay.
5,355,345	4,509,319	2,421,545	4,716,758	4,649,342
...
...
...
5,355,345	4,509,319	2,421,545	4,736,758	4,649,342
...
...
...	117,087	513,790	130,144	-25,672
30,000	111,701	39,012	17,860	84,644
-247,993	-196,664	821	2,234	-5,699
...
921,568	556,459	260,311	...	13,616
55,942	...	...	...	...
140,343	124,211	232,690	161,798	63,427
...	...	...	-533,070	...
899,860	712,794	1,046,624	-221,034	130,316
...
...
899,860	712,794	1,046,624	-221,034	130,316
6,255,205	5,222,113	3,468,169	4,515,724	4,779,658

The account shows that the sum contributed to Imperial Revenue in 1883-84 was £15,103,683, the quota of each province being as under :—

North-Western Provinces	£4,580,816
Bengal	3,226,057
Madras	2,742,920
Bombay	1,952,530
Punjab	1,149,310
British Burmah	641,057
Central Provinces	565,031
Assam	245,962

The rate per head of population for each province is for :— .

	s.	d.
British Burmah	3	5
Bombay	2	4½
North-Western Provinces	2	0¾
Madras	1	9½
Punjab	1	2½
Central Provinces	1	1½
Assam	1	0
Bengal		11½

The contributions, it will be noted, vary very considerably. This is partly due to natural differences in soil, climate, and population, but administrative peculiarities also contribute to the discrepancy. It is significant that Bengal, where the permanent system of land settlement predominates, contributes least.

LOCAL FINANCE.

Certain rates and cesses are levied in most provinces, a percentage of Land Revenue being also given, or grants made in lump sums, for local purposes, the control of which rests with the District Officer, supported by Local Committees. The expenditure is generally on account of elementary education, local public works, local postal lines, which the Imperial Post Office cannot take up, and Dispensaries.

In 1883 Lord Ripon extended very considerably the powers of local bodies, and increased the sums allotted for local expenditure.

In 1874-75 the local receipts and expenditure were £2,238,550 and £2,868,489, in 1883-84, £2,798,632 and £3,078,909 respectively.

THE INDIAN BALANCE SHEET

A great deal has of late years been written regarding the impending bankruptcy of India. I propose, therefore, attempting to show that financially there is not probably a more flourishing country than India in the whole civilized, (which means borrowing), world.

First of all I will consider the actual receipts and expenditure of the last ten years. Under Provincial Finance I have divided the accounts into Ordinary and Extraordinary. I will pursue the same method here. Charges on account of scarcity, when the actual figures are not obtainable, I have taken at £50,000 a year.

	1874-75	1875-76	1876-77.	1877-78.
ORDINARY RECEIPTS—				
Principal Heads of Revenue	£ 47,307,387	£ 47,884,872	£ 46,622,397	£ 47,556,325
Post Office, Telegraph & Mint	1,185,319	1,185,280	1,397,546	1,652,720
Civil Departments	1,333,288	1,287,669	1,298,731	1,397,945
Miscellaneous	1,877,184	1,858,361	1,721,216	1,650,413
Public Works	5,302,457	5,633,482	6,580,256	8,707,030
Military Departments	988,838	1,045,612	925,473	869,981
Military Works	16,675	16,478	39,251	39,237
TOTAL	58,011,148	58,911,754	58,584,870	61,873,651
EXTRAORDINARY RECEIPTS—				
Military Departments	..	...	..	..
TOTAL	..	..	..	..
ORDINARY EXPENDITURE—				
Interest	4,848,378	4,830,355	4,907,443	5,031,202
Direct demands	7,813,576	7,874,693	8,401,780	8,313,841
Post Office, Telegraph & Mint	1,460,682	1,504,420	1,523,477	1,577,076
Salaries and Expenses	10,050,500	10,276,652	10,539,372	10,392,252
Miscellaneous	3,742,468	4,138,988	3,752,059	3,757,125
Scarcity	50,000	50,000	50,000	50,000
Public Works	10,242,351	10,382,078	10,542,114	11,211,449
Army	15,375,159	15,308,460	15,792,112	16,639,761
Military Works	1,185,926	1,337,738	1,202,322	1,153,929
Exchange	785,820	1,355,861	2,059,311	1,554,922
TOTAL	55,554,860	57,059,245	58,769,990	59,681,557
EXTRAORDINARY EXPENDITURE				
Famine	2,192,922	551,966	2,095,431	5,295,985
Reduction of Debt	..	..	..	..
Public Works Capital—				
Famine	..	..	..	..
Surplus	105,193	66,279	27,287	71,394
Loan	4,249,571	4,270,629	3,809,284	4,791,052
Army Wars	..	..	..	..
TOTAL	6,547,686	4,888,874	5,932,002	10,158,431
Surplus on Ordinary Account	2,456,288	1,852,509	..	2,192,094
Deficit do. do.	185,120	..

THE INDIAN BALANCE SHEET.

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1878-79	1879-80	1880-81.	1881-82	1882-83	1883-84.
£ 51,836,048 1,510,835 1,385,568 1,691,165 7,627,365 974,781 39,554	£ 53,074,645 1,740,493 1,439,771 1,666,580 9,333,120 1,079,982 38,255	£ 52,702,302 1,647,305 1,468,150 1,985,989 11,572,596 924,127 36,727	£ 53,654,461 1,489,699 1,513,083 1,707,226 12,908,359 1,161,707 50,298	£ 50,953,611 1,708,994 1,437,246 1,378,515 13,010,376 1,007,480 44,306	£ 52,037,691 1,672,761 1,427,729 1,512,604 14,076,342 952,524 44,062
65,065,316	68,372,846	70,337,166	72,484,833	69,540,528	71,723,713
		3,297,607	2,659,768	584,703	3,708
		3,297,607	2,659,768	584,703	3,708
4,959,066 7,467,620 1,663,382 10,384,384 3,857,054 50,000 11,941,042 17,092,488 1,190,588 3,225,831	4,976,306 7,858,312 1,706,246 10,388,441 3,945,871 50,000 12,552,008 16,896,239 966,297 2,926,403	4,083,220 8,046,021 1,765,957 10,581,117 3,927,883 34,469 14,799,410 16,718,006 969,168 2,716,809	4,558,100 8,220,111 1,771,662 11,038,504 4,044,532 34,849 15,948,430 17,216,215 1,070,546 3,556,700	4,468,132 8,476,968 1,908,569 10,947,971 3,890,407 22,103 17,215,911 16,138,428 964,307 3,081,433	4,276,266 8,482,613 1,984,058 11,250,038 3,882,529 9,185 17,887,864 16,921,714 1,018,128 3,838,756
61,831,395	62,266,123	63,642,060	67,459,649	67,114,229	69,551,151
263,420 ..	53,990 ..	.. ..	.. 715,151	.. 1,343,555	.. 581,137
.. 220,850 4,381,898 .	.. 1,805,760 13,095,192 4,816,623	.. 2,370,618 3,656,505 11,368,489	750,000 472,355 3,311,423 1,644,927	134,342 727,276 4,649,898 1,301,822	909,678 —291,398 3,992,029 54,036
4,866,168	19,771,565	17,395,612	6,893,856	8,156,893	5,245,482
3,233,921 ..	6,106,723 ..	6,695,106 ..	5,025,184 ..	2,426,299 ..	2,172,562 ..

It thus appears that in every year there has been a surplus on the ordinary receipts and charges except in one famine year, 76-77, when there was a large falling off, of over a million, in the Land Revenue of Madras alone; even then the deficit amounted to £185,120 only.

In 1879-80 and 1880-81 the surplus amounted to upwards of £6,000,000 each year, owing chiefly to the increase caused by Famine Taxation, and the larger receipts under Productive Public Works. In 1882-83 it fell again to about £2,000,000, owing to the abolition of the Customs Duties and the reduction of that on Salt.

It must be recollected that the surplus occurs, notwithstanding that there has been an annual expenditure of from ten millions in 1874-75 to eighteen millions in 1883-84 on public works, the major portion of which would not in any other country have been charged to revenue at all. All the expenditure on military works, fortifications, on Civil buildings, and roads, and on irrigation works not classed as productive, have all been treated as current expenditure, and yet we have a surplus each year. Could anything more be required to testify to the financial soundness of the empire?

There has been a steady increase in the revenue during the last ten years, as the following statement will show:—

RECEIPTS.

	1874-75.	1883-84.	
Principal Heads of Revenue—			
Land Revenue ...	£ 21,332,176	£ 22,361,899	
Opium ...	8,556,629	9,556,501	
Salt ...	6,229,396	6,145,413	Decrease due to reduction of Salt Duty in 1882-83.
Stamps ...	2,758,042	3,513,201	
Excise ...	2,347,274	3,836,961	
Provincial Rates ...	1,872,938	2,878,731	
Customs ...	2,682,233	1,187,266	Decrease due to abolition of Customs Duties.
Assessed Taxes ...	20,191	526,087	
Forest ...	598,367	1,052,190	
Registration ...	185,169	258,955	
Tributes ...	724,972	720,487	
TOTAL ...	47,307,387	52,037,691	
Post Office, Telegraph, and Mint—			
Post Office ...	739,819	1,018,743	
Telegraph ...	286,479	522,570	
Mint ...	159,021	131,448	
TOTAL ...	1,185,319	1,672,761	
Carried forward ...	48,492,706	53,710,452	

THE PROVINCIAL BALANCE SHEET.

	1874-75	1884-85.	
Brought forward ..	48,492,706	53,710,452	
Receipts by Civil Departments—			
Law and Justice ...	606,876	573,859	
Police ...	207,980	311,874	
Marine ...	302,067	192,867	
Education ...	141,431	204,427	
Medical ..	45,575	54,971	
Scientific .	29,359	89,731	
TOTAL ..	1,333,288	1,427,729	Exceptional receipt of £80,507 in 1874-75 in England.
Miscellaneous—			
Interest .	559,416	849,463	
Receipts in aid of Superannuation	702,881	302,437	£588,056 in 1874-75 was from subscriptions on account of Service Funds, since abolished, the subscriptions to which will decrease each year.
Stationery and Printing	50,491	50,595	
Miscellaneous ...	564,396	310,109	
TOTAL ...	1,877,184	1,512,604	
Revenue from Public Works—			
State Railways ...	130,986	3,269,226	
East Indian Railways ...	2,171,905	4,999,409	
Guaranteed Railways ...	1,959,659	3,688,143	
Irrigation & Navigation	529,384	1,612,579	
Subsidized Railways ...	...	2,722	
Military Works ...	16,675	44,062	
Civil Buildings, &c. ...	510,523	504,263	
TOTAL ...	5,319,132	14,120,404	Net earnings in 1874-75 gross in 1883-84
Receipts by Military Departments—			
Army ...	988,838	952,524	
Military Operations ...	.	3,708	
TOTAL ..	988,838	956,232	
TOTAL REVENUES	58,011,148	71,727,421	

Handwritten notes:
 The ...
 ...
 ...

The only increase due to fresh taxation is under Provincial Rates and Assessed Taxes on account of the Famine Cesses and License Tax of 1877 and 1878, which amounted to about one million. If we deduct this the increase in the total revenues is still £12,716,273. Of this £3,730,304 proceeds from Principal Heads of Revenue, notwithstanding the abolition of the Customs Duties and the reduction of the duty on Salt, which cost India three millions in 1882-83 alone. The larger proportion of £8,985,969 is the profit on account of the more prosperous railways and public works. Thus the ordinary revenues have shown a steady increase in the past, and it may be hoped that for very many years they will continue to do so in the future.

What India requires above everything is facility of communication—mainly railways and roads—to enable every village to send its produce to the most favourable market. As communications and roads are opened up, trade and commerce will follow. The increased wealth of the population will allow not only of an increase in domestic comfort, but will cause the expenditure of more money in revenue-producing articles. Stamps and Registration always increase with trade; the Post Office and Telegraph will carry more letters and more telegrams, and many more heads of revenue will be indirectly affected. The wealth of India is practically boundless. There are millions of acres of land uncultivated which are well susceptible of cultivation. Improved agriculture will follow with time, and the amount of cereals, grain, rice, seeds, &c., will increase to many times what it is now. There are 35,000 square miles of coal, the larger portion untapped for want of means of carriage. There are fields of copper, lead, iron, antimony and petroleum, all inviting communications and capital for remunerative development. India, in fact, is the most magnificent property a nation ever held in trust, and if judiciously managed there need be no fear of its material prosperity and wealth failing to increase.

Hitherto I have dealt with the annual accounts, now I propose making out the balance sheet of the empire with all its assets and liabilities for the 31st March, 1884. Those in pounds sterling have been converted into rupees at the exchange of the year, and then rendered into pounds equalling Rs 10.

LIABILITIES—	(Rs 10) £
Ordinary Debt	105,901,255
Public Works Debt	55,886,675
Purchased Railway Debt, Stock in lieu of Debentures, present value of annuities	46,185,938
Guaranteed Railway Debt	84,956,954
Subsidized " "	1,062,653
Special Loans	1,843,065
Treasury Notes	2,701,238
Service Funds	1,777,513
Savings Banks	4,017,230
Excluded Local Funds	309,229
Political, Railway and other Funds	361,031
Deposits and Advances	2,941,511
	<hr/>
Total (Rs 10) £	307,944,292

THE PROVINCIAL BALANCE SHEET.

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ASSETS—

Value of Purchased Railways	60,068,725
" Guaranteed Railways	121,422,770
" Subsidized Railways	1,330,033
" State Railways (including Famne)	43,082,555
" Irrigation Works (including Famne)	25,986,606
" Telegraphs	3,229,358
" Opium in Store	4,565,524
" Salt " "	4,521,886
Loans to Municipalities and Native States	7,593,566
Cash Balances	18,253,023
	<hr/>
	290,954,046

Net liabilities (Rs 10) £17,890,246

The above is the amount calculating ten rupees to the pound ; in true pounds it amounts to £14,562,659

The East Indian Railway pays 8 per cent on the capital of £32,059,440, its market value may, therefore, be safely estimated at £60,000,000. The amount paid by Government for the land for Guaranteed Railways was estimated at £10,407,000 by Captain E Davidson, R.E., in 1868. It is impossible to obtain the figures for the early years, when their construction was commenced, from the accounts, but having regard to the sums paid later on, I consider his estimate was much too high, and I have, therefore, taken £5,000,000 only.

With the exception of these all the figures are taken from the accounts ; the uncovered liabilities thus amount to £14,562,659 only, but while the accounts shew fully the liabilities they do not exhibit fully the assets. Irrespective of the Public Works for which capital accounts are now being kept, there were millions expended before capital accounts or productive public works were thought of, and the market value of many of the productive public works is greatly in excess of the capital originally spent on them. There are the public buildings all over India, the salt mines, the opium factories and stock, the stores of the various departments, civil, public works, military and marine, the steamers, the dockyards, the mints and stock, the reserved forests, Cooper's Hill and the India Office. These are all assets whose value it is impossible to calculate, but no one can doubt that it is very much in excess of 14½ millions. India has in reality no debt whatever ; her assets far exceed her liabilities, and her balance sheet is such as is possessed by no other country, it is the most favourable in the world.

THE TAXATION OF INDIA.

And what is the taxation of India? Nothing at all compared with that of other countries.

The Land Revenue is not a tax; it is, what would be called in other countries, rent. Therefore, for purposes of comparison it should be thrown out of account. Opium is a tax only on the Chinese consumer, it should also be thrown out. The Customs revenue is confined to receipts from the export of rice, and this duty can only be maintained so long as it is found to be a tax on the foreign consumer. There remain, therefore, only salt, stamps, excise, provincial rates, customs duties on imports, assessed taxes and registration, all the other receipts are in return for services directly rendered, and are not taxation.

Their amounts are as follows for 1883-84:—

Salt	£6,145,413
Stamps	3,513,201
Excise	3,836,961
Provincial Rates	2,878,731
Customs' Imports	439,087
Assessed Taxes	526,087
Registration	258,955
	<u>£17,598,435</u>

The population of India is 254,000,000, that of British India alone 200,000,000. The Salt and Customs Duties fall on the inhabitants of native states as well as on those in British territory; taking this into account the taxation per head is eleven annas and one pie only, or at the exchange of the year, one shilling and one penny half-penny. In England the rate per head is 40 shillings and in Ireland 20 shillings.

*The whole of the Taxation of India is
 assessed on the native States, which are
 India, which are better the Government
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THE ACCOUNTS.

I now propose preparing an account of the receipts and expenditure or the year 1883-84, in such a form as I trust may be easily intelligible to the English, or uninitiated Indian reader.

1st—I have converted all receipts received and charges incurred in England connected with the Indian accounts into rupees at the exchange of the year I have then taken them together with the receipts received and charges incurred in India in rupees into one account, which is thus a correct rupee or Indian account. The remaining receipts received and charges incurred in England I have taken into another account, which is a sterling or Home Account being primarily an account of the India Office, but including also a few items besides, which do not form an integral part of those of India.

2nd—I have divided the accounts into Ordinary and Extraordinary, the former containing all the usual recurring receipts and charges, the latter, those on account of capital expenditure on Railways, and on large Irrigation Works on account of Wars, and Reduction of Debt

3rd—Famine Charges on account of protective works I have taken under Public Works

4th—I have further grouped the receipts and expenditure as Civil, Public Works, and Military. This will allow anyone to see at a glance how the account of the Civil Administration, the Public Works, or Military Departments, stand

5th.—I have shewn the figures under “Deposits and Remittances” gross.

The account thus exhibits fully the magnitude and variety of the transactions for which Indian Finance is responsible.

I.—INDIAN		
	Rupees.	Rupees
Ordinary Receipts—		
Civil Receipts—		
Principal Heads of Revenue	52,03,46,275	
Post Office, Telegraph and Mint ...	1,64,70,950	...
Receipts by Civil Departments ...	1,42,55,532	
Miscellaneous ...	1,39,05,835	56,49,78,592
Public Works Receipts—		
Railways ...	12,19,96,479	...
Irrigation and Navigation	1,61,25,790	
Civil Buildings, Roads, &c.	48,76,880	14,29,99,149
Military Receipts—		
Military Departments ...	97,85,606	...
Military Works ...	4,40,620	1,02,26,226
Home Receipts—		
India Office Account, £170,620	22,06,632	22,06,632
TOTAL ORDINARY RECEIPTS	...	72,04,10,599
Extraordinary Receipts—		
Public Works Receipts—		
Miscellaneous Transfers ...	2,81,050	2,81,050
Military Receipts—		
Military Operations in Egypt	37,080	37,080
TOTAL EXTRAORDINARY RECEIPTS	...	3,18,130
Debt Incurred—		
Productive Public Works...	4,15,51,777	4,15,51,777
Deposit, Advance, and Remittance Accounts -		
Unfunded Debt ...	3,38,11,150	
Deposits and Advances ...	22,33,64,660	
Loans ...	27,87,020	
Capital of Guaranteed and Subsidized Railways ...	1,73,71,980	
Remittances ...	30,09,09,670	
India Office Account, £22,198,960	27,27,14,224	85,09,58,704
Balances on the 1st April, 1883—		
Government Treasuries ...	14,82,15,500	
India Office, £3,429,874 ...	4,21,36,002	19,03,51,502
GRAND TOTAL ... Rs	...	180,35,90,712

ACCOUNT.

	Rupees.	Rupees.
Ordinary Expenditure—		
Civil Expenditure—		
Interest ...	4,83,42,863	
Direct demands ...	8,48,44,932	
Post Office, Telegraph and Mint ...	1,90,76,656	
Salaries and Expenses ...	10,93,04,021	
Miscellaneous ...	2,99,62,760	
Scarcity ...	92,053	29,16,23,285
Public Works Expenditure—		
Railways ...	12,17,58,981	
Irrigation and Navigation... Civil Buildings, Roads, &c	2,11,14,384 4,75,93,466	19,04,66,831
Military Expenditure—		
Army ...	18,06,81,949	
Military Works ...	1,01,94,590	19,08,76,539
Home Expenditure—		
India Office Account, £1,565,860	1,92,36,590	1,92,36,590
TOTAL ORDINARY EXPENDITURE	...	69,22,03,245
Extraordinary Expenditure		
Public Works Capital Expenditure—		
From Surplus .		
Railways ..	33,50,852	
Irrigation and Navigation	28,32,229	61,83,081
From Loan .		
Railways ...	4,12,60,015	
Irrigation and Navigation	20,42,863	4,33,02,878
Military Expenditure—		
Military Operations in Egypt	5,54,440	5,54,440
TOTAL EXTRAORDINARY EXPENDITURE	...	5,00,40,399
Permanent Debt Discharged		
Ordinary ...	96,63,281	
Famine ...	58,11,370	1,54,74,651
Deposit, Advance, and Remittance Accounts—		
Unfunded Debt ...	3,03,21,390	
Deposits and Advances ...	22,47,78,601	
Loans ...	10,67,420	
Capital of Guaranteed and Subsidized Railways ...	2,17,20,170	
Remittances ...	29,13,77,630	
Secretary of State's Bills ...	22,11,16,669	
India Office Account £5,938,979	7,29,60,357	86,33,42,237
Closing Balances on 31st March, 1884—		
Government Treasuries .	13,19,99,260	
India Office, £4,113,221	5,05,30,920	18,25,30,180
GRAND TOTAL .. Rs	...	1,80,35,90,712

INDIA OFFICE ACCOUNT
RECEIPTS.

INDIA OFFICE RECEIPTS—	£	£	
Miscellaneous ..	4,881	4,881	
TRAINING OFFICERS FOR INDIAN SERVICES—			
Forest Department ...	3,072		Fees from Students, &c.
Public Works Department	16,575	19,647	Ditto at Cooper's Hill College.
OTHER RECEIPTS—			
Telegraph ...	51,424		Indo-European Telegraph
Medical ...	2,413		Lunatics at Royal Asylum at Ealing and elsewhere.
Superannuation ...	101,255	155,092	Various Service Funds.
TOTAL RECEIPTS ...	...	179,620	
DEPOSIT, ADVANCE, & REMITTANCE ACCOUNTS—			
Unfunded Debt ...	1,254,339		
Deposits and Advances ...	1,011,396		
Capital of Guaranteed and Subsidized Railways ...	1,903,701		
Remittances ...	1,106,885		
Secretary of States Bills Sold	17,599,805	22,876,126	
BALANCE ON 1ST APRIL, 1883			
India Office ...	3,429,874	3,429,874	
GRAND TOTAL £	...	26,485,620	

FOR 1883—84.

EXPENDITURE.

	£	£	
INDIA OFFICE EXPENDITURE			
Interest ...	973		Provident Fund.
Administration ...	219,119		Secretary of State and Establishment.
Law and Justice ...	187		Privy Council Reporter.
Superannuations ...	49,100		Pensions of India Office Officials.
Stationery and Printing ...	7,691		
Miscellaneous ...	6,320	283,390	
TRAINING OFFICERS FOR INDIAN SERVICES—			
Forest Department ...	5,780		Expenses connected with candidates' education, &c.
Public Works Department	30,823		Ditto at Cooper's Hill College.
Covenanted Services ...	13,653	50,256	Ditto Examinations, &c
OTHER CHARGES—			
Post Office ...	73,600		Payments under postal arrangements with the Lords of Treasury, and Subsidy to Euphrates and Tigris Steam Navigation Company.
Telegraph ...	38,281		Indo-European telegraph charges and annuities to shareholders late Red Sea and Indian Telegraph Company.
Marine ...	99,427		Contribution towards expenses of H.M.'s ships employed in Indian Seas.
Medical .	7,347		Royal Lunatic Asylum, Ealing, and charges for lunatics
Political ...	25,500		Mission to Court of Persia, H.M.'s establishments in China, and Jeddah Consulate
Superannuation ...	988,059	1,232,214	Pensions of East India Company, and abolished Service Funds
TOTAL EXPENDITURE	..	1,565,860	
DEPOSIT, ADVANCE, & REMITTANCE ACCOUNTS—			
Unfunded Debt ...	1,250,835		
Deposits and Advances ...	1,002,870		
Capital of Guaranteed and Subsidized Railways ...	2,312,471		
Remittances ...	16,240,363	20,806,539	
BALANCE ON 31ST MARCH, 1884			
India Office ...	4,113,221	4,113,221	
GRAND TOTAL £	...	26,485,620	

Conclusion.

From the foregoing remarks on the several heads of account, it will be gathered that, in my humble opinion, what Indian Finance most requires is not any heroic remedy—except, perhaps, with regard to her standard of currency where immediate and energetic action might be advisable—but minute vigilance, patient nursing, and above all, consistent policy. *Quæta non movere* is a principle to be sedulously followed in Indian finance, among a people with whom innovation is in itself an evil, only jealously accepted where it alleviates a burden, and dangerously odious when it enhances one. The mistakes which have been made, particularly of late years, in Indian financial administration appear to have resulted from looking to English rather than Indian feeling. Taxes have been remitted, not because the native population found them onerous, but because certain persons, having more influence over English, than acquaintance with Indian, opinion, have fancied that they ought to be so. Taxation in India is extremely light, and light as it is, is very considerably enforced. It is true that the population of India is, absolutely, one of the poorest in the world, though by no means so when considered in relation to its felt wants. Still, it is a praiseworthy object to remit still further the pressure of taxation wherever possible. Only, great circumspection should be used in making certain, when reducing or abolishing an impost, that there is no danger of its having to be re-imposed. Therefore, a familiar burden, under which the people have come to move easily, should not lightly be tampered with, while on the other hand new and strange taxation should never be imposed except under the extremest necessity.

There are several economies, no doubt, in administration that might be effected without loss of efficiency, and two, which have been for years the mark of public comment, it may not be improper for me to notice.

Thus the annual exodus to Simla has been a standing object of attack for many years. As a regular practice this migration of the Supreme Government and its officers in the hot weather to the bracing climate of the Hills dates only from the time of Lord Lawrence. Before then it had no doubt been customary for the Governor-General to pay occasional visits in the great summer heats to some hill-station,—now to one, now to another,—but only accompanied by his personal staff, and those few members of Government whose presence with the Governor-General was absolutely necessary. Now, not only do the Viceroy and his staff, but all the Members of Council, the Secretaries and Under-Secretaries, the higher officers of nearly every Department under the Government of India, with their various establishments of clerks, resort every hot season to Simla.

No one questions the advisability of the Viceroy himself visiting a hill-station. It must be convenient to him, and assist in the quicker and more efficient despatch of Government business, having all the chief officers of the State and their offices with him at Simla, where he resides longer and more continuously than he does in Calcutta. The winter season is the touring season in India, and the Viceroy has to visit other capitals besides Calcutta. Thus in 1883-84 Lord Ripon was in Calcutta for three months. Lord Dufferin became Viceroy in December, 1884, and his and Lord Ripon's joint stay there in 1884-85 was only three months and a half. This year, that is in the cold weather of 1885-86, Lord Dufferin's residence in Calcutta was of under two and a half months. Some Members of Council, too, are generally on tour during a portion of the cold weather, and the Commander-in-Chief is so invariably, as well as the Heads of many of the Departments of the Government of India. As a matter of fact, therefore, the great officers of State are never collected in such completeness or for so long a time in Calcutta during the cold season, as they are at Simla during the hot, and there is, therefore, less necessity for their having their offices with them in Calcutta than at Simla.

When the Governor-General was also Governor of Bengal it was natural and proper that the capital of Bengal should be his head-quarters. In those days, too, Calcutta was the only gateway to the North-West Provinces and Punjab. The produce of Northern India could find no foreign market except through Calcutta. This is no longer the case. Railways carry the produce of the North-West, Oudh, and the Punjab to Bombay and Kurrachi. The Nagpur and Chattisgarh line, when completed as a through line to Bengal, will divert the trade from its northern districts to Bombay. Chittagong, when its port has been improved, will receive the produce of Assam and Northern Burmah; and Calcutta, despite its illustrious history and stately buildings, will subside into a mere provincial capital of no higher rank than Madras, and distinctly lower than Bombay. Even now it is no otherwise the capital of India than as the Viceroy is pleased to make it his residence for generally two or three months in the year. It is most inconveniently situated at one corner of the Empire, and is more inaccessible to the rest of India generally than Simla. It is, moreover, notwithstanding recent sanitary improvements, decidedly unhealthy.

No doubt, were we free to select a new capital for all India one on the Deccan Table Land or Pachmar, or some central position where the climate was fairly good the whole year round would be chosen, but it is now too late to think of the abandonment of Simla. Our Moghal predecessors ruled from Upper India, politically, then as now, the most important part of the empire. It would seem, therefore, if the expense of the annual move is to be avoided, more reasonable and desirable that the Government of India Offices should remain permanently at Simla, or for the winter in the near neighbourhood of their summer residence, as, for instance, at Ambala.

Another direction in which there is a great clamour for retrenchment is the outlay on the Civil Services. The civil administration of India is composed officially of two classes of officers, the Covenanted and the Uncovenanted. The former consists of men selected by competitive examination at Burlington House, and also of natives selected by the Local Authorities and appointed by the Viceroy in India.

The latter comprising (1) the officers of the great departments of Public Works, Telegraph, Forest, Survey, Police, Financial, Education, Opium, and Customs is recruited by examination or patronage of the Secretary of State, or the Governments in India, and consists chiefly of men of the same class and stamp as those in the Covenanted Civil Service, (2) the officers of the subordinate magisterial, judicial and other branches, and (3) the clerks and superintendents in the various Government offices. The appointments to the two latter, consisting almost exclusively of natives or Eurasians, being chiefly by patronage, either of the different Governments, or the heads of Departments or offices as the case may be.

The salaries appertaining to the appointments held by Covenanted Civil Servants are no doubt very large, and have not been regulated on any uniform principle. Considering the changes which have occurred since they were fixed, and that service in India is by no means the hardship now that it was then, when an officer was as it were almost exiled for life, and further considering, that officers of precisely the same social class and education are to be found in the great Uncovenanted Departments with much smaller salaries and fewer privileges, it seems that the time has arrived for a revision of these salaries, but for future members appointed to the service only, since nothing would be more injurious to the service or more unjust than reducing salaries with the hope of attaining which men had given up other careers.

Thus in the Non-regulation Provinces, the maximum salary of a District Officer has hitherto been ~~Rs~~ 1833-5-6 a month. These appointments have been held chiefly by military and covenanted officers with a few uncovenanted men. In the regulation districts, as those of Bombay, Madras, Bengal, and a part of the North West Provinces, the maximum salary of a district officer is ~~Rs~~ 2,250. There seems no reason for this difference, and a large saving without any loss in efficiency would eventually accrue were the non-regulation provinces rate adopted throughout India for future members of the service. In fact that, or say ~~Rs~~ 1850, might be taken as the unit by which all salaries should be fixed, of course modified to suit in particular instances local peculiarities. The Commissioners who come next in rank might receive ~~Rs~~ 2,000, a Financial Commissioner ~~Rs~~ 2,500, and this should be the maximum salary of any officer in any Department whose jurisdiction extended over a whole province. In Departments in which the jurisdiction of the senior officer extends over the whole of India, the scale at present in force in the Postal Department might be adhered to. The Director-General of Post Offices draws a salary of ~~Rs~~ 3,000, while the Postmasters-General draw salaries varying from ~~Rs~~ 1,500 to ~~Rs~~ 2,000 with local allowances for Bombay and Bengal, as living is more expensive in Calcutta and Bombay than elsewhere. That this is adequate is proved by the appointments being filled by covenanted officers. An examination into the different appointments throughout India, such as was undertaken by the late Sir Henry Ricketts nearly thirty years ago, would probably be necessary.

Not only, however, is a revision of salaries in the higher ranks of the civil service desirable, but a radical change in its constitution and status. For several years past, there has been an unceasing wail from members of the Covenanted Civil Service on account of slackness of promotion, and longer detention on low salaries than they had been led to expect on entering the service. The Uncovenanted Service is unhappy, chiefly owing

to the illiberality of their leave and pension rules, which the Government of India so far back as 1868, recommended to the Secretary of State for improvement, and by the appropriation of the prize appointments of the majority of their Departments by officers of the Covenanted Civil and Military Services. The natives are discontented because there is no road to the higher appointments except through competitive examinations held in England

To remedy these various grievances, numerous expedients have been tried. Officers of the Covenanted Service have been granted pensions before their period of service was completed to accelerate promotion, while others have been given personal allowances to compensate them for their low official salaries. Some officers in the Uncovenanted Service, chiefly those appointed by the Secretary of State for India, have been allowed more favourable leave and pension rules; while to propitiate the natives an Act was passed in Lord Lytton's time allowing of their appointment to the Covenanted Civil Service direct by the Government in India. The wisdom of some of these concessions is very doubtful, inasmuch as being merely temporary and patchwork expedients, they simply defer for a time that thorough reorganisation of the Civil Services in India, which everyone at all acquainted with the subject knows to be inevitable. The object should be to constitute a civil service, in which there should be a regular and reasonable flow of promotion, equality of social status, and where merit would not be debarred by any class distinctions from attaining to the highest offices. There would be no difficulty in constituting such a service, provided the preliminary principle were established that existing rights, whether in the matter of salary or other privilege, so far as present incumbents of the service are concerned, must not be infringed. There should in short be one great civil service in which would be included every office under Government from the Lieutenant-Governorship, with its Rs 8,333 a month, to the clerkship with its Rs 20. It should have one set of leave and pension rules applicable alike to all. It should be divided into different branches, and the transfer from one branch to another should be inadmissible save with the sanction of the Secretary of State

Each branch might consist of three grades of officers:—

(1). The "Ministerial," as it is technically termed in India, which would include all clerks in the different offices of each department

(2). The Subordinate, which would comprise all the less responsible administrative officers, such as Deputy Collector and Deputy Magistrate, Subordinate Judge, &c., as at present.

(3). The Upper, which would include all the more responsible administrative officers, such as Assistant Collectors, Collectors, Commissioners, Chief Commissioners, Lieutenant Governors, Assistant, Executive, and Superintending Engineers, &c.

First appointments to the two first grades in each branch should be made in India by the different Indian authorities as at present. First appointments to the Upper Grade in each branch should only be made in

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England, after examination for the particular branch of the service the candidate has selected, whether Revenue, Judicial, Financial, Educational, or other. To allow, however, of natives having a fair chance of competing at these examinations, a certain number of scholarships should be given annually to enable them to visit England and study for them in the same manner that scholarships have lately been given for the purpose of study at Oxford and Cambridge. This was, I believe, suggested by Lord Lawrence when Viceroy. It has been acknowledged that the appointment of native youths direct to the higher service in India has not been a success, and no native youth who has not visited England and studied our customs and ways of thought, should be appointed direct to the higher service at all. There are many natives, however, in the subordinate service who have proved themselves thoroughly efficient officers, and in accordance with the principle that no native who had proved himself fit should be debarred from high office, the promotion of officers of not less than 15 years' standing might be allowed from the Subordinate to the Upper Grade. Then a clerk on entering the Ministerial Grade would feel that he might with zeal and efficiency rise into the Subordinate, thence into the Upper, and so obtain the highest posts in his branch which the Government could bestow.

The present discontent of the Covenanted Service is due chiefly to irregular and over recruitment. To avoid this in future, the number of lower appointments in each Upper Grade should bear a fixed proportion to the number of the higher which officers might expect to obtain after a certain number of years. This would reduce the lower paid appointments belonging to the Upper Grades, and any such thus becoming available should be made over to the Subordinate. This would increase the number of appointments for natives, and also cause a reduction of expenditure.

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P 8

**A NEEDED REFORM
IN INDIAN
ADMINISTRATION.**



BY

ROMESH C. DUTT, C.I.E.,

*Late officiating Commissioner of Orisia, and sometime Member
of the Legislative Council of Bengal.*



[Revised reprint from *Asiatic Quarterly Review*,
Oct., 1898.]

A NEEDED REFORM IN INDIAN ADMINISTRATION.

THE East India Company conquered India, but the British Parliament has consolidated the Empire. It is because the proceedings of the servants of the East India Company were subjected to periodical inquiries, it is because abuses were removed and reforms were initiated periodically after such inquiries, that England has an empire in India at the present day. Sir Courtenay Ilbert, in his excellent historical Introduction to his work on the "*Government of India*" has pointed out that the entire period from 1760-1858 is "marked by Acts of Parliament occurring with one exception at regular intervals of twenty years," following on the Parliamentary stock-taking upon which each renewal of the Company's Charter was conditional. It was these Parliamentary inquiries which cleansed what was impure, and strengthened what was weak, in the Company's administration, and which have materially helped in the building up of the British Empire in India.

"We have lost the salutary effect of those periodical inquiries now," I wrote last year,* "and the direct administration of India by the Crown has, along with many great and obvious advantages, this one disadvantage—that the administration is virtually responsible to none."

A friendly critic, himself an Indian administrator of high distinction,† has made some just and thoughtful remarks on

* "*England and India, 1785—1885.*" Chatto and Windus, 1897.

† G. E. Ward, sometime Commissioner in the N. W. Provinces.

my book in the January number of the *Asiatic Quarterly Review* from which I may be pardoned for making an extract :—

“The key-note of the whole difficulty is sounded by Mr. Dutt when he says in his preface that ‘the direct administration of India by the Crown has, along with many great and obvious advantages, this one disadvantage—that the administration is virtually responsible to none.’ The Government of India is a benevolent despotism ; the inhabitants of India, whether of Indian or European birth, whether they are officials or non-official, have absolutely no control over its actions. For it is obvious that the British residents—even the civil and military officers of the Crown, unless they are in the Governor-General’s Council—have no more voice in determining the policy of the Government than the native gentlemen, or even the native peasantry. The only power which can, and occasionally does, control the Government of India, is the British Parliament, a body which is subject to all the humours and inconstancies of the electorate of Great Britain.

* * * * *

“Is there any chance, however, of detailed reforms in Indian administration ever forming part of a party programme in Great Britain? and if there were such a chance, is it desirable that the Government of India should be guided in the details of its administration by the voice of the British public? Nothing would more tend to rivet the existing despotism upon the necks of the Indian people, while the despotism, if better intentioned, would certainly be far less intelligent than it is at present.

“No; what is wanted is that more control should be exercised in India, and by the Indian people, over their own affairs.”

Most people with experience in Indian administration will be inclined to agree with Mr. Ward that (while Parliamentary inquiries at stated periods into Indian administration have been beneficial in the past, and are no less necessary in the present), the control over the every-day details of Indian administration should come, not from the electorate of Great Britain, but from the Indian people. If we calmly inquire into the true causes of that feeling of unrest, and even of some degree of bitterness between different classes, which is now observable in India, we shall find that it is really due to a policy which unwisely and ungenerously excludes the people of India from all real control over the administration, and makes them irresponsible and hostile critics instead of loyal partakers in the work of government. And if we pass in brief review some of the recent measures of the Indian Government, we shall find how much the Government have lost, even within the last year or two, in not allowing that partial control to the people of India which the people alone are fit to exercise in the management of their own concerns.

There are not many Englishmen familiar with Indian
 opinions who approve either of the policy which led to the
 Indian Frontier War, or of the decision of the Govern-
 ment to charge the whole cost of that war to the Indian
 revenues, while England has made a gift of nearly a million
 pounds towards the expenses of the Egyptian Frontier War. Would
 it have been a loss or a real advantage towards a sound decision
 on these points if the people of India had some voice, not in
 merely estimating the questions, but in influencing by their
 constitutionally expressed opinion the decision of the Imperial
 Government? What the opinion of the people of India would
 have been, has been well expressed by Mr. Ward. "At the
 present moment the whole country is hotly debating the
 question not only whether the frontier policy of the Indian
 Government is wrong or right, but how it came about, and
 which party is responsible. Yet one thing is perfectly certain;
 that if the people of India during the last ten years had had
 any—the slightest—control over the taxation of the country,
 or the application of its revenues, the Government would have
 been forced either to abandon its expensive schemes of frontier
 defence, or to have prosecuted them under the direct sanction
 of Parliament at the cost of the British Exchequer."* And,
 we may add, the representatives of the Indian people would
 not have wired to the Secretary of State for India that India
 could do without help from England in this year of all years,
 and Englishmen would not have perpetrated the unspeakable
 injustice of charging to India the whole cost of the Indian
 Frontier War, while contributing to Egypt nearly a million
 pounds towards the Egyptian Frontier War. A greater recognition of
 the popular sentiment and of popular control in the adminis-
 tration of India would have enabled the Indian Government to
 avoid a policy which has led to a needless war, or to demand
 from the Imperial exchequer a contribution towards the war
 brought about in pursuance of an Imperial policy. Neither
 Lord Elgin nor Sir James Westland had a right to speak for
 India, nor have they spoken wisely.

But let us pass on to another question which is attracting
 more attention at the present moment. Lord Elgin and Sir
 James Westland have submitted to the Secretary of State for
 India their proposals about the Indian Currency. The pro-
 posals are now under consideration by a Committee in this
 country, and we do not desire to anticipate their decision or
 express any opinion on their merits. But the point which we
 desire to urge is that the Government of India should not
 have made any proposals at all without consulting the people
 of India through their representative men and natural leaders.
 The point that we desire to urge is that the proposals of the

* *Asiatic Quarterly Review*, January, 1898.

Indian Government would have been sounder and wise could have been urged with greater force, if they had framed after consulting the people. The people have interest in their currency far greater than either the Government of India, responsible for the adjustment of the Income Budget, or the European merchants and traders having transactions in the East. All the investment which the poor people of India ever make is made, not in savings banks, but in the shape of silver jewellery for their women; and the millions of the labourers and the cultivators of India have a right to be heard, through their representatives, before a proposal is made calculated to depreciate the value of their savings made in years and generations past. The agriculturists of India are also deeply indebted to money lenders in all parts of India; and they have a right to be heard, through their representatives, before a proposal is made calculated to increase their indebtedness by artificially increasing the value of a rupee. Nothing brings into greater prominence the defect of the present method of Indian administration than the fact that a few officials, however experienced and however able, should consider themselves justified in making sweeping proposals to alter the value of the Indian Currency, without consulting the nation, whose national wealth these proposals are calculated to depreciate, and whose general indebtedness they are calculated to enhance. It would seem, from the action taken by the Indian Government, as if India existed for the convenience of the Government of India and for the convenience of foreign traders. It would seem as if the convenience of the Indian nation was a "negligible quantity," and the opinion of representative Indians was superfluous. The most impartial tribunal in the world will decide cases wrongly and unjustly if it decides them after accepting evidence on one side only; and the best and most honest Government in the world necessarily becomes selfish, unsympathetic, and unjust to the people for whom it exists, and ends by sacrificing the interests of the people to the interests of influential classes, if it refuses to grant to the people themselves some share in the control of affairs.

Let us take up another question which is also attracting much attention at the present moment. The question of constructing more railways in India from the State funds, or under guarantee of profit granted by the State, is often discussed. The question is decided in every case by the Secretary of State for India on such information as is placed before him by the Government of India. Would it be an unwise departure from this policy to consult the representatives of the people whose money is spent? The general opinion among the people of India is that, now that the great military lines have been constructed, now that the lines really required for famine protection have been laid down, the Government should not directly or indirectly make the people's money responsible for further

The impression is that India is not rich enough to support those new lines which are being multiplied from year to year, that it is an unsound, hurtful, and disastrous policy to continuously add to the national debt of India in order to construct these new lines which the people do not want, and which the country's finances do not justify. The impression is that the burden is brought to bear upon the Government by influential classes of capitalists and manufacturers for opening such new lines for serving special interests, and that the Government, in every desire to be honest and impartial, sacrifices the interests of the people, because the people are not constitutionally allowed to express and enforce their views as against the wishes of the influential classes. The impression is (to use the words of the late Sir George Campbell, sometime Lieutenant-Governor of Bengal) that when British capitalists have put their money in losing concerns in India, people in London will ally and abuse the Government of India to get the concerns taken over, and eventually they are successful. There may or may not be some truth in these impressions; but the demand that the Indian people's money should not be invested on new lines of railway in India, or on the road from Burma to China, without consulting the people's wishes, is just and reasonable. To borrow money in England to an unlimited extent to further extend the railway system in India or outside India is proper, is for the Indian Government, a policy of extravagance and of injustice to the people.

Is it necessary to further elucidate our remarks by a reference to the history of the Import Duties of India? It will be in the recollection of most Indian officials that the Government of India and the Government at home have repeatedly made "graceful concessions" to the demands of Lancashire, and have sacrificed Indian revenues, because the people of India have no constitutional power to back their Government and to resist such demands. But the end is not yet. On the 9th of this month (August, 1898), the Secretary of State for India was asked in the House of Commons to admit British manufacture in India at a further reduction of one-fourth the duty on foreign goods, after the example of Canada. Lord George Hamilton declined to do so, but the assailants have only to persist to carry their point. Neither Conservatives nor Liberals are strong enough to resist for any length of years such demands backed by twenty or thirty or forty solid votes in the House. And unless the people of India are allowed the constitutional right to stand by their Government, and to defend their national revenues and their national interests, the humiliating sight will be witnessed again and again of the British Government in India knowingly and openly sacrificing the interests of the people of India under the mandate of British voters at home.

From the question of Railways and of Import duties let us

turn to another question which is engaging the attention of Indian legislators at the present movement, viz., the condition of cultivators in Southern India. No question is more intimately connected with the material well-being of the people of India than that of land-administration; and the question will never be settled satisfactorily so long as representatives of the people are not allowed a constitutional method of expressing and enforcing their opinions in the matter of land settlement. An intelligent Indian landlord or publicist has often a more familiar grasp of the subject than European officials who have written reports on it all their lifetime; and the proceedings of the Godavari District Conference, of which we find reports in the Indian papers recently received, show how well the representatives of the people of Madras are fitted to take a real share in shaping and controlling land administration in that province.

The historical review of the status of the Madras cultivator given by the President of the Conference is most instructive. Over forty years ago, in the Madras Administration Report of 1855-56, the Government declared that "under the Ryotwar system every registered holder of land is recognised as its proprietor, and pays direct to Government. He cannot be ejected by Government so long as he pays the *fixed assessment*." In 1857 the Madras Board of Revenue stated in their report to the Government that "a Madras ryot is able to retain his land *in perpetuity without any increase of assessment*, as long as he continues to fulfil his engagements." And the Government in its review of Mr. Rickett's report wrote: "The proprietary right of a ryot is perfect, and as long as he pays the *fixed assessment on his land* he can be ousted by no one." The italics are ours; and we desire to invite attention to the fact that the assessment of the land held by the Madras ryot was considered fixed, and not liable to increase, forty years ago.

The subject received the attention of statesmen like Lord Lawrence, Lord Mayo, and Lord Northbrook, Viceroys who paid more attention to improving the material condition of the people of India than to seeking a "scientific frontier" among the hills and fastnesses of Afghanistan. It was at last given a final shape by Lord Ripon, who sanctioned a modified form of permanent settlement. It was published in the settlement Manual and Standing Orders, as well as in Government Orders on the Agricultural Committee's Report, that in all districts adequately assessed, the assessment, *so far as it was based upon classification of soils and calculation of grain outturns, was permanent and unalterable*; and that revisions would be made in future settlements *only with reference to prices*.

Lastly, we come to the present policy of the Madras Government, by which, we are informed, the Government reserves to itself the right of revising assessments, *either with reference to rise or fall in prices, or in reference to other consider-*

ations requiring re-classification of soils or re-calculation of grain returns.

We do not pretend to any special or personal knowledge of the Madras system of settlements, and we have quoted the above statements from the proceedings of the Conference in the hope of obtaining further information on the subject. Is it a fact that in 1857 the registered Madras ryot was declared to be entitled to hold his land in perpetuity without any increase of assessment? Is it a fact that during Lord Ripon's administration, 1880-84, the Madras ryot, in adequately assessed areas, was assured that the rent payable by him was permanent and unalterable, so far as classification of soils and calculations of grain outturns were concerned? And thirdly, is it a fact that at the present day the Government of Madras have taken the power to revise the rents in every recurring settlement, on the basis of re-classification of soils and re-calculation of grain returns, as well as on the rise of prices?

In Bengal, where most of the estates are owned by private landlords, every successive Act has strengthened the position of the cultivator. Lord Canning's Act of 1859 was the cultivator's *Magna Charta*; and this was revised and strengthened by the Bengal Act of 1868. Lastly came the Tenancy Act, drafted by Lord Ripon and passed by Lord Dufferin in 1885, which further extended and consolidated the rights of the Bengal cultivator. And the result of these three Acts is that the Bengal cultivator is (except in a few congested districts) a prosperous, provident, and intelligent tiller of the soil, who has adequate protection against enhancement of rents, who knows his rights and can hold his own, and who in a year of bad harvests has some resources to fall back upon, and can often avert a famine. We pause for information if the Madras cultivator, who has the Indian Government as his landlord, has similarly progressed in his rights and his material condition; or if the State landlord has gradually divested him of his rights and his resources from 1857 to 1884, and from 1884 to 1897.

In Madras, the impression is that the Government as landlord has not dealt with the cultivator fairly; that it has encroached on those rights of fixity of rents which the ryot enjoyed before. The Honorable Mr. Subba Rao pointed out in the Madras Legislative Council that the Madras Local Government had, under a misapprehension of the orders of the Secretary of State, launched upon a retrograde policy, set aside its past declarations, and endangered the security of the *Ryotwari* system of Madras. Lands are now re-classified, in violation of the pledges given by Lord Ripon's Government, and rents are enhanced on other grounds than fluctuation in prices.

The Honorable Mr. Subba Rao and the President of the Godavari District Conference may or may not be absolutely correct, but there is no doubt they represent honestly and ai

the people's views on these questions; and nothing is gained and much is lost in the cause of good government in India by denying to such men a constitutional means of influencing the executive action of the Government. The thoughtful and intelligent and loyal leaders of the Indian people have a cause to represent, a right to insist upon, and the interests of the people to advocate, and nothing is gained by denying them a share of the executive power in the administration of their own concerns.

Those who decide on these matters in the dark chambers of the India Office or of the Executive Councils of India, no doubt endeavour to act with moderation, with justice, and with knowledge and ability; but it is no reflection on those high officials to state that one side of the question, the official aspect, comes more prominently to their consideration than the popular aspect; and that financial considerations demand their attention more urgently than considerations of the rights of the people. And yet there are such things as vested rights even among the unrepresented people of India, and half the blunders committed in India are due to the fact that there is no one to represent them, no one to speak for them, no one to urge them, and no one to defend them, in those close offices where they are considered. No class of officials in the world are more careful, and able, and desirous to be just, than high Indian officials, from the members of the Provincial and Viceroyal Executive Councils to the members of the Indian Council; and yet it is a fact that the interests and rights of the people are not and cannot receive adequate and full and sufficient consideration under a system of administration under which the people are absolutely unrepresented in the offices which ultimately shape their destinies. So true is the remark of John Stuart Mill that "it is an inherent condition of human affairs that no intention, however sincere, of protecting the interests of others can make it safe or salutary to tie up their own hands."

In the interests of good administration, therefore, it is absolutely necessary to provide some means,—not for transferring to Indian hands the ultimate decision of Indian questions,—but for securing some representation of Indian opinion in those Executive Councils in England and in India which decide on great Indian questions. It would improve and strengthen Indian administration, and not weaken it, to have the Hon'ble Mr. Subba Rao in the Madras Executive Council; to have the Hon'ble Mr. Mehta in the Bombay Executive Council; and to have the Hon'ble the Maharaja of Darbhanga in an Executive Council formed for the Government of Bengal. And it would improve British administration in India if each Indian Province sent one member to the Viceroy's Executive Council, and one member to the Council of the Secretary of State for India. It is not an unreasonable aspiration of the

India that five of the members of the Viceroy's Council, and five of the members of the Council of State for India, should be sent up by the Provinces of India.

by side with this reform in the Executive Councils, a ding reform of the Legislative Councils is needed. e Province in India is divided into twenty or thirty Districts, and it is not unreasonable for the people of ope that each District should be allowed to send one ative to the Provincial Legislative Council. The f nominated or official members may also be increased, ry, and the new Councils thus constituted should least three days in the week, to discuss questions o laws and administration, and to represent fully and y the wishes and sentiments and views of the people. ly Representative Councils would bring the Govern- ndia in real touch with the people, and would popu- l strengthen and consolidate British rule in India.

co-operation of representative Indian members would eat value in dealing with administrative questions, e growing more and more difficult with the clash of g interests. It would be a help to the Governors of Provinces of Bengal and the North-west, of Madras, and the Punjab, at all times, and specially in times ; and alarm, to have by them some men chosen from ; people to advise and help in the administration of concerns. It would help the Viceroy and the Secre- tate to understand better the feelings, wishes, and f the people, if they were in daily personal com- 1 with representative men from the people in their

It would create a bond of sympathy, which unfor- es not exist now, between the administration and whose concerns are administered. It would secure e and sympathetic consideration of the interests of as against the interests of particular classes, in all oming up before the Councils. It would strengthen ls in local knowledge and experience, and to some e them broad-based on the people's will. It would t worst defect of British rule in India,—a defect ore pronounced now than it was seventy years ago, of Munro and Elphinstone, Malcolm and Bentinck, want of touch between the people and their rulers. d substitute an intelligent and rational method of e the great, loyal, and civilized population of India d which regards human beings as live stock, good and shearing, but incapable of understanding their s or promoting their own well-being.

deal is often said and written about changing the overnment in India. We are against all violent he system of rule which has been slowly organised

by experienced administrators during a period of over thirty years should not be lightly set aside. The reform suggested in this paper is a natural development of the present system of government, and does not seek to set it aside for a new system. The time has come, with the progress of education, to carry out the reform in the lines indicated in the preceding pages; and the carefully considered measures in this direction will not only make Indian administration more efficient and more economical, but will strengthen British rule in India. It will help to train administrators with the experience and local knowledge of the educated Indians, and will teach the Indians themselves to take a legitimate and patriotic pride in the government to which they are permitted to take a share.



Legal Tender

Correspondence with the Editor of
"The Bankers' Magazine".

BY

JAS. C. SMITH

AUTHOR OF

"THE DISTRIBUTION OF THE PRODUCE," "INTER-TEMPORARY VALUES,
OR THE DISTRIBUTION OF THE PRODUCE IN TIME," "THE TRUST
AND THE GOLD TRUST," "ABUNDANCE AND HARD TIMES,"
AND "MONEY AND PROFIT-SHARING, OR THE DOUBLE
STANDARD MONEY SYSTEM"

❧

*"Forced elevation of the value of Money is fraudulent
bankruptcy."*—JEREMY BENTHAM.

*"There has come over our Press a mixture of convention
and terror which makes it impossible to print quite simple
truths"*—H. BELLOC.

LONDON

KEGAN PAUL, TRENCH, TRÜBNER & CO. L^{TD}

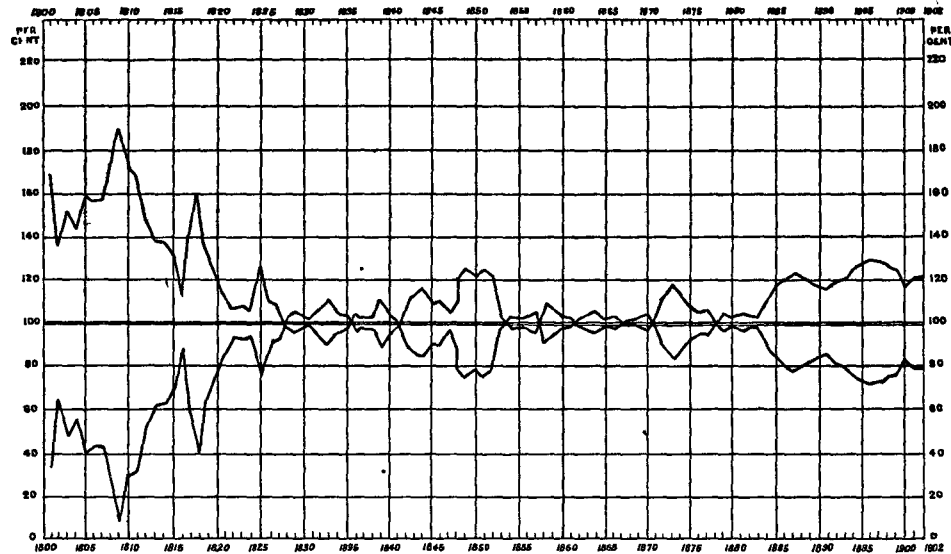
DRYDEN HOUSE, GERRARD STREET, W

1909

Changes in the Level of General Prices of Commodities compared with the Changes in the Level of the General Purchasing-Power of Money during the years 1801 to 1902.

Chart showing the general course of Prices during the period 1801-1902, based on the Index Numbers of JEVONS for 1801-1846, of SAUERBECK for 1846-1871, and of the BOARD OF TRADE for 1871-1902.

Base Year 1871 { Level of General Purchasing-Power of Money = 100.
 Level of General Prices of Commodities = 100.



The Black line shows the DOWNWARD movement of the General Prices of Commodities; the Red line shows the UPWARD movement of the General Purchasing-Power of Money.

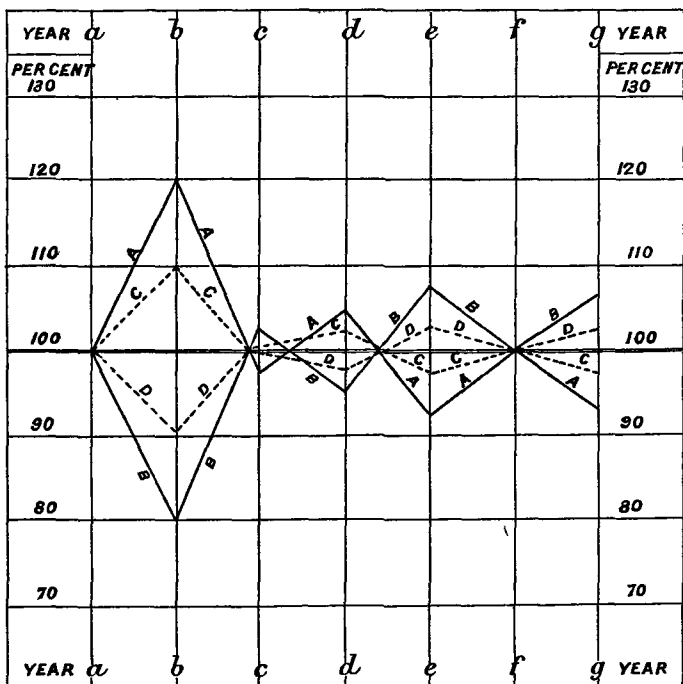
C

Hypothetical Chart illustrating THE SIMULTANEOUS AND CORRESPONDING INVERSE MOVEMENT of the Changes in the Level of the General Prices of Commodities in comparison with the Changes in the Level of the General Purchasing-Power of Money, during a period of years, under the conditions of the existing SINGLE Standard Money System; and also under the conditions of the DOUBLE Standard Money System.

Under the regular and normal operation of Section 6 of the Coinage Act 1870, there is the intermittent but permanent tendency of Money to APPRECIATE, and SIMULTANEOUSLY and CORRESPONDINGLY for Commodities to DEPRECIATE in exchange value as the PROGRESS of the economic acts—industrial, commercial and financial EFFICIENCY—reduces cost of Production and as ABUNDANCE reduces Price.

(See Chart and Table in Appendix VI. opposite page 230 "MONEY AND PROFIT SHARING; OR, THE DOUBLE STANDARD MONEY SYSTEM.")

Base Year *a* { Level of General Purchasing-Power of Money = 100.
 Level of General Prices of Commodities = 100.



The Black lines A and C illustrate the Changes in the Level of the General Prices of Commodities.

The Red lines B and D illustrate the Changes in the Level of the General Purchasing-Power of Money.

The lines A and B illustrate the dimensions of the fluctuations under the SINGLE Standard Money System and indicate the comparative UNSTABILITY OF VALUES under the existing monetary conditions.

The lines C and D illustrate the dimensions of the fluctuations under the DOUBLE Standard Money System and indicate the comparative STABILITY OF VALUES, under monetary conditions, modified according to the suggested amendment of Section 6 of the Coinage Act 1870.

~~to beget and now industries, who the center is America, or even perhaps the result that at present India is solely countries of our enemies,~~

G. K. Gokale Esq. with the author's
compliments.

Jas. C. Smith

Hill Station, Freetown,
Sierra Leone, 6th May 1909

LEGAL TENDER

THE EDITOR OF "THE BANKERS' MAGAZINE,"
85 & 86 LONDON WALL,
LONDON, E.C.

HILL STATION,
FREETOWN, SIERRA LEONE,
19th December 1908.

DEAR SIR,—Herewith I am enclosing (a) Chart showing the simultaneous and reciprocal inverse movement of the (1) Changes in the Level of the General-Purchasing-Power of Money, in comparison with the (2) Changes in the Level of the General Prices of Commodities, during the years from 1801 to 1902, (b) Table showing the same inverse movement during the years 1801 to 1907.

(2) Charts and Tables similar to these can be easily made for each of the 45 Articles of Physical Wealth, and for each of the Groups and Sub-Groups of these Articles, the Prices of which form the basis of the Board of Trade Index Numbers, and regularly published for general information.

(3) There is also enclosed (c) Hypothetical Chart illustrating the same inverse movement, and comparing the *dimensions of the fluctuations* under the *Single Standard Money System* with the *dimensions of the fluctuations* under the *Double Standard Money System*.

(4) For many ages the belief that the Earth was the fixed point in Space around which moved incessantly

foreigners and their industries, who the chief in America, or even perhaps the
result that at present India is solely countries of our enemies.

the sun, the moon and all the stars, was regularly acted upon in the practical matters of astronomy.

(5) To-day we act upon the belief that the Earth is incessantly moving diversely in Space, and all the time in the inverse direction of what appears to be the daily movement of the sun.

(6) In economics to-day we still continue to act upon the belief that, according to the legal fiction, the exchange value or general-purchasing-power of gold is a fixed and stable relation between gold money and all the other Commodities severally; and that the incessant fluctuations, which are manifest to all of us, occur only in the Commodities and not in the Gold *also*; consequently we have the legal-tender-value or general-debt-paying-power of gold fixed by law at £3, 17s. 10½d. per ounce. This is the basis of the *Single Standard Money System*.

(7) In my latest book I have endeavoured to point out that, according to the realities of the markets and exchanges, the exchange value or general-purchasing-power of Gold is an incessantly fluctuating and consequently an unstable relation between gold money and all the other Commodities severally; that this relation is incessantly changing diversely, and *inversely* in respect to all other Commodities severally, therefore legal provision should be made for determining the just and equitable Settlement Point at the *mean* between the Price of the Regulator at the inception and its Price at the maturity of all inter-temporary transactions or dealings, severally. This is the basis of the *Double Standard Money System*.

(8) Perhaps in some far off future this basis may be recognised as just and equitable, and so become embodied

in the law regulating *legal tender*, unless in the meantime it should be discovered that I have struck up against a "Mare's Nest."

(9) In the review of "*Money and Profit Sharing, or the Double Standard Money System*," which appears on pages 772-773 of *The Bankers' Magazine* for December 1908, there is the following statement about practical business operations —

"Gold no more specifically represents the wealth of the world than any other article having value, but it is the medium whereby the interchange of other articles is effected. We are all receiving gold for commodities supplied or services rendered, and paying out gold for commodities consumed or services rendered, and the symbol through which these transactions are conducted is not usually held for any length of time. Fluctuations in the buying power of gold have, therefore, less effect upon transactions completed within a short time than is often imagined, whilst if long contracts have to be considered, it should be remembered that those going into such transactions make arrangements which, to a large extent, cover the risks involved. It is certain, however, that the great business of this country could not be conducted upon a principle which would render every contract subject to revision at maturity."

(10) There is in the above quotation the well-known and familiar confusion of two very different functions of gold, and there is no clear and well-marked distinction drawn between the (1) Exchange Value, or general-purchasing-power of gold, which is influenced by the fluctuations of the markets and the exchanges, and

which, as the Medium of Exchange, is its most useful and important function in all *contemporary* transactions, in which the Element Credit does not emerge, and the (2) Legal Tender Value, or general-debt-paying-power of gold, which is fixed by Statute law, which is not influenced by the fluctuations of the markets and exchanges, and which, as the Exclusive Debt-Paying Instrument and Measure of Value, in accordance with the provisions of Section 6 of the Coinage Act, 1870, is its most important function in all *inter-temporary* transactions, that is to say, in all business transactions or dealings in which there is the Element *Credit*.

(11) The persistent wide divergence between the Exchange Value and the Legal Tender Value of Gold under the *Single* Standard Money System is no longer a matter of opinion, but is now a matter of fact demonstrated by the history of the changes in the General-Purchasing-Power of gold during the period from 1801 to 1902 as shown graphically on the Chart marked A, and during the period from 1801 to 1907 as shown arithmetically on the Table marked B.

The consequences of this divergence are:—

(a) That the regular and normal operation of Section 6 of the Coinage Act, 1870, and the other provisions of the laws regulating the legal-tender or general-debt-paying functions of money, regulating the settlement of *all inter-temporary transactions or dealings*, exacts either more or less than the just and equitable claim, accordingly as the circumstances of production and exchange during the period from the inception to the maturity of an inter-temporary transaction or dealing have depressed or elevated prices.

This divergence is now known to move generally in

a particular direction, so that we are warranted in affirming:—

(b) That the intermittent but permanent tendency of Money is to *appreciate* in exchange value, as the progress of the economic arts—*industrial, commercial, and financial efficiency*—reduces cost of production, and as abundance reduces price.

(c) That the practical effect of the intermittent but *permanent tendency* of money to *appreciate* in exchange value, conjoined with its exclusive and fixed legal-tender-value or general-debt-paying-power, enables the Capitalists' Group, or *the Creditor Classes* of the nation, indirectly and ultimately, to appropriate, for their own use exclusively, an intermittently but permanently increasing, and an excessive and inequitable share of the Profit, the Surplus Produce, resulting from the general economic co-operation of all classes of economic functionaries in the work of the production and the exchange of wealth

(12) The practical arrangements which may now be made for covering the acknowledged risks involved in "long contracts" are diverse, but whatever kind of arrangements may be made, they each and every one of them powerfully influence the whole economic life of the nation, and at times this influence assumes international dimensions.

(13) Under stable financial conditions the ordinary trade Insurance against average business risks may prove adequate, during the Financial War of 1907–8, although the scene of the active operations of the contending armies was located in the United States, according to the estimate of Mr. Arthur Lee, the increased Insurance Premiums, to cover the special risks of this Financial War, cost the business world of the United Kingdom

at least £1,500,000 Sterling (see his article on "Gold Reserves" on page 875 of *The Bankers' Magazine* for June 1908); and sometimes the arrangements which become necessary to safeguard the interests involved in "long contracts" assume the unmistakably national form of armies of occupation, and fleets of threatening war vessels. In this matter of "long contracts" we are unquestionably in the presence of an economic problem of national and international importance.

(14) During the period, subsequent to 1851, when there was the *fall* in the General-Purchasing-Power of Gold, which reached its *nadir* in 1873, the late Professor Jevons wrote as follows:—

"The country may be said to be calmly looking on while every contract, including that of the National Debt, is being violated against the intention of the contracting parties."

Was this statement of Professor Jevons "a confusion of the symbol for the substance"?

(15) In the movement of the powerful Creditor interests of the West, which has by legislation, since 1871-73, imposed gold monometallism upon the whole world, was there "confusion of the symbol for the substance"? The answer to this question is recorded in the history of the *rise* in the General-Purchasing-Power of Gold from 1873 to the present time—this rise reached its *zenith* in 1896. This legislation is the modern confirmation of the ancient saying that—

"The Children of this world are in their generation wiser than the Children of light."

(16) During the Financial Panics of 1873, 1884, 1890, 1893, and 1907 (see page 616 of *The Bankers' Magazine* for November 1908), in the struggle between the Napoleons

of national and international finance, in their attacks upon gold-bases of the several banking triangles of the nations, was there at any moment "a confusion of the symbol for the substance" ?

In the present disposition of the business world, which is now imperatively demanding increased *Gold Reserves*, is there "a confusion of the symbol for the substance" ?

(17) Sections 4 and 6 of the Coinage Act, 1870, the provisions of which are authoritatively enforceable within every Court of Justice of the nation, will supply the only useful answer.

(18) By the monetary legislation of the nations subsequent to 1871-73, establishing gold monometallism, the Creditor interests of the world have already secured the revision at maturity of every current contract which existed prior to 1871.

(19) The adverse results of that revision are now visible to all in the wreckage of the human and material economic resources of the nations which are strewn along the social shores of the whole of the Western Civilisation—in untilled fields, in closed factories, in idle shipping, in unemployed working-men, and also, most distressingly, in the slum life of the Proletariate of the great business centres of the nations, as the luxurious results are also now visible at the other end of the social hierarchy

(20) In securing this uniform gold monometallic legislation among all the nations, which has (with ruinous consequences, of which they were beseechingly warned) reversed the historic monetary policy of the human race, the Creditor Classes have only demonstrated the profound Sociological truth proclaimed, by the incomparable Auguste Comte, more than fifty years ago, that Temporal Power must inevitably pass into the hands of the

Economic Chiefs of the nations under the Primacy of the Bankers.

(21) The Patriciate has arrived, and is now with us, enthroned upon the seats of economic rule and authority; this Order is the State—controllable only by means of the Spiritual Power of the enlightened and humane Public Opinion of the nation—and is therefore of necessity burdened with the very heavy responsibilities and obligations corresponding and appertaining thereto.

“Uneasy lies the head that wears a crown” is even more true of the Economic than of the Royal Kings.

(22) In the United Kingdom the dividing line between the Patriciate and the Proletariate has already been drawn by the laws fixing the amount of the incomes of those who are, and those who are not liable to pay the Income Tax. Within the Patriciate Order there is also now the dividing line drawn between the Administrative Chiefs and the more numerous Supervising Sub-chiefs.

(23) It is now therefore the imperative duty of the Patriciate to set the Political House in order while the time of light remaineth; to put an end to this wasteful, destructive, and ruinous Epoch of Economic Civil War, and by so doing disperse the gathering darkness of an impending chaos which must most certainly be the inevitable result of any determined hostile movement of the potential forces of an industrial Attila against the gates of financial Rome.

(24) The persistent (1) divergence between (a) the Exchange Value and (b) the Legal Tender Value of Gold, and the intermittent but persistent (2) tendency of that divergence in the direction of the *rise* of the General-Purchasing-Power of Gold, demand the equitable revision of every contract entered into under

the provisions of Sections 4 and 6 of the Coinage Act, 1870, at maturity.

(25) The Chart marked C; Appendix II., pages 158 to 162 of the book reviewed; Parts III., VI., VII., and Appendix E of "*Inter-Temporary Values*," are the evidence submitted to prove the superior merits of the *Double Standard Money System* as a means of reducing to their lowest terms all fluctuations in the exchange value of commodities, which are the source of our constant economic troubles.

(26) The reviewer writes as follows:—

“From a practical point of view the scheme, however laudable is its object, is thoroughly unworkable.”

And yet the principle underlying this scheme is now and has always been in constant operation *abusefully* at all of the “bucket-shops” which cluster around each of the Markets and Exchanges of the nations, and has always determined the Settlement Point of *every single gambling speculation in margins*.

(a) Under the *Single Standard Money System* every contract entered into in accordance with Section 6 of the Coinage Act, 1870, is *morally vitiated*, because, *except to the producer of gold*, one of the essential conditions of every such contract remains unknown and unknowable to both of the contracting parties until the time of its maturity.

The time of the maturity of the contract, when all of the conditions are fully known or knowable, is therefore the proper time for its equitable revision.

(b) The practical working of the principle which is the basis of the *Double Standard Money System* is not now an experiment, but is a well-known, well-tried, and

easily-worked principle—which is now proposed should be operated *usefully* in the interests of the economic unity, peace, and prosperity of the nations.

(27) Under the *Double Standard Money System* the Settlement Point is at the *mean* between the Exchange Value of the Regulator at the inception and at the maturity of the contract, which is demonstrably the equitable Settlement Point whether the circumstances of production and exchange manifest themselves as either a *rise* or a *fall* in the General-Purchasing-Power of Gold ; and it is also the equitable Settlement Point under either bimetallic or monometallic conditions.

(28) The principle of Profit Sharing has been accepted, for the better insurance of the Employee, and we now have the Treaty of the Hartlepoons.

(29) To enable this most humane reform to yield to the utmost degree its best fruits of economic peace, prosperity and goodwill, the equitable principle which is the basis of the *Double Standard Money System* must also be accepted, for the better insurance of the Employer, or Entrepreneur. There is therefore now urgent need for the Treaty of Lombard and Threadneedle Streets.

(30) These two treaties *together* will constitute *the economic Magna Charta* of the British people, and will create the needed confidence and co-operation which are necessary to secure the permanent business solidarity of the whole nation.

(31) The honourable record of the progress already achieved is the foundation and assurance of our faith that, at this period of advent, an honourable and progressive Past will give birth to an honourable and progressive Future worthy of its ancient and illustrious lineage.

(32) When the monetary conditions contemplated by the *Double Standard Money System* shall have been legally established and generalised, making it, everywhere and always, the direct and immediate interest of all Bankers *to save the situation*, as in 1890 at the time of the Baring financial crisis, then this cruel *era* of "Money Famine" and Financial Panics, which began during 1871-73, will pass away as completely as the *Stone Age* has passed away.—Yours sincerely,

JAS. C. SMITH.

P.S.—The Graphic Charts A and C are not *mathematically* accurate. They *understate* the case against gold-monometallism.

For example, on Chart A, the line B, in 1801, begins at 32.0, and ends, in 1902, at 121.2, to be *mathematically accurate* this line should begin, in 1801, at 59 524, and end, in 1902, at 126.904.

The actual *fall* in the Level of the General-Purchasing-Power of Gold has been *less*, and the actual *rise* has been *greater* than is shown on these Charts. This element of error is one of detail only, it does not affect the *principle* involved.

To make a copy of the Chart A facing page 230 of the book reviewed, and transpose that line *inversely*, is the best I can do here in Africa with the instruments at my disposal.

Table B provides arithmetically the accurate statement of these inverse movements which are really reciprocal to each other instead of corresponding with each other as stated on the Charts and Tables which should be corrected accordingly.

JAS. C. SMITH,

B

Table showing the simultaneous and reciprocal inverse movement of the Changes in the Level of the General Prices of Commodities, and in the Level of the General-Purchasing-Power of Money during the period from 1801 to 1907.

Base Year, 1871—Level of General-Purchasing-Power of Money = 100
 „ „ Level of General Prices of Commodities = 100

Years.	Inverse Movement of the Changes in the		Years.	Inverse Movement of the Changes in the	
	Level of the General Prices of Commodities. Per Cent.	Level of the General-Purchasing-Power of Money. Per Cent.		Level of the General Prices of Commodities. Per Cent.	Level of the General-Purchasing-Power of Money. Per Cent.
	<i>Paper Money Period.</i>			<i>Bimetallic Period.</i>	
1801	168·0	59·524	1823	108 0	92 592
1802	138·0	72 464	1824	106·0	94 339
1803	150·0	66·666	1825	122·0	81·967
1804	142·0	70·423	1826	108·0	92 592
1805	158·0	63·291	1827	107·0	93 457
1806	155·0	64·516	1828	98 0	102·040
1807	170·0	58·824	1829	95·0	105·263
1808	180 0	55·555	1830	98·0	102 040
1809	182 0	54·945	1831	99 0	101·010
1810	170·0	58·824	1832	93·0	107·526
1811	165·0	60·606	1833	91·0	109·890
1812	145 0	68·965	1834	93 0	107 526
1813	138 0	72·464	1835	97 0	103 092
1814	137·0	72·999	1836	102 0	98 039
1815	130·0	76·923	1837	101·0	99 009
1816	110·0	90·909	1838	101 0	99·009
1817	145·0	68·965	1839	109·0	91·743
1818	158 0	63·291	1840	104 0	96 153
1819	132·0	75·757	1841	102·0	98 039
1820	122·0	81·967	1842	90·0	111·111
1821	110·0	90·909	1843	85·0	117·647
1822	106·0	94·339	1844	84 0	119·047

Years	Inverse Movement of the Changes in the		Years.	Inverse Movement of the Changes in the	
	Level of the General Prices of Commodities Per Cent	Level of the General-Purchasing-Power of Money Per Cent.		Level of the General Prices of Commodities Per Cent.	Level of the General-Purchasing-Power of Money. Per Cent
	<i>Bimetallic Period.</i>			<i>Gold Monometallic Period.</i>	
1845	87·0	114·827	1875	107·8	92·764
1846	88·0	113·636	1876	104·2	95·969
1847	95·0	105·263	1877	105·3	94·967
1848	80·0	125·000	1878	99·3	100·705
1849	75·0	133·333	1879	94·9	105·374
1850	76·0	131·579	1880	97·4	102·669
1851	75·0	133·333	1881	95·7	104·493
1852	80·0	125·000	1882	97·3	102·775
1853	98·0	102·040	1883	96·5	103·627
1854	101·0	99·009	1884	88·3	113·250
1855	101·0	99·009	1885	83·0	120·482
1856	101·0	99·009	1886	78·5	127·369
1857	103·0	97·087	1887	76·7	130·378
1858	92·0	108·695	1888	79·3	126·103
1859	95·0	105·263	1889	80·8	123·762
1860	99·0	101·010	1890	82·8	120·773
1861	98·0	102·040	1891	84·1	118·906
1862	101·0	99·009	1892	80·1	124·844
1863	103·0	97·087	1893	78·7	127·065
1864	105·0	95·238	1894	75·1	133·155
1865	101·0	99·009	1895	75·2	132·970
1866	102·0	98·039	1896	69·8	143·266
1867	100·0	100·000	1897	71·3	140·252
1868	99·0	101·010	1898	73·6	135·869
1869	98·0	102·040	1899	74·5	134·228
1870	98·0	102·040	1900	83·2	120·193
	<i>Gold Monometallic Period.</i>		1901	79·2	126·262
1871	100·0	100·000	1902	78·8	126·904
1872	110·6	90·416	1903	78·6	127·226
1873	118·8	84·175	1904	78·7	127·665
1874	113·6	88·028	1905	77·7	128·700
			1906	80·9	123·601
			1907	85·3	117·233

The Bankers, Insurance Managers, and Agents' Magazine.
Established in 1844.

JAMES C. SMITH, Esq.,
HILL STATION,
FREETOWN, SIERRA LEONE.

85 & 86 LONDON WALL,
LONDON, E.C.,
12th January 1909.

MY DEAR SIR,—I have to thank you for your communications, which would have been acknowledged earlier but for very great pressure on time. Indeed, the end of the year is always a very trying period for me as regards work.

I have been looking very carefully at your Charts and MS., wondering if it would be anyhow possible to find room for the same in the *Magazine*, having regard to its crowded conditions. I am afraid, however, that the pressure on our space is such as to make it imperative for me to return the letters to you, though I do so with much regret and many thanks for your courtesy.—Yours very faithfully,

(Sgd.) ARTHUR W. KIDDY,
Editor.

THE EDITOR OF "THE BANKERS' MAGAZINE,"
85 & 86 LONDON WALL,
LONDON, E.C.

HILL STATION,
FREETOWN, SIERRA LEONE,
30th January 1909.

DEAR SIR,—Yours of the 12th instant with enclosures have reached me safely. I am sorry that you could not find room to publish my letter of the 19/12/08 with the Charts A and C and the Table B. They are original in that, I believe, they show for the first time, simultaneously, *the inverse movement* of (a) the general-purchasing-power of money on the one side, and of (b) the exchange value of commodities on the other side. In the Chart and Tables of Prices, recently issued by Mr. A. Sauerbeck, F.S.S, and published by P. S. King and Son, of London, the inadequacy of the single line of prices to show the true relation between (a) and (b) has induced Mr. Sauerbeck to supplement geometry with language.

It is always desirable, though sometimes it is inconvenient, that the reply of an author to the criticisms on his work should appear in the same publication.

This is particularly true in the case of criticisms on any work dealing, among other matters, with *the Legal Tender* phase of the Money Problem, whenever such criticisms appear in a publication of such powerful and far-reaching influence, in all matters of Money and Finance, as *The Bankers' Magazine*.

Copies of the letter of the 19/12/08, Charts A and C, and Table B, are now in London, and I must, though reluctantly, seek to secure their publication through some other channel.—Yours faithfully,

JAS. C. SMITH.

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INDIAN REFORM ASSOCIATION.

THE
BENGAL TENANCY BILL,

COMMONLY CALLED

THE BENGAL RENT BILL.

FOR POPULAR INFORMATION.

WHO RUNS MAY READ.

38, PARLIAMENT STREET, LONDON, S.W.

1884.

foreigners and their industries, with the result that at present India is solely either in America, or even perhaps the countries of our enemies.

$\frac{2}{p'85}$

BENGAL TENANCY BILL.

INDIAN REFORM ASSOCIATION,
38, PARLIAMENT STREET,
31 July, 1884.

MY LORD,

I have the honour to forward to your Lordship the accompanying Memorial of this Association on the Bengal Rent Bill. This Memorial is slightly different in form, but the same in substance as was submitted to your Lordship some weeks ago, with a view to its presentation by a Deputation; and I am desired by the Executive Committee to express a hope that your Lordship may favour them with a suitable acknowledgment of the Memorial, its subject being one of such supreme importance, and upon which remedial legislation has been so long expected.

I have the honour to be, my Lord,
Your most obedient Servant,
GEORGE FOGGO, Secretary.

BENGAL TENANCY BILL.

TO THE RIGHT HONOURABLE THE EARL OF
OF KIMBERLEY, HER MAJESTY'S SECRETARY OF
STATE FOR INDIA IN COUNCIL.

The Memorial of the Indian Reform Association :

RESPECTFULLY SHEWETH,—

That your Memorialists approach your Lordship with an expression of their opinion upon the merits of the above Bill, introduced into the Council of the Viceroy of India, the Most Honourable the Marquis of Ripon.

They would first point out that in the legislation which has hitherto taken place on the subject of land tenure in Bengal, the rights of the cultivators of the soil have not been adequately secured.

The Permanent Settlement of Lord Cornwallis, though it assured to the Zemindars the rights which they had enjoyed, did not adequately provide for the rights of those who held land under them.

Under the Permanent Settlement of 1793, while the Land Revenue was secured, and the legal status of the Zemindars provided for, the provisions which were intended to secure the rights of the cultivator have been proved, by subsequent experience, to be wholly inadequate.

Under the terms of the Settlement, power was reserved to enact such further measures as might subsequently appear necessary to secure the rights in question, but unfortunately no use was made of such provision.

The result of this omission has been most disastrous in

its influence upon the mass of the people, who, as their numbers increased, with the consequent competition for land, were utterly unable to protect themselves in their struggles with powerful Zemindars, and it must be remembered that under this Act of Settlement, the land holders in question obtained power over the mass of the cultivators, and a secured position for themselves such as they had never held under preceding Governments.

It should, however, be observed that the rights of the tenants were not altogether lost sight of by Lord Cornwallis, for though he did not consider it expedient at the time to examine into their condition, he expressly, by a clause in the Settlement, reserved to himself, and his successors, the power of creating a tenant-right if it should be deemed necessary to do so.

The argument, therefore, which has been adduced by the opponents of the Bill, that it is an act of injustice to the Zemindar, and contrary to the provisions of the Permanent Settlement, is not founded on fact.

Your Memorialists would more particularly call your Lordship's attention to this point, as great stress has been laid on those clauses of the Bill which grant occupancy right, as constituting a breach of faith with the Zemindars. The objectors argue on the assumption that Government has no right to repeal a law, even when its effect has been proved to be injurious to a majority of the population.

It is hardly necessary to observe, with reference to this assertion, that in all countries, and at all times, the State has reserved to itself the right of repealing laws which have become obsolete or injurious.

With regard to the objections urged against any change being made in the Permanent Settlement, your Memorial-

ists beg to refer your Lordship to Section 8, Regulation I. of 1793, which enacts "It being the duty of the ruling power to protect all classes of people and more particularly those who from their situation are most helpless, the Governor-General in Council, will, whenever he may deem it proper, enact such regulations as he may think necessary for the protection and welfare of the Talookadars, Ryots, and other cultivators of the soil; and no Zemindar, independent Talookadar, or other actual proprietor of land shall be entitled, on this account, to make any objection to the discharge of the fixed assessment which they have respectively agreed to pay."

In presence of this weighty Statutory Declaration, your Memorialists feel that no stronger argument could be adduced by them in referring to the objection that the Bill infringes the provisions of the Permanent Settlement. The clause, in fact, imposes upon the State the responsibility of protecting the rights of the cultivators, which forms the object of the present Bill. Hence, your Memorialists consider the measure to be thoroughly in accordance with the principles on which the Permanent Settlement was based, and that it does but carry out that protection to the rights of the cultivators which Lord Cornwallis reserved to the State.

Your Memorialists would further refer, in support of their position, to the appropriate remarks of Mr. Justice Cunningham, who shows (first) "how small is the proportion of the community in whom proprietary rights have been vested in Bengal, namely, 122,000 out of 10,000,000; and (secondly) that there is scarcely a continental nation in which it has not been found necessary for the landed aristocracy to surrender a material portion of their rights with a view to the general well-being of other classes."

In the opinion of your Memorialists, the right of occupancy should be conferred on all settled cultivators.

Under these circumstances, your Memorialists hope that your Lordship may think fit, in the exercise of your discretion, to communicate the purport of this Memorial to His Excellency the Viceroy and Governor-General of India.

In conclusion, your Memorialists would strongly and most earnestly deprecate further delay in passing this measure into law, based as it is on the recommendations of the Bengal Rent Commission, appointed under Lord Lytton's Government in the month of April, 1879, and previous to which time there had been, for many years, a persistent demand for a revision of the existing law. They would further urge that this demand has grown in urgency with each succeeding year; that the subject has engaged the unremitting attention of three successive Lieutenant-Governors of Bengal, a general concurrence of opinion, both as to the nature and magnitude of the evils to be dealt with, having long since been arrived at, and the lines, on which remedial legislation should proceed clearly marked out; moreover, that the well-known Famine Commission came practically to the same conclusions, and made, substantially, the same recommendations as the Government of Bengal. In the face of these diverse, capable, and independent enquiries, to appoint, now, yet another Commission, as has been lately proposed, would be simply idle, and might postpone indefinitely, or until some alarming crisis occurred, the Bill in question, the supporters of which greatly desire to see enacted a measure so long expected by one of the largest and most ancient provinces of the Empire, and so conducive, as they believe it to be, to the

common interests of both landlord and tenant, and to the welfare of the country at large.

All which your Memorialists would humbly submit to your Lordship.

By order of the Executive Committee,
 GEORGE FOGGO, Secretary.

38, PARLIAMENT STREET,
 31 July, 1884.

INDIA OFFICE, S.W.,
 22nd August, 1884.

SIR,

I am directed by the Earl of Kimberley to acknowledge the receipt of your letter of the 31st ulto., forwarding a Memorial from the Indian Reform Association on the subject of the Bengal Tenancy Bill.

I am to request that you will inform the Memorialists that their representations will receive due consideration from his Lordship in Council, when he has received the Bengal Tenancy Bill in the shape which it may finally assume after consideration in the Council of the Governor-General of India for making Laws and Regulations.

I am, Sir,

Your obedient Servant,
 HORACE WALPOLE.

To GEORGE FOGGO, Esq.,
 Secretary,
 INDIAN REFORM ASSOCIATION,
 38, PARLIAMENT STREET.

From "THE ECONOMIST," of September 13, 1884.

REPRINTED BY PERMISSION.

THE BENGAL RENT BILL.

(FROM OUR SPECIAL CORRESPONDENT.)

I have endeavoured to set before the readers of "The Economist" some account of the main principles which have guided the policy of the Government of India under the present Viceroy in regard to the land revenue and rent settlements. The common object of the changes described has been to give the largest relief to the State tenant with the smallest sacrifice of legitimate revenue, and to give the Indian Ryot a fair rent, fixity of tenure, and every facility for improving his holding. The Government has shown itself ready to sacrifice present revenue and prospective enhancements, in the expectation that relief would be felt by the great masses of the population—the cultivators of the soil. But I pointed out that behind all these reforms loomed the tenant question. It is a question which in some Provinces need not be discussed for many years to come, while in others it is already the practical question of the day. In Bombay, the great bulk of the State tenantry are the cultivating Ryots, with their small holdings of twenty acres. A remission of rent at once reaches the pockets of the rural population. But in Northern India there are many landlords of large estates held from Government, whose lands are sublet and cultivated by others. If the State remits here the rents due in times of famine, or foregoes an enhancement of assessment on the expiration of a settlement, its liberal policy may never benefit the rack-

rented sub-tenant or the toiling labourer. The whole benefit may be intercepted by the superior tenant of the State or the middleman. Here, therefore, the question of tenant-right is already a practical question, which must be settled sooner than in Bombay or Madras, where the *petite culture* is the prevalent tenure. Still, even in the North-Western Provinces and in the Punjab the state of affairs is widely different from that which prevails in Bengal. Where the superior tenants are resident landlords sympathising with their villagers, or the representatives of the village community, or even the village headmen, a large measure of any relief afforded by the State will percolate down to the mass of the rural population. Government can sacrifice a portion of the land revenue in the full conviction that their policy will substantially benefit the people.

But with Bengal the case is quite different. In this Province there are some 130,000 revenue-payers, who contribute a land revenue of 3½ millions sterling, and enjoy a rental of over 13 millions, according to official returns. But the real rental paid by the occupants of the soil is believed to be 30 millions sterling. Between these 130,000 revenue-holders and the occupants of the soil there are 750,000 tenure holders, and under this superstructure of proprietary rights there are 10 million Ryots, of whom more than three-fifths hold only two or three acres a-piece. The first fact which strikes the eye in these figures is the excessive moderation of the land revenue. The State has, in fact, sacrificed the interests of the general taxpayer in accepting from a handful of *Zemindars* a tithe of the rent, which the 55 millions of cultivated acres in Bengal could bear. There is, therefore, no justification for further sacrifices on the part of the State. At the same time,

there is no part of British India where the rural population is poorer or more miserable than in Bengal. The Zemindars are not a hereditary aristocracy, nor have they any sympathy with their rack-rented tenantry. They expend no capital upon their properties, and the rapid growth of the unearned increment of their estates is due solely to the State outlay on public improvements, such as railways, and pressure of population, which has outstripped production. Were it not for the strength of our rule of law, and the extremely unwarlike character of the inhabitants of the Lower Provinces, agrarian discontent would long since have produced serious disorder. As it is, the Government are brought face to face with the surrender of their proprietary rights in the soil, and with an absolute necessity for improving the conditions of agrarian life in Bengal. The Pubna riots warned them that a remedy must somehow be provided, and it has long been notorious that the Ryots of Bengal are waiting with Asiatic patience, which, though proverbial, is not inexhaustible, for relief from the intolerable position to which increasing population and oppressive Zemindars have brought them.

Lord Cornwallis did not sacrifice the title of the State to the unearned increment of the land without corresponding conditions. The regulation of 1793 distinctly recited the responsibilities of the newly-created landlords for "conducting themselves with good faith and moderation towards their Ryots." These conditions were not fulfilled, and the Legislature in 1859 intervened to formulate the terms on which the guaranteed rights of the dependent tenantry could be enforced. The Act X. of 1859 established no new principle, for the rights of the Ryots were an essential part of the original settlement; but it endeavoured

to restore by law the benefit of promises which "good faith" had failed to keep. It revived a right of occupancy for the tenant, over which Zemindars had ridden roughshod. Its object was recuperative, and not creative. But the law had not reckoned on the obstinacy of the Zemindar, or the uncompromising hostility which he would show to any restrictions upon his claims to evict the Ryot, and frustrate the accrual of occupancy rights. Lord Lawrence foresaw that the engagements into which the Zemindars had entered with Government to protect their Ryots would require further legislation, and the question of the best method of securing to the occupancy Ryot a real beneficial interest in the soil, without invading the rights of the Zemindar, has engaged the anxious attention of the Viceroys which succeeded him. It is obvious that Lord Ripon, who has given such signal proof of a liberal policy in regard to the land of India, could not exclude the Bengal Ryot alone from participation in the benefits of that policy. Upon him, therefore, has devolved the duty of giving effect to the assurances of Lord Cornwallis, and of redeeming the intention of the Legislature in 1856 from failure. The outcome of this obligation is the Bengal Rent Bill, which, after being rough hewn in 1876, has only now been shaped to meet an equitable compromise between conflicting interests.

The most ardent opponents of Lord Ripon's policy in the Criminal Jurisdiction Bill smile when they hear his action in regard to the Bengal Rent Bill described as revolutionary. . . . The Bengal Rent Bill will find a place in history as one of the greatest of Lord Ripon's achievements. It is a measure in pursuance of Lord Cornwallis's scheme of permanent settlement in the direction of the legislation of 1859, in fulfilment of repeated pledges given

by the present Viceroy's predecessors, and finally in completion of his own liberal land policy. Conservatives, as well as Liberals, who know the condition of Bengal unite in demanding legislation. I have dwelt upon these general considerations rather than upon the details of the voluminous sections of the Bill, because it is a measure which is full of technicalities of Indian land tenures, and because it is expedient to remove the misapprehensions as to the scope of the Bill which interested opponents have so sedulously promoted. I will only add that no undue haste and no avoidance of publicity has attended its course. At present a conference of officers in Bengal is discussing the report of the Select Committee. The freest intercommunication of ideas and the widest ventilation of the subject is desired by Government. The dangers which may attend the creation of the right of transferring occupancy rights, and which naturally arise from the improvidence of the Ryots, or the wiles of the village Shylock, are being carefully considered. I am inclined to think that the Bill is somewhat ambitious, in endeavouring to anticipate by a single measure the remote difficulties which may arise from the relief which it is its primary object to afford. The provisions regarding the enhancement of rent show a thoughtful consideration for the rights of the landlords, as well as for the privileges of the tenant. In them the Zemindar will find some compensation for the shackles imposed upon his rights of eviction. The Bill provides for three classes of tenure and rents. The tendency will be to level up rents generally to the highest point admissible for any class, and this tendency will require to be guarded against. Whether the machinery exists for obtaining accurate price lists, and whether it is safe to calculate averages upon them,

will demand further consideration. No one will deny that the task undertaken by the Legislature presents innumerable difficulties, but at the same time there are few, besides the interested Zemindars, who doubt that the task ought to be undertaken. The Government of India have proceeded in the matter with extreme deliberation, and with full appreciation alike of the difficulty of a settlement, and of the urgent necessity for it. It may be taken for granted that the early part of the Calcutta Session will be devoted to the passing of the Bill; and public opinion in England may safely disregard the violent denunciations which are sure to arise from the interested rack-renters of Bengal and from the local Press, whose assistance they have managed to gain.

BOMBAY, *August 10, 1884.*

P 6/4 *J P 10 a*

A
LETTER

ADDRESSED TO

THE RIGHT HONORABLE
Sir Charles Trevelyan, K. C. B.

on the 1st June 1860.

BY

THE then Dy: COLLECTOR OF TANJORE

DEWAN BAHADUR


R. RAGOONATH ROW

on

THE LAND TENURE OF TANJORE

AND

Mirasidars' right in the Land.

——
Printed by:

RE-PRINTED AT THE HINDU PRESS, No. 191, PUSHPAKA MAHAL,
MOUNT ROAD.

1890.

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86

Letter to the Right Honorable Sir Charles Trevelyan, K. C. B.
on the Land Tenure of Tanjore : shewing also that the
Merassi Right in the land is vested in the
Merassidar and not in the Sovereign.

To.

THE RIGHT HONORABLE,
SIR CHARLES TREVELYAN, K. C. B

MAY IT PLEASE YOUR EXCELLENCY.

1. When I had the honor of waiting upon your Excellency at Combaconum, your Excellency was pleased to inform me that it was your intention to introduce in the District of Tanjore a settlement by which landed property might be rendered secure, interference of Government Servants with the Merassidars avoided, and no just opportunity for augmenting the Government Revenues lost. You further commanded me to offer my suggestion on the subject to the Collector Mr. Cadell.

2. Having studied the different tenures prevalent in India, and already formed my opinions as to the settlement that would best suit the existing circumstances, I beg to take this opportunity of respectfully submitting to your Excellency's consideration the details of my proposed settlement.

3. Before entering however upon the subject, I think I must say a few words about "Meerassi" or the ownership of the land, in order that I may be properly understood in the use of the word throughout this paper.

4. Who is proprietor of the soil, the Sovereign or the Meerassidar, was a question that for a long time taxed the skill of eminent writers on India, but it has at last been set at rest by the following authorities, which show that the Merassidar is the sole proprietor of the soil, and not the Sovereign.

5. "Cultivated land is the property of him who
Hindu Law Menn, &c. away the wood, or who first cleared
and tilled it."

"Land and slaves employed in the cultivation of a
man shall neither give away nor sell, even though he
acquired them himself unless he convene all his sons."

6. "For four months the Magistrate shall not collect
tribute from the subjects, but shall give them free agency
and endeavour by promoting their satisfaction and contentment
cause them to cultivate and improve *their* lands. During the
remaining 8 months, he shall collect the settled yearly tribute."
Code of Gentoo Law by Halhed, Page 58.

7. This theory of proprietorship was always acknowledged and enforced by the Hindu Sovereigns.
Hindu Practice.

8. "The Native Governments have invariably upheld
the Merassi Right, even when they
created Zemindars." (Vide a Paper on
A. D. Campbell, Esq. the land Revenue of India by A. D.
Campbell, Esq.)

9. This fact can be clearly proved from the old records
which show that whenever the Rajahs wanted to grant land for
charitable purposes, not only their Sircar share of the produce
but the right to the soil also, they invariably bought the latter from
the Merassidars.

10. Captain Robertson states that even the Peshwa
the Maratta autocrat, once purchased
Captain Robertson. this right to the soil of the Merassidars.

11. George Campbell, Esq, observes that the Village
Communities found in the North
G. Campbell, Esq. South of India assume and possess the
strongest proprietary right to the soil
which they are not to be dispossessed nor have ever been by

Native Government.

12. Mr. A. F. Tytler plainly tells us that the Merasidars, under every former Government, whether Hindoo or Musselman, have always been esteemed the very soul of the estate; their rights will be found to have been respected under every arrangement of the Native Princes, however arbitrary or capricious in other respects.

13. The Honorable Walter Elliot in his Minute on the Enam Commission confirms this position, observing, that the "existence of such right can be proved not only from the privileges still claimed by the Merassidars which we have used our best endeavours to cancel and destroy, but from numerous ancient Grants of land which record that even the Sovereign when desiring to appropriate a piece of land permanently for the site of a temple or other building, purchased it for so much money from the inhabitants."

14. It is often alleged that under the Mahomedan Law the king owns the soil, that the Mahomedan Sovereigns of India fully enforced that Law, and the British Government, as successors to them, have inherited the right to the soil.

15. This appears to me to be a fallacy; for it is stated in Page 133 Vol. I. of Wilk's My-Modena Shanhi Rauz. sore that according to the Mahomedan Law, "Inheritance is annexed to property, and he who has the tribute from the land has no property in the land. Hence it is known that the king has no right to grant the land which pays tribute, but that he may grant the tribute arising from it."

16. Sir William Jones says that "nothing can be more certain than that land rents and goods are, in the language of all Mahomedan Lawyers, property alike aliena-

ble and inheritable."

17. Mr. Rickards observes that "In the appendix to Rouse's Dissertation of the landed property of Bengal, a translation is given of two Firmanas by the Emperor Aurengzebe, addressed to provincial Devans. In these the proprietary right of individuals to landed estates, is repeatedly mentioned; in one instance the right of a proprietor even to sell his land is adverted to."

18. Mr. George Campbell, the author above quoted, adds his testimony to the fact that the Mahomedan rulers respected the Merassi Rights. For he states in his Modern India that Malik Amber, Minister of the great Mogul, revived and confirmed the Merassi tenures.

19. I beg to add that the British Government and British authors have also recognized and respected the right of Merassidar to the soil, as will be seen from the following authorities.

20. The supreme court of Madras recognized without reserve the proprietary right of the Merassidars to the soil in a decision passed by them on the 25th September 1806.

21. "The Governor in Council proposes that the Ryotwary Settlement should not be attended with any infraction of the rights of Merassidars or others in the soil.

Madras Govt:
16-12-1817.

22. "It is particularly necessary to caution the local Revenue officers against any infraction of individual rights, which the Board observe that it is the particular desire of the Honorable the Court of Directors to uphold."

Board of Revenue
5th January 1818.

"In Tanjur, Merassi right remained universal throughout the province and continued a very valuable property."

23. The Marquis of Hastings remarked that the rights of the former cultivating proprietors had

Marquis of Hastings. been suffered by the Regulations to pass away sub silentio.

24. The only proprietors, generally speaking, are the village Zemindars or Hiswabdars (Merassidars). The pretensions of all others are prima facie doubtful.

Sir C. Metcalf.

25. "These people," the village communities, "to be found in the extreme south of India, are generally regarded as absolute proprietors of the soil, and are admitted wherever they exist to have an hereditary and transferable interest in it."

Mounstuart Elphinstone.

26. He is quoted by Mr. Dykes as having said "I wish to see the usages of each country or province adopted as the basis of our Revenue System, and to protect landed property as we find it."

Sir Thomas Munro.

27. "It is impossible that I should sit in a Civil Court and daily have causes brought before me in which it appears that the unhappy ryots still cling to their property, still in their necessities dispose of the property by sale, mortgage and other methods,—it is impossible that I should see this, and yet believe that in this they have no right."

Mr. Tytler.

"We too, when we took possession of the country, promised most solemnly to protect them (Merassidars) and for a long time we did support them, as the proprietors of the land.

They daily sell the proprietary right, and call it selling their lands.

If we preserve these rights, we have nothing to fear."

28. "In England, a proprietor of land who farms it out to another, is generally supposed to receive as rent, a value equal to about one-third of the gross produce; this proportion will

Wilk's Mysore.

vary in different countries according to circumstances ; but whatever it may be, the portion of it which remains, after the payment of the demands of the public, may safely be described as the Proprietor's share of the produce of his own land : that which remains to him, after defraying all public taxes, and all charges of management. Wherever we can find this share, and the person entitled to receive it, him we may, without the risk of error, consider as the proprietor ; and if this right has descended to him by fixed rules from his ancestors, as the hereditary propriety. Proprietor may be limited by many other conditions ; but " dominion so far absolute as to exclude all claims, excepting those of community which protects," conveys a general idea of the most perfect kind of property that is consistent with the restrictions incident to a regulated Society : always supposing, in the case of land, the existence of the proprietor's share which have been described. There is perhaps no single criterion by which the existence of such share is so distinctly ascertained as by the fact of land being saleable. When unoccupied land is abundant (as it is in most parts of India,) and all lands are taxed in proportion to their value, we do not hear of men purchasing the privilege to become tenants ; to obtain that which is open to all, and even court the acceptance of all : men do not give a valuable consideration for a thing of no value ; the fact of purchase shews that there is something to sell, that there is a Proprietor's share. If the demand of Government become so heavy as to leave no such share, the Sovereign may then be named the proprietor, or the usurper, or any other more imposing or more gentle term which eastern courtesy shall invent. It is plain that the former proprietor is reduced to the condition of a tenant ; he may cling for a time to the possession of his fathers, and this attachment may survive the existence of that which created it : but he is in effect no longer a proprietor of land, it is no longer saleable ; there is no proprietor's share, the value and property have ceased together ; and there is no longer a question about exclusive dominion, because no person will contend for that to which no value is attached.

Before dismissing this branch of the subject, it is worthy of remark, that according to the Roman lawyers the power of

alienating land was the criterion of property ; possession without such power being described as merely the usufruct. The inference appears to be irresistible, that the fact of land being saleable ascertains the existence of property, and that the right to sell identifies the proprietor. ”

29. “The great difference between the lands in these two (Canara and Malabar) provinces is, that, here it (the proprietary right in the soil) is vested in individuals, there in communities.”
Mr. Thackery
30. “A fourth form of joint responsibility found to exist in India is where each individual is landlord of a small estate, but has a joint responsibility in discharging the Government assessment, and a joint interest in the ownership of waste or lapsed lands.”
Examination of the Principles and Policy of the Government of British India.
31. “Merassi right to land exists in Canara, Malabar, North Arcot, South Arcot, Chingleput, Tanjore, Trichinopoly, Dindigal, Madura, Ramnad and Tinnevely.”
Mr. Hodgson.
32. “The old Hindoos most assuredly were absolute proprietors of their land, though they called their Sovereigns Lords of the Earth.”
Sir W. Jones.
33. In the Districts to the Southward of this presidency, the Merassi Tenure has from time immemorial been transferable by sale, gift or otherwise. It is universally the case in Tanjore.
A D. Campbell, Esq.

The Zemindar possesses a valuable and often hereditary contract interest in the land revenue of the state, the collection of which alone was thus transferred to him, but he possesses no right whatever in the soil itself, which subject, to the payment of that revenue, was held in fields exclusively by

the cultivators.

At Madras, indeed the now possessor of the Zemindary, except when he might be also the head of the village, or one of its Merassidars, had in fact not a single field to sell. Every field there, had, where saleable at all, immemorially been sold by the Merassidars who are the owners of the soil.

The Courts at Madras have generally supported the right of the cultivator to the soil.

“The actual immemorial sale of Merassi fields by the cultivators exposed the absurdity and

Vide As : No. 11- falsity of the Regulation theory (that
1843 on the Sub Court the soil belonged to Government who
file Combaconum— made the right over to the Zemindars)
As : No. 106-1844 and it has been, only in spite of the local
Civil Court. and that the same rights have been
generally preserved from destruction.

34. The right of property in the land is unequivocally
recognized in the present agricultural
Fortescue. inhabitants by descent, purchase or gift.”

35. “But it is an ascertained fact, that there is not a foot
of land, in the long settled Districts of
Mr Rickards. India that is not, claimed, and probably
the lawful, property of some individual
or of some village community.

The tenures discovered in various parts of India, establish beyond all dispute, the important fact that the real property of the land was formerly vested in individual Landlords, whose exclusive right of selling, mortgaging, leasing, bequeathing or otherwise disposing of their lands, no Hindu Sovereign, Viceroy or other person in authority, ever thought of disputing, that this was consequently, a hereditary right, and in full force and invariable usage.

The existence of private property in the soil, perfectly independent of control and interference on the part of the

sovereign, was first discovered in Malabar.

The first mention we find of it, is in a report of Mr. Place. The term used to express it is Merass or Merassy.

The same or similar rights were afterwards traced in Tanjore, Tinnevely, Canara, and other Provinces where the titles to private property in land were ascertained to be as full and clear, and supported by deeds more ancient and probably more perfect than in Europe.

The Peninsula of India being for the most part divided into villages and village communities, this right is found very generally to exist in three distinct states.

That these proprietors formerly existed, and perhaps universally in India, there cannot be the least doubt.

Merassi estates are of various amount and value. In the provinces of Tanjore and Trichinopoly they are found to exist from 4000 acres down to one acre of land."

36. "The Vellalars formed large communities of a purely democratic constitution, and alleged that they were the originators of the democratic Merassi Tenure in the South which is described as existing in their villages word for word as I should describe the constitution of a Jat or Rajput village of the present day. They claim and exercise a very strong proprietary right in each village over the whole land, cultivated and uncultivated, and divide the cultivated land in fixed shares."

37. "The ryot cultivating his own (meaning the Merassidar) has a hereditary interest in the soil; his title is much more ancient than ours and has survived through every variety of change and convulsion,"

38. " By some writers it has been stated that the ryotwar system is founded upon the assumption that Government is possessed of the entire property in the soil and may dispose of it at their pleasure.

Sketch of the Ryotwar system of Rev: Admtn: apparently by a friend of Sir Thomas Munro.

It is surprising that such misconceptions should have been entertained, and that Sir Thomas Munro who was distinguished for sagacity and for comprehensive and liberal views of policy, and who had obtained from the Natives the protecting designation of Father, should have been considered the patron of a measure so much calculated to have paralyzed industry and to have kept the great mass of people in perpetual bondage and pauperism.

In every part of the Province wherein the ryotwary is introduced, the ryot is the complete owner of his land, and sells, mortgages and alienates it as he may think proper without any interference from Government.

Sir Thomas Munro did not aim at the introduction of any new plan, but at the restoration and improvement of that which he found to have been the ancient system of the country, the principal feature in which, was the settlement with the proprietors themselves and the direct collection of the public revenue from the proprietors themselves.

The system meddles not with rights, with tenures or with occupancy. Its leading principle is, recognition of proprietary right.

39. " In Tanjore the land is in the hands of proprietors, where therefore property in the soil has not to be created but actually exists. "

J. F. Thomas, Esq.

40. " There is not an acre of land in Southern India which does not belong, however much the title may have been impaired, to a recognized proprietor or municipality subject only to the payment of a land tax.

Honorable Walter Elliot.

The very idea of a sovereign being sole proprietor of all the land in his dominions is opposed to reason and experience.

Many of the original titles still survive both in India and England to demonstrate the fallacy of the assumption."

41. "Without entering on the question of who is proprietor of the soil, I will content myself with stating that immemorial usage has established both in Tanjore and Trichinopoly, that the occupants, whether distinguished by the names of Merassidars, or Mahajanums, have the right of selling, bestowing, devising, and bequeathing their lands in the manner which to them is most agreeable."

42. I humbly trust that the above extracts will satisfy your Excellency that the soil in India belongs to the ryots and that their right of proprietorship is called Meerassy.

43. I fancy I have further proved that Tanjore is a Meerassi District.

44. Now I beg to add that the Meerassi right is not limited to cultivated lands only, but extends to all sorts of land and property within the village. A Meerassidar therefore, whether in Tanjore or elsewhere, not only owns his cultivated fields but also the uncultivated, rocky, wet, &c, portions of the village to which these belong.

45. To prove this position I beg to be permitted to quote a few passages from authors of unquestionable authority many of whom have already been referred to, as also extracts from Government records.

46. "As regards this particular Merassi right, the lands of every Tamil village may be divided into two distinct kinds. First not paying revenue, 2nd, paying revenue to Government. In the first class are included 1st Porumpoke or lands incapable of cultivation, and 2nd Taras or Waste land.

Board of Revenue,
5th January 1813.

In the second are included all the cultivated lands in the Village. The Merassi right extends to all these different descriptions of land; but each must be enjoyed according to its peculiar nature.

The Porumpoke consists of rocks, public roads, the beds of rivers, tanks and water courses, the burial and burning grounds, Parachary, sites of temples, and sites of houses.

Indeed their (Merassidars) title to erect their dwellings on that, (Nuttum) particular spot, and their right to control the affairs of the Village Pagodas, and to appropriate the produce of quarries, mines or fisheries, are the chief privileges they possess in the Porumpoke which is not liable to any tax.

The Taras or waste land consists chiefly of tracts of Common on which the Merassidars graze the cattle employed by them in agriculture, or of jungle in which they cut the firewood used by them for fuel, and both are held free from tax.

In all Tamil Villages the Porumpoke, the Tareesee, are held in common joint property by the whole of the Merassidars, each in proportion to his share in the Merassi being entitled to participate therein.

When a Merassidar sells his Merassi he transfers to the purchasers not only his common right to participate to the extent of the share he holds in the Porumpoke, Tareesee, &c, other collective property in the Village, but his individual right to certain particular and defined cultivated lands."

47. Mr. Hodgson determines the property in uncultivated land to be the right of the Merassidars of the Village.

48. "At one time I was disposed to think that, besides the name of contractors of Revenue, they, Zemindars, might, also claim the title of Lords of the waste, but even this right is indisputably shown by the able Report* above quoted to be the corporate property of the township."

Wilk's Mysore
* I think the 5th
Report.

49. "The democratic tribes, meaning the Merassidars, have been mentioned as possessed of much stronger rights. With them the whole land of the country was divided among the different communities. They claim the proprietorship not only of the cultivated but also of the uncultivated land, within their limits.

When the communities are so strong, independent and well organized, there can be no doubt with whom the proprietary right rests."

50. "The waste land is a common pasturage for the cattle of the village.
Mr. Rickards.

To show the sense which the Natives themselves entertain of their own right in the common property in the village, the Collector (of Tanjore) gives the translation of a deed of sale of one of the Shares, which runs as follows; I, A, B. of the village of C. containing 28 shares, do hereby execute to D. E. of the same village, this deed of sale that is to say, having sold to you in this village one share of my own six shares therein, I do hereby execute to you this deed of the full and absolute sale thereof; and you having further paid and I having actually received 100 chuckrums duly shroffed in full value thereof, you are accordingly, to the extent of the share now transferred and sold to you, fully to possess and enjoy all Nuujah, Poonjah, islands, water, stone, topes, jungle, riches, treasures, and every well which sinks beneath or every tree that rises above the earth, with every general benefit of every sort, from father to son, through every generation, as long as the waters of the Cauvery flow, vegetation lasts or until the end of time, with the fullest liberty, likewise, of alienation by gift, bequest, sale or otherwise, and may you enjoy all prosperity therewith. Thus, with my fullest approbation, I do hereby execute to D. E. this deed of sale which is written by Peramal Pillay, village Conekappillay, and this requires authentication from all the other proprietors of the village—signed."

51. "Merassi right, wherever it

Mr. Ellis. exists, extends certainly to waste lands.

52. This right of the Merassidar to every inch of the soil in his village is not a nominal right but one yielding him a clear landlord's rent, called Swamy Bogam or Toondavaram. This varies in different places. It is the loss of this that the Merassidars represent as an encroachment upon, nay annihilation of, their immemorial Merassi right."

53. Mr. G. Campbell says that, "in the first instance they probably themselves retained the whole or part of the rent, but the greater part of this they have eventually been obliged to pay to some Government. They generally however retain some marginal portion of it as their profit and for local expences especially, and where there were inferior holders, a portion of the rent levied from them reverts to the superiors. This then was a much stronger and more decided proprietorship."

54. In speaking of the North West Provinces, where the Merassi right is found, the same author says, that the Collector 'taking everything into consideration fixes the assessment. If the proprietors object, he hears their objections; but if these avail not they must either agree to the terms or give a written refusal. In the few cases in which all negotiations end in the latter result, the proprietors are entitled to 10 per cent of the Revenue, and sometimes get more and the village is rented to a farmer."

55. "The Board of Revenue, however, apprehending, and as we certainly think, with good reason, that this (the rule that the ryots obstinately refusing to take up rents, must be given only 10 per cent, instead of his Toondavaram) might be considered as an invasion of the Merassi rights, were of opinion that Government would not be justified, for the purpose of giving general practical effect to any plan of administration, in reducing the allowance of any Class of Merassidars beyond the lowest standard authorized by past experience, which is stated to have been $\frac{3}{8}$ of the actual produce.

In this opinion we entirely agree and we cannot too strongly express our disapprobation that it had been acted upon."

56. Mr. J. F. Thomas bears evidence to the fact that the Merassidars of Tanjore do not themselves till the land but enjoy a landlord's rent; that the gross produce of the wet land in Tanjore irrigated by Government works is divided upon an average nearly as follows; 50 percent the Government tax; 25 per cent. Charges of Cultivation or an allowance to the actual cultivator; 12 per cent. Village cesses; and 13 per cent. Merassidar's rent. & that the Merassi is a Tenure which allows a proprietor's rent as well as a Government tax.

57. The Board of Revenue in their Minute dated the 5th January 1818 observe that "from the numerous deeds of sale still extant, throughout the Southern provinces, there is no doubt that at one time Merassi was universally a saleable and transferable property, and that the Merassidars every where enjoyed a Toondaveram or clear landlord's rent from all the lands cultivated by their Payacari tenants, and both a landlord's rent and farmers profit, from the lands which were cultivated by their own labourers or slaves."

58. Mr. Harris, a late Collector of Tanjore, estimates the Merassidar's Toondavaram at somewhat less than 25 per cent.

59. Mr. Wilks in his History of Mysore observes that the Merassidars have clear, ample and unquestioned proprietor's share, amounting, according to the same authority to the respectable proportion of 27 per cent. of the gross produce, a larger rent than remains to an English proprietor of land who had tithes and land tax to pay, even before the establishment of the revenue tax.

60. Mr. Hodgson in his report on Tinnevely estimates the Toondavaram at $13\frac{1}{2}$ per cent. of the gross produce.

61. Further, the Meerassidari right is not perishable and has been held as such even by the British Government.

62. In the North West Provinces, it is a rule "that when a Meerassidar leaves his kists in arccars, the Collector lets the estate temporarily to a farmer, the rights of the proprietor being in abeyance till better times, but not extinguished."

63. Mr. Thornton says that "the right of the ryot appears as expressed by one witness to be the greatest right in the Country and a right which never seems to die."

"He may quit his land for any period of time and the cultivation may be assumed by others, but if he or his heir return and reclaim the land, he has only to come to a compromise with the party in possession for the value of the crop on the ground, and his inheritance is restored to him immediately."

64. This characteristic of the Merassi appears to have been recognized by the Legislative Council of India; for a few months ago Mr. Leget moved in the Council the adoption of the Report of the select Committee on the Bill to limit the period within which a Merassidar may assert his claim to lands which he may have abandoned or for which he may have failed to pay assessment.

65. Mr. Ellis observes that the Merassi right is not forfeited by the discontinuance of collection for a single year or any longer period during the life of the Merassidar, his son or his grandson.

66. The late Honorable Court of Directors have condemned in the strongest language possible the proposal of the Madras Government to

The Court of Directors,
Madras Revenue Se-
lections, Vol. I.

Letter to Madras
Government, August
1804, November 1805.

give land in Tanjore to others than the Merassidars when they do not come to terms with Government as to assessment.

67. Having thus shown what the Merassi or the ownership of the land is, I now beg to proceed to the details of the settlement above alluded to.

68. It appears to me to be impossible to make rules that can be applicable to all parts of the District of Tanjore, for it consists of two grand divisions essentially differing in character namely, the irrigated and the non irrigated, the first lying between the rivers Coleroon and the Vennar, and the other to the south of the last mentioned river.

I would therefore propose different sets of rules for each of these divisions.

The maximum amount of Revenue which could be collected has been brought to account in the 1st Division, and it is therefore useless to expect any addition to it by the introduction of any new settlement. There is not in it much waste that may be recovered, what little there is being indispensably required for grazing cattle, &c. I would therefore propose,

1st. To clearly ascertain what portion of any waste in a village might without inconvenience to the villagers be brought under cultivation.

2nd. To find out the Tarum assessment thereof or fix one on it from that of the neighbouring fields.

3rd. To add this to the Jamabundy amount and make the sum thus obtained the maximum amount of tax that the Government would always demand of the ryots, allowing, at the same time, in particular cases, such deduction from the amount so added as the well being of the ryots may appear absolutely to demand.

4th. To apportion this settled amount among the several

Punjoo or shares of the village, and thus determine what each ryot will have to pay.

5th. To give the ryots distinctly to understand by proclamation that no remission will be granted them except in seasons of very extraordinary distress, but assuring them at the same time that they might enjoy untaxed the benefit of any improvement they may effect in their holdings, whether it be the conversion of one crop land into two crop, of dry into wet or the like, except where such improvement is directly owing to important hydraulic works executed by the Government, in which case an additional water tax might be levied.

It may perhaps be objected that the last mentioned rule will deprive the Government of any legitimate increase of revenue. But I believe that the loss the Government may thereby sustain will be more than counterbalanced by the saving that would result from the removal of that host of officers who are now paid to watch cultivation, the encroachment of wet and dry land, of two crop on one crop, &c. And even supposing this not to be the case, what is the sacrifice of revenue that the proposition involves but as the dust in the balance compared with the numerous and important advantages that will flow from it—the improvement in the condition of the land which would add to the stability of the Revenue, the removal of every baneful interference with the ryots, the creation of a respectable and independent body of Land-lords the great supporters of Government, and the development of the resources of the country resulting from the vigorous stimulus which would thus be administered to industry.

As regards the Second division I would be more liberal. Lands under this section depend entirely upon rain for cultivation, and not even in a single year has the full demand on a village ever been collected in this District. Large tracts have been waste from time immemorial. The soil I think is fit for more planting trees than for any thing else,

I have reason to believe that there were more topos or

groups of trees on this land than that may be seen now, and attribute the decay of the plantations to the system of taxing trees introduced by our Government.

I would propose that these lands be also completely and for ever made over to the ryots for a fixed amount of Revenue— which should be the average of the collections of the last 20 years with an addition varying with the ratio of extent of culturable waste to that of the cultivated land according to the following scale.

PERCENTAGE TO BE ADDED TO	
RATIO OF CULTURABLE WASTE TO CULTIVATED LAND	THE AVERAGE COLLECTION OF 20 YEARS.
Exceeding 2.....	40
Between 1 & 2	30
1.....	20
Between 1 & $\frac{1}{2}$	10
Less than $\frac{1}{2}$	5

The assessment thus fixed would be distributed upon the registered proprietors either according to their shares in the village or according to the extent of their holding, in each village.

I would apply the 5th Rule for the 1st Division equally to lands in the 2nd, but would not force this condition of the ryots who will be allowed the option of either agreeing to this settlement or coming to an understanding with Government as to what extent they would wish to keep on which no remission or any account should ever be allowed.

I am confident that the ryots will heartily agree to the proposed arrangement provided it is not forced on them, and that if the carrying out of this scheme be entrusted to efficient and judicious hands, it can be effected with perfect satisfaction

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J
P 11

Insurance Drain on India.

HOW TO PREVENT IT

BY

MR. W. T. HALAI.

Now-a-days, columns of newspapers are full of suggestions regarding the Industrial Development of India after the war. The Government of India have on the motion of non-official members of Council appointed a commission of enquiry with Sir Thomas Holland as its chairman to ascertain in what direction Indian industries can be developed, and how the regeneration of poor India that is no longer able to bear the brunt of the heavy drain falling on her resources, can be effected. To my mind, the industrial development on a gigantic scale consistent with the productive capacity of the country requires—

- (1) large capital,
- (2) up-to-date machinery;
- (3) exploring experts, and
- (4) skilled labour.

The Indian Civil Service portion of the ruling community of the day has always been assuming that India is wanting in enterprise, and that the people of India are able to do nothing.

It is perfectly true that India has grown poorer by the very heavy drain that is falling on her resources. So far as manufactures and up-to-date machinery is concerned, India as she stands at present can boast of none. She did possess exploring experts, but they have now disappeared. And as regards the skilled labour of India for petty crafts, she did possess a considerable amount of it for small indigenous industries, but unfortunately, those industries have been forced to die an unnatural death by reason of the preferential treatment and the very great facilities that have been accorded to the foreigners and their industries, with the result that at present India is solely

dependent on others for even the daily necessities of life. The country that was supplying to the civilised Romans the finest of muslins and various sorts of spices and chemicals has had to depend for common things like table salt upon Spain and Liverpool. All her raw products are taken away, and even the sinews of the production of such raw products, the best of manure, is not allowed to remain in the country. And latterly, her mill and other industries have to depend for ordinary refined articles like China-clay, etc. on foreign countries. Very often before the outbreak of war, and since then, I have made suggestions through the medium of the press that have always been charitably received.

Shortly after the outbreak of war, I suggested in one of your local contemporaries when the prices of stores and other accessories were quoted at fabulous rates, a list of several articles which could be very easily manufactured in India, and I appealed to the Mill Owners' Association to start either a Company or an Association or a co-operative store of their own for supplying to each of its members the particular articles to be manufactured by and under Indian supervision and direction. I then pointed out that such co-operation would in no way interfere with their healthy competition in their products *inter se*. But what they did not do for themselves Japan has mostly supplied to them. I have no means of knowing as to whether all the products that Japan has supplied are of her own manufacture, or whether the same have been exported by her after taking the tremendous (!) labour of re-labelling the articles manufactured either in America, or even perhaps the countries of our enemies.

It is no use crying over spilt milk, because in my personal talks with some of the luminaries of our industries, who while admitting suggestion made was quite workable that the and feasible, found it difficult to be put into operation because of the conflicting interests existing in their Association. One really does not understand when we shall do away with our personal conflicts if we cannot unite as a nation at a time when we and our rulers are face to face with a stupendous struggle. If the mill owners would only look at their own records, they would notice that whereas in the year 1905 they shipped to China 10,085 packages of piece-goods in addition to the thousands of bales of yarn that were being shipped, in the year 1913, that is, before the outbreak of the war, the said shipment has dwindled down to 638 packages only! But the period subsequent to the last mentioned date shows that it is China that is exporting to India piece-goods in very large quantities. Just in passing, may I be allowed to cast a glance at the land of the Rising Sun—our ally Japan? In the year 1898-99, she exported to India 9394 yards of cloth and by gradation her exports in the year 1912-13 reached the stupendous figure of 58,80,723 yards. Comparison is invidious, but the figures speak for themselves.

I fear I am rather growing irrelevant. My subject is the insurance drain. But I think these industries about which I have written are so very closely allied to, insurance that I have not been able to separate the one from the other. It is the mill industry of Bombay and India which pays the Insurance Companies the highest, being one of their fattest customers. Insurance companies have a special code of tariffs, and tariff rules for them, which cover not less than about 150 pages of their tariff book. The rates that mills pay for the insurance of the various parts of building, machinery, plant etc; vary from **two annas** per cent per annum to **56 annas** per cent per annum—a ratio of 1 to 28. It is just

possible that many mill-owners or agents may be or are the agents for insurance companies also, and what work they are in a position to give to the insurance companies, or rather to put it down against the insurance companies, requires for them neither any big capital, nor exploring experts, up-to-date machinery or skilled labour. And, may I place before my readers a rough estimate made by me with regard to the city of Bombay alone about the insurance premia? It is no less than two crores and seventy five lakhs in Fire Insurance alone! Of course, I know that the insurance companies give a rebate or return commission to their customers of 25 per cent. They are probably paying about 10 to 12 per cent to their brokers and canvassers, and an equal sum or perhaps something less, to the agents. But there will be no heresy in assuming that a minimum sum of a crore and fifty lakhs goes into the coffers of foreign Fire Insurance Companies. It is not my purpose to discuss in this article either Life or Marine Insurance. Even a mill of moderate output has had to pay 20 to 25 thousand rupees on this item alone. Next comes the selling agent who has to pay the premia for the goods that he holds on behalf of the mills. That is again followed by the insurance payable by the merchant purchasing from the selling agent and taking delivery, and a fresh insurance arises when the goods have to be in transit for sale up-country and consumption.

For the year 1914-15, the Assessor and Collector of the Bombay Municipality collected Rs. 50,73,341-8-9 by way of general tax on buildings from its rate-payers on 61,990 buildings. Deducting 25 per cent for the rental of the land, this tax for the buildings alone roughly works out at Rs. 37,50,000. Taking the general tax at 10 per cent—it is now $9\frac{1}{2}$ per cent—the rental works out at 3,75,00,000, and the building value calculated at $16\frac{2}{3}$ years' purchase will give a

valuation of Rs. 62,50,00,000. If we allow 12,50,00,000 for uninsured properties it still leaves property worth 50 crores to be insured. The rates vary as already stated above. Even if we take the average rate, which will be the minimum at half per cent, the premia income will work out to 25,00,000.

The next item that claims our attention is cotton. Readers know the tremendous quantity of cotton that is being brought to Bombay and the inflammatory rates of premium which the Insurance companies are charging since the last Colaba fires speak for themselves. All imported piece-goods and other articles of merchandise, such as grains, cereals, stores, etc., are insured and in regard to these, heavy premia are payable. The amount of premia would be considerably in excess of my calculations.

So far as I am aware, there are not even half-a-dozen purely Indian concerns in the field of insurance throughout India, and those in Bombay are hardly getting one per cent of the total out-turn. As far as I have been able to ascertain, there are no less than 67 foreign Fire Insurance Companies, and naturally the cream goes to them.

May I ask what skilled labour and up-to-date machinery is required for working this branch of commerce and for preventing the enormous annual drain of money which is involved by foreign exploitation?

But India is still under greater disabilities and disadvantages. Many readers may not be knowing what mischief our enemies have played in this direction. It would not be out of place to draw their attention to what the Insurance correspondent of the *London Times* wrote very recently. His remarks may be summarised as follows—

“It appears that before the war many of the leading English Insurance companies were in the habit of re-insuring with several large German concerns having their headquarters at Munich and other places. These

German concerns used to offer excellent terms, and only asked for full particulars as to the situation, mode of construction and so forth regarding the proposed buildings and the same were invariably supplied to them. Would we be wrong in assuming that those particulars were really required for the benefit of our foes and their Government, and do they not to some extent at least account for the wonderfully detailed knowledge the enemy has displayed of our affairs?

If only one *Ender* could in her first attempt succeed in setting ablaze the oil tanks at Madras after a bombardment of a few minutes, what further advantages would the enemy not have secured when he has been allowed the fullest opportunities of knowing the minutest details with regard to our lands and buildings? And where does the safety of India lie in allowing foreign insurance companies the latitude which they hitherto have possessed? I might only give one instance of how on the occasion of the Laxmidas Market fire in Bombay, I was told that a particular foreign company that had taken insurances, and was pocketing fat premia, intimated to its agents in Bombay the very next day after the occurrence of the fire that it had shut its doors and had crumbled down like a pack of cards.

To come to the constructive part of my subject, the scheme which I propose is a very simple one. In Bombay we have many influential offices which have to pay lakhs of rupees annually by way of premia. Take for instance Messrs. Tata Sons & Co. I think they own properties under their management and are probably paying premia over properties, worth at a modest estimate on 12 to 15 crores of rupees. Messrs. Currimbhoy and Company similarly own seven to eight mills, and in addition thereto other large properties. Messrs. Mathuradas Gokuldas and Company have under their management several mills and the Khatau brothers and Messrs. Mqrarjee Gokuldas and Sons each

own a couple of mills and other properties. In Bombay we are not wanting in big financiers, nor are we wanting in insurance experts, with all the necessary knowledge, skill and enterprise. Insurance brokers are all there, and if they are allowed the same facilities as agents of foreign insurance companies give them I see no reason why they should not work for any indigenous insurance company or companies that may be started. If capital worth crores of rupees has been available for starting gigantic projects like the Tata Hydro and Tata Iron Works or for starting Banking Companies, Mills and other concerns, I see no reason why the comparatively small capital, say of Rs 50 or 60 lakhs, for starting a few insurance companies should not be forthcoming. To do business on a large scale, these companies to be started anew may for sometime have to join the Tariff combination for the purposes of re-insuring and reducing their risk. But as people will see the advantages of it, this branch of commerce is bound to thrive with honest and business-like management and prompt settlement of claims in the event of accidents.

If these companies would also with competent men open their branches in other important centres, and if all such concerns and companies are curbed and controlled by a general board of competent financiers and experts, there is no reason why they should not prove successful. Honesty would inspire faith. Commercial integrity would encourage them, and prompt settlement of claims without unnecessary suits and litigation would in course of time swell the number of customers. Therein lies the key to the success of this branch of commerce. If we look into the history of foreign companies, we

shall find that they have made their beginnings with capitals far smaller than what I have suggested here. A company with a capital of between 5 and 10 lakhs working in co-operation with half-a-dozen similar companies would be in a position, in the course of a few years, to save a considerable part of the drain.

At present we are also placed under further disabilities. Foreign companies are amending their rates and modifying their terms at their sweet will and we are perforce compelled to submit to them and their usurious methods. Even if the newly started companies do not make big profits in the beginning, I am quite sure that by their co-operation they will be able to do good business which will be less risky. Mutually they can among themselves feed a part of the furnace. As they are themselves working as agents for some foreigners, why should they not do it as principals? At a very moderate estimate, the companies worth 50 lakhs can in different centres and localities take up 20 times the risk very easily, and taking average insurance premia at one per cent, the annual return will be at least 10 lakhs. But we have not to look to the immediate returns but to the future development of this enterprise, and then with branches up-country and competent canvassing, watch-dog managers or agents and upright surveyors I have little doubt about its ultimate success. The suggestion is there, but it wants willing brains to work it out. Many a mercantile community has degenerated from merchants to mukadams or has taken to menial service. Can they not turn their eyes in this direction and save the country from this unnecessarily wasteful drain?

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The Relation Between Famine and Population—I. & II.

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THE RELATION BETWEEN FAMINE AND POPULATION.

Notes of Lectures heard in Paris at the International School of Science, 1900.—By Sister Nivedita.

I.

THE need of bread is the blackest incident of human life. Blackest, because simplest, easiest and most fundamental to overcome. The one success of which we are assured in the case of our own forbears, every man and woman of them, up to a given year of life, has been food-snatching of some sort, from other men, or from the Earth. Unless this had been so, we had not been here. The present generation is the naturally-selected product of ages of food-victory.

Yet famine remains. Sometimes it is the hunger of a man or a family. Sometimes starvation, like the arctic winter of the glacial period, bursts its bounds, and sweeps over great territories of human-kind. Why?

Obviously there are two factors in the problem. When a nation or a race starve to death all together, it may be because climate and soil have combined against them to produce no food. The red man perished in North America when the white man drove the bison from their ancient feeding-grounds. Practically, under these changed conditions, the race was wiped out. But when two or three individuals, or even two or three thousand, die of hunger, in the midst of a city that feasts and is merry, it is because something is wrong with the distribution of food, and something wrong too with those human relations that brought no hurrying footsteps with pity and help, to every sufferer over whom had fallen the shadow of despair.

The modern world is such a city. Nowhere to-day is man so far from man that one has any right to die of want of food, while another lives. Nowhere. And yet they die. The two or three become many millions. The heedless city about them becomes the whole indifferent world. And the old drama is played out on the larger scale. As want grows fierce in one place, luxury and waste increase in another. Here, men are brutalised by starvation. There by gluttony, more men here, and more there. This is the change that we call progress. One mother, mad with hunger, kills her child that she may not see it starve. Another, absorbed in pleasure, has no time to see her own child eat. What one spends on her toilet, would lift the other out of hell. Surely this shows want of adjustment. But why?

Why do some men die of hunger, for the food that others waste? Why?

The answers are manifold. All the outstanding age-old problems have had their changing age-interpretations. And hunger as a social phenomenon is one of these. But the theories proposed in era after era remain with humanity in a confused mass. We remember them all, only we do not relate them. We make no study of the circumstances out of which each rose. We do not analyse our own period, to know whether or not a given interpretation could apply. Meanwhile, facts stare us in the face, with their perpetual question. We turn to one another and ask it, and society returns one glib explanation after another, giving only more formulations of fact which the dominant classes in each age have found useful to themselves. Let us however put these in their proper sequence, and they may answer many a question for us. Instead of the feeblest alternatives for utter ignorance, they may become luminous enough, and enable us to distinguish the essentials of the problem:—Why do millions of people die of hunger in a world in which there is abundance of food?

In the forests, marshes, and caves of the primitive era, death was a constant feature of human experience. Possessed of few weapons, man, had but little means of determining his own chance in the hunt. It was not perhaps, till continuity of affection had made the grave remembered and beloved by women, that the seeding and growth of flowers were even noticed. There could not, therefore, be any agriculture. Wild roots and fruits, and animals of all kinds—found dead, or killed in the chase or snared—were the only food. Sometimes days of hunger and search, with constant exposure, would elapse, before prey was found. Terrible want would be succeeded by an equally terrible orgy. Of each, some members of the horde would die. Social feeling was probably immensely strong. Risks were shared. One brother would stand by another when he was down, for his protection. These things we see, even amongst successful animals, and man's great weapon of ascendancy has been his superior social instinct. Yet in spite of this, one overtaken by weakness or fever died, almost as certainly as he who was torn by the pangs of the prey. Risks to life, therefore, being almost infinite, the one duty of woman was motherhood. One of the greatest tests of prosperity and strength of the ~~W~~wooly-knit community, as a community, was either the largeness of its birthrate, or the physical fitness of its women. In this period, therefore, we find the root of the idea that increase of population constitutes the well-being of a people.

But this very importance of motherhood rendered inevitable the development of its emotional and ethical content. From a greater or less impermanence of all relations, one, that of mother and son, began to acquire stability. Enter the Matriarchal Period.

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The feelings and habits of woman had taken many centuries to dawn as a social force. They were essentially
The Matriarchate. feelings and habits of forethought and protection. Secretly, lest her wild sons and impulsive companions should be rendered too indolent or too extravagant, she had experimented on the growth of seeds. The wife offering to the husband in the hour of need her secret hoard, is very old in the relations of man and woman. It had even occurred to woman to snare the small game, and preserve it alive, as a permanent source of food. The domestic action of plants and animals arose, and became an absorbing occupation. Fire was discovered and later, tamed. Life grew more secure. But work multiplied. There were not hands enough for all that could be done, in that great humanising age. Therefore woman still shone as the mother, and the commands to "be fruitful and multiply, and to replenish the earth" were regarded as one and the same thing. Famine occurred, but it tended to be less a personal chance, and more and more a communal misfortune, arising when the hot winds swept in from the desert, and the scratched soil refused to bear, when a murrain broke out amongst beasts; or when an insect blight fell on the apricot and the wild fig, and caused them to shed their untimely fruit. And in this form, kindly housewife ways could do much for its mitigation. Throughout matriarchal nations, the habit of storing through years of plenty, against years of scarcity, obtained. And the oldest epic of India contains a passage of a thousand lines in which we have the ripest wisdom of antiquity on this point,—actual recipes of the mother-craft handed on for kingly use.

Every order contains the elements of its own decay. Side by side with the vision of ~~Sons~~ and ~~Daughters~~, the Divine mother and son, grew up the outrage of the ~~Scarlet Woman~~. The chivalry of men defending the independence of the mother-house was now undone by the shrinking desire of woman to be won and retained. The matriarchate fell, and Babylon was remembered with a mystic horror amongst societies moulded on the patriarchal idea.

One great advantage of patriarchal over matriarchal society, lay in its superior nobility. Civilisations in which
The Patriarchal Age. woman was really central would always tend to remain in the river valleys. Those to which man gave permanence and form could cross even the mountains, the wilderness, or the seas. The seasonal migration of herds to summer pastures, and the fact that herdsmen and women would go together, may have produced some of its deepest and earliest developments, for pastoral and nomadic peoples are typically patriarchal. In any case, the patriarchal organisation must by degrees have included all occupations, with

Isis Holmes

their burying ideals. And in all alike, the notion of family-increase was associated with well-being.

To the shepherd, this could hardly fail to be a reflection from the habit of his work. To the peasant, the advantage of more hands to dig and sow, not only for present use, but also for future contingencies, was a long established ideal.

In all simple states of society, where a man had the fruits of his own labour assured to him, the power of the earth to produce food, clothing, and shelter, would impose the only limit on the desirability of population. And even now, wherever there is abundance of food, patriarchal societies retain the old prejudice in favour of the birth of children, knowing that each person added means an increment of wealth to the community, above the individual power to consume. The only exception to this is in the case of un-fathered children, against whom patriarchal societies will assume a characteristic attitude of disapproval.

Whether, however, increase of population is invariably a sign of prosperity in the more complex developments of this form of society, remains to be tested and observed throughout historic periods, by the question of its relation to the food-supply.

The Middle Ages offer us a long period of very varying conditions. Under Feudalism, the condition of the **Mediæval Europe.** people was indeed hard. War, poverty, and serfage, with the constant possibility of epidemics, were more or less established features of life. Obviously, a certain margin of births over food-productivity was essential to the maintenance of communities subjected to such excessive risks.

The Church set her face to steady encouragement of the family. She was influenced no doubt by some perception of the economic fact. Also, there was the desire, in a world where public relations were so productive of misfortune, to bring about a predominance of elements of joy and humanisation. Besides these general considerations, she had the more technical idea of increasing the number of her baptised members. And doubtless there was also the sincere democratic impulse to add to the number and power of the burden-sharers,

In the rise of the Cistercians, Dominicans, and Franciscans, the Church proved her power to assert the ideal and apply the check of celibacy, whenever she chose, and in the case of the first two orders, to direct the labour of the celibate class to high communal ends. The fact that she had this power, moreover, would make her fearless of over-population. The idea, therefore, that growth of numbers is on first principles a sign of well-being, has the old sacerdotal authority on its side.

Throughout the struggles of the middle ages, however, we perceive the evolution of two classes, with conflicting interests. Obviously, the more men Wat Tyler could lead, or John Bull inspire, the better for that class, and the worse for the class they opposed. It becomes no longer possible, then, to discuss the question of advantage as if this were evenly distributed. Henceforth we must distinguish between the advantages of class and class. Further, there are degrees of distance from famine in each case. A population that lives on wheat can change its diet for a less sufficient many times before reaching grass and bark. A population which already has nothing but potatoes, cannot. Remembering this, our enquiry must include the question—'Is increase of population a sign of prosperity amongst those who are already close to the famine-line? Do added numbers tend to produce more food than they consume, or to consume more than they produce?' According to our decision on these points, must our estimate of the advantages or disadvantages of an increasing density of inhabitants on a given area, be varied.

Evidently, the question is largely one of place. Up to a certain point of fertility, land will repay labour spent on it, in an accelerating ratio. Where one man cannot efficiently work his farm at all, two men co-operating can more than double its powers of production. Evidently, however, this process cannot be continued indefinitely. When a certain density is reached, it will become increasingly difficult to add another inhabitant to the area. The law of diminishing returns will now begin to take effect.

A good deal of the flood and thunder of the Middle Ages is the play of contending portions of the feudal classes, while agriculture and the burghs are steadily progressing towards their limit of advantage. But the fact that increase of population is in this case associated with growing prosperity, is not to be taken as establishing a universal principle. It is obviously a phenomenon which is special to the age and conditions of mediæval development.

With the invention of steam machinery, we enter on the industrial revolution. In all the theories born of this age, the man to be benefitted is the man who holds the machinery, the capitalist. To him, *quantity* of production becomes the aim. Every labourer more means increase of quantity, and a percentage more,—even, if population should increase beyond the point of demand for labour, an increasing percentage on your man himself. For where numbers are few and work abundant, A gets high wages when numbers are great, and demand for stuff remains the same, he gets little. Hence the actual interests of employer and employed may at this point come into conflict,—the growth of popu-

lation being to the advantage of the capitalist, and to the actual disadvantages of the labourer. This point is commonly obscured, of course, by the fact that we hear only the employer's point of view.

Meanwhile, the flow of wages goes on. The flow of production goes on. The elementary conditions of well-being are met. The labourer finds bread plenty and clothing plenty. There may be no real progress, no increased mastery of conditions, no addition to intellectual resources. People who have not yet learnt the need of these, proceed to hurl themselves back into the poverty from which they have just emerged, by increasing their marriage-rate with the fall in the price of bread.

Population grows and the Manchester School of Economists utters its poem of thanksgiving for the so-called progress of Lancashire. It is the joy of the capitalist over a larger material for exploitation—and the labouring-classes, with the characteristic inhumanity of the period, become the proletariat, the *breeders*.

Essentially, the industrial revolution does not mean increase of production so much as concentration of labour. And even if the growth of Lancashire cities had constituted progress, it would probably have entailed loss elsewhere. In whose hands was the making of cotton heretofore? And are there still work and food for these?

Again, what does it mean to fasten the attention of a people on this function, of increasing population. It means that human beings become domesticated animals—the live stock on the capitalistic farm—and follow the same biological laws as others. One of these is that excessive reproduction causes degeneration of race. Woman is exhausted as an individual. Man spends what ought to have been surplus energy in routine drudgery. Feeble cerebration and accelerating physical deterioration ensue. The industrial revolution, therefore, only betokens an oscillation of the centre of prosperity, not absolute progress, and a rapidly-increasing population, even where based on the abundance of food, is more apt, other things being equal, to signify squalor and degradation, than prosperity and progress.

But increase of population does not always proceed from a fall in the price of bread. That the more you feed (up to excess) the more you breed, is true. But the opposite affirmation is also true. The more you starve, the more you breed. The fact is, extraordinary conditions in either direction act first in stimulating this activity.

The excessive productivity of the age of Revolution gives place to the age of Empire—everywhere—always. It may be the empire of the city over the country side.

The Age of Empire.

It may be the empire of London over the Antipodes Force must be employed in its interest. The rich struggle to acquire the territory of the poor. One race struggles for supremacy over another.

In the latter case, all the complex machinery of Government and army has to be maintained. The expense is great. It must be met by taxation. The larger the population, as long as the means of production are capable of extension, the larger the imperial harvest to be gathered. The less, too, is the incidence per head. Increase of population will thus always be quoted by a ruling class as a sign of prosperity, even though it be accompanied by famine. It is the sign and means of the ruler's prosperity. The inferiors, moreover, being squeezed to the utmost, are thrust back upon this activity as their only relief. Thus it becomes true that the more you starve (within the limits of complete physical inanition), the more you breed.

And the proof is that the poorest populations have everywhere the largest birth rate. The slum swarming with little children, and the comfortable middle-class street with its few well-tended and provided for, form a contrast true also as of nation against nation, and city against city. Degradation of type to less human and more gorilla forms is the inevitable result.

The organisation of Empire produces the Age of Finance. That is to say, the estimates of the banker and the Mint-master now become the popular theory of life. People lose all sense of the relation between money and things. They mistake riches for wealth. They forget that gold and diamonds must be measured in terms of corn and bread, not *vice versa*. The plain fact that if rice be taken from a country, less rice remains there, has no meaning for them. They are confused by the fact that money goes back in exchange.

Judgment now goes by the standpoint of the shareholder. That a railway must increase prosperity as long as it pays a dividend, is supposed to be obvious. People assume as self-evident that railways bring food into a country. They leave other considerations out of the question, such as that stamped coin is given for food, and is brought from cities, that obviously, therefore, railways take coin into a country, and corn out of it. And coin is not food.

It is under the spell of the characteristic ideas of this age that we hear seriously of a "money famine." A superstitious reverence associates itself with trade and the stability of finance, and no consideration justifies tampering with these. In the Russian Famine of 1895, M. Hilkoﬀ, Minister of the Interior, stopped the trains of wheat on their way to Odessa, and ran them into the famine-stricken districts. To this good man it seemed obvious that what hungry people needed was

bread The British in India, on the contrary, shrink with horror from any act so calculated to ruffle the composure of the merchant. They venture on no remedy that would disturb the operations of commerce. The correct theoretical relation between man, money, and food must be observed at all costs, even if only in resemblance. And in this way they arrive at the startling paradox that what a hungry man needs is work!

It is interesting to note, however, that one order produces, for a given brain, both God and the Devil. For while financial considerations now supply the supreme object of reverence, it is also held in all good faith by minds of this class that famines are produced in India by the habit of "engrossing," selfishly practised on the part of local shopkeepers for their own profit. It is difficult to persuade a man who is capable of entertaining this theory, that while it would account for a few trade credits and debits, it would never account for the famine itself, the actual occasion of the said losses and gains.

The Financial Age accepts the conclusion of its progenitor, the age of Empire, that increase of population shows general prosperity, because this is not a problem that belongs to its own form of research. It is not, therefore, called to any individual opinion on the point. If it were, however, a budget and a list of Post Office savings would furnish its main store of facts, and it would be found capable of arguing that a country in which sixty million people were being seriously affected by loss of harvests was growing steadily richer.

As a matter of fact, we must, in considering such questions as the increase of population or the causes of famine, distinguish carefully between the imperial or financial theories of the thing, and the actual facts themselves. We must determine what constitutes prosperity from the people's point of view, and see whether this is aided by growth of population or the reverse. Also we must consider special cases of famine, and determine what are the essential facts of each.

THE RELATION BETWEEN FAMINE AND POPULATION.

Notes of Lectures heard in Paris at the International School of Science, 1900.—By Sister Nivedita.

‘II.

MAN'S individual hope has always lain along the line of the effort to perfect some special process. But in doing this, as we saw behind all the raising of castles and hurling of arrows in the Middle Ages, he has subserved a larger function, his collective activity, that of earth-remaking,—the technical and geotechnic processes. Combined with these, and overwhelming them, is their common resultant, the evolutionary or man-making tendency. In these three, technics, geotechnics and evolution, is summed up the significance of every period.

The industrial arts of the Middle Ages were progressively synthetised and applied in the spread of agriculture and the growth of the burghs. This was earth-remaking. But the ultimate meaning of even a phenomenon so imposing as this must be sought outside itself, in the manner of men and nations which it produced.

In the same way, the revolution is based on a renewal of processes. But the needs of extended productivity compel an empire. Again the value of empires will be estimated finally by their effect on the humanity which they involve. And here; incontestably quality will supersede quantity.

We cease then to be able to applaud a mere growth of population. We cannot even be congratulatory when we have assured ourselves that this was due to a fall in the price of bread. We are still less complacent when it is accompanied by scarcity of the elements of physical well-being. In either case the result tends to be the same, degradation of type followed by famine or famine followed by degradation of type.

So far we have been establishing a theory. We have laid down considerations which should guide us in determining the value of certain phenomena, in regard to famine and excessive population. Let us

Facts.

proceed to the examination of actual facts of famine. With regard to Ireland in 1846, it is no uncommon thing to hear the remark, "it was a money-famine." This expression, in itself, has no meaning, since men cannot eat money. But what the speaker really intends to convey is the fact that there was grain enough in Ireland in that year, and food of the best kinds enough to have fed a population many times greater than actually died of want. What the dying people needed was money to arrest the export which was steadily proceeding the while. It was not the loss of quantity which affected the country so disastrously, but unevenness of distribution. It does not need Sir Robert Ball's delightful story, to convince us of the importance of distribution as a factor in provisioning. The astronomer had been explaining to the young man from Manchester how a succession of eight-month winters and four month summers had produced the Glacial Period of the Northern Hemisphere. But the young man was hard to convince. "I do not see," he remarked, "how that could be—since you say that the total amount of heat in the year was always the same. How could a mere change of distribution make any difference?" Sir Robert eyed his man. "Do you keep a horse?" he said. "Yes." "What do you give him?" "A stone of oats a day." "Well," said the astronomer gently, "just try two stones a day for six months, and then other six months give him nothing, and see what 'mere' re-distribution will do!" So with the Irish Famine. It was merely the distribution of food that was at fault. The story has been put on record by eye-witnesses, of the carts leaving the villages laden with butter and cheese and farm produce, and passing to the coast along roads where every now and then men, women and children lay dying or dead for want of food.

The fact is, in every country there is a caste-system of food stuffs. In Ireland, the highest classes live on wheat, flesh, milk and eggs. A lower rank consumes oatmeal, herrings and buttermilk. Still further down comes the population that lives on the potato. And after, there is nothing save the grass and bark of famine. Obviously, if the wheat-crop fail, the class that depended on it heretofore will fall back on other foods, including the oatmeal of the next caste, for an equal bulk of consumable material. The lower caste will have recourse to the potato

which will consequently rise in price, and the lowest class will find food scarce. The heaviest incidence of the scarcity will fall on them even when it is not their own crop which has failed. But there are mitigating circumstances in this case. In the first place the whole society feels the pinch at the same time. There is a certain lightening of the social bond, with a possibility of gauging the extent of the need by the price of the commodity. Secondly, although the potato rises in value, it is not wholly withdrawn from its consumers. An equal bulk of potatoes for the wheat withdrawn, is not of equal value as nourishment. Moreover, as the potato-eater has received money for his sale, it is possible to make a commercial re-adjustment, which for his own sake, he will affect as rapidly as possible. Obviously, under failure of the wheat-crop the lower classes do not remain unaffected, but they are not necessarily affected to the degree of famine.

What happened in 1846 was somewhat different. The potatoes rotted in the field. The experiments of certain biological workers on reproduction by fission have established a law which enables us to recognise this phenomenon as perfectly natural and calculable for the future. But in 1846 it came as a surprise. And it fell heavily on no class save that which depended on the crop for its staple article of diet. It selected these out and killed them, as soon as their power of living on grass and bark was exhausted. The fact that other commodities were almost undisturbed in value, and that export went on amongst the exporters as usual, has given rise to the fallacy that the Irish famine was a "money famine." It fell on those who are always suffering from "money famine," but it was itself an added burden of loss of even such food as is possible under similiar financial distress. We see, therefore, what is meant by this expression.

Let us turn to the present Indian famine.* Sixty or seventy millions of people are being affected by what is, we are loudly assured, the act of God. Five or six millions of those who have reached the depth of starvation are on the relief works. What is the meaning of this?

In the first place, the act of God, as it is called, undoubtedly exists. There has been failure of crops in a certain part of

*These lectures were delivered in the year 1900.

Central India, caused by want of rain for some years in succession. This must be admitted. The evidence assures us that such are the facts. But in case of natural disaster there is always a second factor to consider—and that is the resistance which the country is able to oppose to it.

We are continually assured that India is in a state of growing prosperity under our rule. Is her inability to meet the present crisis a sign of her growing prosperity? Let us look at the facts fairly.

The arguments put forward in proof of the beneficence of our rule are two-fold, (1) the increase of population, (2) the spread of the railway system, the control of the forests, and the cutting of canals. As to the advantage of the last-named public works there can be no doubt. If we could turn all our energy to canal-making, we should be sure of improving the country in one respect at least.

As to the control of the forests, there is some question whether we are not largely responsible for a change of climate in Central India, by our own waste of forests, which is directly behind the present catastrophe. On both these points of irrigation and afforestation, there is a distinctly constructive policy open to the English Government, which needs further development and indefinite multiplication of strength.

But when we come to the spread of the railway system, we include a more doubtful feature amongst our geotechnic activities. The railway adds nothing to the productivity of the soil; it merely aids re-distribution. As a matter of fact, this re-distribution always acts by centralising markets. The goods of the country are eaten in the city. The peasant who can now only sell his commodities in a certain given place may not be richer ultimately for the power to get there. The fare may absorb his margin of profit. Therefore the fact that railways are much used does not prove anything about their usefulness. That could only be established as a general thesis by a careful series of observations in various countries during a term of years. It is our personal conviction that such observations would lead to the conclusion that they are destructive of prosperity rather than the reverse. And that Central India is as exact proof of this as Siberia or Russia can furnish, we have no doubt. Since the point is so disputable, therefore, we cannot accept railways as an evi-

dence of the good wrought by English rule, and the growth of population, as we have seen, is rather a sign of misery than of a flourishing condition.

It is indeed an evidence of the pre-social unscientific state of our thought on such subjects that we can offer arguments such as these in all good faith. Obviously, Empire is designed primarily for the good of the ruler, and could accrue to the advantage of the governed only if conducted in a spirit persistently generous and illumined by scientific knowledge of the most real kind. It would be too much to claim that either of these characteristics is ours. The utmost that we can do at present is to assert a dogged honesty on the part of European races in facing truth, however disagreeable, and putting an end to our own misconceptions.

But what have been the causes of the Indian Famine? Partly natural catastrophe, no doubt; partly social and political, certainly; but exactly what, as yet undetermined. Yet some few points with regard to famine in general are settled. First, growth of population is *not*, in itself, any sign of national prosperity. Secondly, to say that a famine such as we are now witnessing is the result of the tricks of local grain-merchants is foolish; and if it were true, we have the remedy in our own hands,—immediate stoppage of grain-export at the ports. This would disturb the natural course of trade, however, and we are under the superstitions of the Age of Finance, so we do not venture on such a step. And thirdly, it is surely evident that relief ought to be organised on a progressive basis, and that it is not at present so organised.

There is something diabolical in the account which an honest English traveller recently gave of a visit to India. He had spoken with the greatest enthusiasm of the administration, and being asked what had so impressed him by its munificence, made this extraordinary reply—"They are tackling the problem of the famine," he said, "and I am especially delighted with this, because for a whole day's work they are not paying a whole day's wages, and thereby they avoid disturbing the course of trade."

What are then, the true tests of a growing prosperity?

This question is easily answered. In the **True Tests of Progress.** first place, are processes being developed?

Other things being equal, that country which is ceasing to export manufactures, and taking entirely to raw material, is becoming improverished. Certainly that country

which is ceasing to produce manufactured goods to meet its own requirements, and beginning to import the necessaries of life, is being essentially improverished. But it is not enough that men should continue to meet their own needs, nor even that they should progressively modify the means by which they do this. This is little better than a stationary condition. *They must remake their country.* Most of the European landscape is entirely artificial.

Heather is as much of man's ordering on a Scottish moor as wheat in an English field. It is easy to admit that the scenery of Berkshire or of Normandy is not Nature but Art. The geotechnic test, then, is fairly to be applied to all places for which a claim of progression is made. How far is Siberia a land of fields and cities, of quarries and hedges? How far is the growth of human habitations intelligent and beautiful? How far are the forces of nature at the bidding of man? In the Tropics what is being done for re-afforestation, for irrigation? Who is taming the desert? Who is improving the milking cow, who is enriching the wheat? The French in Algeria are engaged on oasis-making. This is one of the noblest activities of our epoch. It is one of an endless possible series, pointing to an ultimate transformation of the Sahara into a renewal of the earthly Paradise. In the same way the dessication of Asia is a problem which engages the earnest attention of geographers and geotechnists, for the scope which it affords to future activity of this order. There is no reason why the rivers should continue to run into the sea. They may well be harnessed to the plough of Agriculture, and drawn aside from their original outlet. Other and vaster functions can be discovered for the waterfalls which shall substitute a new beauty for the old. This is enough to suggest the immense possibilities of industrial development which our planet contains. A few centuries hence, when man's outlook upon life is better informed and organised than at present, society will look back with amazement upon a period when crowds of starving unemployed assailed the gates of rich people whose fortunes were devoted to the production of *pâte de foie gras** for private consumption. The point of view that saw nothing to be done for the increase of the food supply

* An epicurian delicacy consisting of the morbidly-fattened liver of the goose.

in the 19th century will be inconceivable to the minds of that generation, and they will survey calmly a long series of French Revolutions, by which such a mental confusion will have been eliminated, as something beneficial in the main to the human race.

Perhaps the most civilised countries in the world, from this geotechnic point of view have been ancient Egypt and modern China and Flanders. Paris occupies the corresponding place amongst modern cities. And in the case of the French population we come upon what ought to be a hint of one of the great evolutionary consequences of this creative collaboration—the moralisation of marriage, leading to self-regulation of numbers which will arise with the heightening of the sense of moral and social responsibility. Because this is a necessary characteristic of a further evolved humanity, we do not need to fear that future progress will be simply a climbing of the hill to find the same problems begin over again at its top. First, improved methods of raising crops; second, only the best crops and plenty of them. Something like these are the immediate steps in the line of advance. But they necessitate and imply the third. If the soil of a country be bettered by making of its people a race of slaves, there is no gain. The more human beings are raised to the human level,—the more the Messianic hope is kneaded into common man,—so much the greater is our civilisation. This, and no other, must be its ultimate test. Where standards conflict, this consideration must have the casting vote. Not New Zealand, but the land where provocation to the highest life is greatest, will, after all, stand first. By its influence not simply on national prosperity, but on national man and woman making *through* prosperity must the work of a country be judged at last.

Conversely, we cannot establish any quantitative standard of progress whatever. This is an age of the improvement of transport. The world is being centralised by railways, telegraphs and electrical machinery. Unless all this adds to the fitness of the earth for man on the one hand, and to the manhood of man on the other, it is no advance but rather a retrogression.

Not the rapid multiplication of consumers, but the extension of the best crops is the programme before us. We have once more to set to work to make the earth a fit dwelling-place.

Forests, canals, improved varieties of wheat and rice,—these things are gains in geotechnics, and to use them we do not want more men, but better men,—men of greater wisdom, strength, and mastery than heretofore. For the bringing down of the Messianic hope to common life is the end of all things. The nations live on in the hope of the childhood that shall be. First, the physical basis, and then the moral and intellectual ideal, such are the lists that must be fulfilled. This can only be achieved in proportion as we substitute vital for wasteful activities in any given area. We must know that the provision of sound education for the people is a greater proof of our beneficence than any increase of revenue; that justification of conquest lies in multiplication of careers for the ruled, not the ruling classes, that no nation could be rich that spent its money lawfully.

In this way are produced royal races like the ancient Greeks. Genius is created and conserved, as in modern France. Practical problems find a national solution, as in China. And last of all perhaps, the hope and philosophy that it has taken centuries to gain, are given to the world at large, to form a historic faith, as ancient India to modern Europe, Arabia to Africa, and it may be, India to the humanity of the future.

[As in honour bound, I have reported the teachings which I heard in Paris in the year 1900 from a group of sociologists of European reputation, as I conceive that they intended them. For the benefit of my readers, however, I would point out, that even scholars find it difficult to be altogether disinterested. To the Indian youth it ought not to be a question as to what the French do or do not do in Algeria, or what the English do in India. The question is, what is he himself prepared to do for his own country? Foreign organisers may be reminded of one of the basic truths of educational science, that 'when we do for a learner what the learner might have done for himself, we injure and cannot boast of benefitting him.']



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constructed in earlier times have been permitted, in not a few cases, to fall into decay. Within recent years there has been a change for the better. Some extensive irrigation schemes have been carried out, as the Chenab Canal in the Punjab, which irrigates 2,000,000 acres, the Jhelum canal which irrigates 300,000, and the great Ganges canals. According to the Scott-Moncrieff Commission (Report of 1903) the government has irrigated in all some 21,500,000 acres.* But very large areas capable of irrigation still remain neglected. One wonders all the more at the slowness with which the government moves, when one bears in mind that most of the money which it has spent on its irrigation works pays an interest of fully seven per cent, besides accomplishing untold good in saving human life. It is difficult to avoid asking, why should so many other things be allowed to take precedence over irrigation? The amount of water going to waste every year which might be saved is enormous. Great numbers of new canals ought to be dug, old canals ought to be re-opened, canals now in use ought to be deepened and widened. In regions where water cannot be obtained for the supply of canals, thousands of new wells ought to be sunk, and many old wells ought to be deepened. Hundreds of new tanks and reservoirs and small lakes ought to be constructed, and hundreds of old ones enlarged, so as to store for use the vast quantities of surface water which now run to waste. It is generally supposed that famine years in India are always years of very light rain-fall. This is a great mistake; they are often years of very heavy rain-fall. The only trouble is the rain comes too early, too late, or too much at a time, and is *not stored*. Compare India with England. The greater part of England has an average annual rain-fall of under 40 inches. A large area in England, and all the more important agricultural districts in Scotland, have an average rain-fall not exceeding thirty inches. It is calculated that in any country an average of twenty inches properly distributed throughout the year, insures reliable agriculture without irrigation. But the rain-fall in India in many years when famine is severest, rises far above these figures. The trouble is, the water is allowed to go to waste for want of proper storage, hence there is disaster. The year of the great Madras famine of 1877 was one with the enormous rain-fall of sixty-six inches. In the year of the Orissa famine (1865-66) the rain fall was sixty inches. In the Bombay famine of 1876 the rain-fall of the year was fifty inches. In the famine of 1896-97 in the Central Provinces, the record of the two years was fifty-two inches and forty-two inches. In the great famine year, 1900, the average rain-fall record in the parts of India where the famine was most severe was (I omit fractions) North-Western Provinces, thirty-two inches; Punjab, eighteen inches; Central Provinces, fifty-two inches; Central

* The total irrigated area in India in 1900 was 31,544,000 acres.

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India, thirty-six inches; Rajputana, twenty inches; Berar, thirty-one inches, Bombay, forty inches. Thus we see that in most cases the real lack is not rain, it is *storage*. Says Major Philip B Phipson (and few persons can speak with fuller knowledge). "The water supply of India is ample for all requirements, it only requiring to be diverted from her rivers, stored up from her rain-fall, and distributed over her fields, to secure such an abundance as shall leave no single human being wanting it."*

PLENTY OF FOOD EVEN IN FAMINE YEARS.

But even under present conditions, with irrigation as imperfectly developed as it is now, and with so large a part of the water that falls wasted, India is one of the greatest of food-producing lands. No matter how severe the drought may be in some parts, there is never a time when India as a whole does not contain food enough for all her people. Indeed, in her worst famine years she exports food. In her worst famine years there is plenty of food to be obtained, and in the famine areas themselves, and generally at moderate prices, for those who have money to buy with. This the Famine Commissioners themselves have told us. To show that the starvation of the people is caused not by lack of food in the land, but by their own poverty, I need only point to the fact that a large part of the life-saving work carried on by the government in connection with the recent Indian famines, has taken the form, not of furnishing food (there was no need for that), but of supplying the starving people with a little money (a penny or so a day to each) wherewith to purchase the food, which was all the while offered in abundance by the dealers. Thus it becomes evident that if we would discover the causes of the periodic starvation of such vast numbers of the Indian people, we must look deeper than the mere failure of the rains.

THE THEORY OF OVER-POPULATION.

Are the famines of India produced by over-population?

A very little study of the facts furnishes an answer to this question. The population of India is not so dense as in a number of the States of Europe, which are prosperous, which have no difficulty in supporting their people, and in which famines are never dreamed of. Nor is the birth rate high in India. It is less than in England, and much less than in Germany and several other Continental countries. Indeed, it is seventy-five per 1,000 lower than the average birth-rate of all Europe. India is not over-populated. As already pointed out, even under present condi-

* "Indian Poverty and Indian Famines," p 52. Republished from the *Asiatic Quarterly* by Wm Hutchinson & Co, London, 1903.

tions she produces more than food enough for all her people. If her agricultural possibilities were properly developed, she could easily support a greatly increased population. There are enormous areas of waste land that ought to be subdued and brought under cultivation. In the Province of Assam alone there are several millions of acres of such land, now wholly unoccupied largely because of unfavourable health conditions. Sir Henry Cotton, late Chief Commissioner of Assam, who has made a careful study of the matter, urges that all that is necessary to make these great areas fit for habitation and cultivation, is proper drainage. Nor is Assam peculiar in possessing unoccupied lands. The Hon. D. M. Hamilton in his speech in the Viceroy's Council on the Indian Budget of 1904, declared that there are a hundred million acres of cultivable waste land still available in India.* In these very large reclaimable areas, and in the opportunities for the extension of irrigation already referred to, we have ample provision for any possible increase of population in India for a hundred years.

But beyond these there is another resource greater still. Indian agriculture is for the most part primitive and superficial. The Indian ryot, or small farmer, is industrious and faithful, but he tills his soil according to methods that are two or three thousand years old. The result is he raises crops which are only a fraction of what they might be under improved methods of tillage. Long ago Sir James Caird, urging upon the Indian government the importance of promoting improved methods of agriculture, called attention to the fact that a single additional bushel per acre raised by the ryot would mean food for another 22,000,000 of people. But the addition of a bushel an acre is only the mere beginning of what might be done. Mr. A. O. Hume, long connected officially with the agriculture of India, declared that "with proper manuring and proper tillage, every acre, broadly speaking, of the land in the country can be made to yield thirty, fifty or seventy per cent. more of every kind of crop than it at present produces." Here is a resource that is practically inexhaustible. Add this to the others named, and we see at once that the suggestion that population is outstripping agricultural possibilities, and therefore that famines are inevitable, becomes hardly better than ludicrous.

THE POVERTY OF THE PEOPLE.

What then is the cause of the famines in India? The answer to this question has been already suggested, and it becomes increasingly clear the more we investigate. The real cause of Indian famines is the extreme poverty of the people,—a poverty so severe that it keeps a majority of

* Indian statistical tables of the year 1897-8 give the amount of cultivable land at present, waste or unused, as 106,539,103 acres.

all on the very verge of suffering even in years of plenty, and prevents them from laying up anything to tide them over years of scarcity. If their condition were such that in good years they could get a little ahead, then when the bad years came they could draw on that as a resource. This would not save them from hardship, but it would save them from starvation. But as things are, the vast majority have no such resource. Even in the best years they have all they can do to live and support their families in the barest possible way, without laying by a rupee for a rainy day. The result is, when their crops fail, they are helpless. For a while they manage to keep the wolf of famine from the door by selling their cow, if they have one, their plough bullock, and such bits of simple furniture from their poor dwellings, or such cooking utensils or such articles of clothing as they can find a purchaser for at any price. Then, when the last thing is gone that can be exchanged for even an anna or a handful of grain, there is nothing left for them except to sit down in their desolate homes, or wander out into the fields and die. This is the history of thousands and millions of the Indian people in times of famine. If the poor sufferers are so fortunate as to be received by the government at the famine relief works, where, in return for exacting labour in breaking stone or something of the kind, they are supplied with means to buy sufficient food to sustain life, then the hardiest of them survive until the rains come, when, with depleted strength, they go back to their stripped homes, and, bare-handed, begin as best they can the task of raising a new crop and supporting such members of their families as may be left. Here we have the real cause of famines in India. As an eminent writer on Indian economics has said, famines in India are "only the exceptional aggravation of a normal misery."

The truth is, the poverty of India is something that we can have little conception of, unless we have actually seen it, as alas! I have. Lest I should seem to exaggerate, let me cite some facts and figures from authorities that cannot be questioned.

Sir William Hunter, one of the most candid of writers, the distinguished historian of India, and for many years director-general of Indian statistics, declared that 40,000,000 of the people of India are in the condition seldom or never to be able fully to satisfy their cravings of hunger. Lord Lawrence, a Governor-General of India, said in 1864, that "the mass of the people were so miserably poor that they had barely the means of subsistence" even in years when there was no drought. Mr. A. O. Hume, Secretary to the Government of India in the Agricultural Department, wrote in 1880 "Except in very good seasons, multitudes, for months in every year, cannot get sufficient food for themselves and their families."

Sir Auckland Colvin, a Finance Minister of India, describes the tax-paying community as made up in the main of men "whose income at the best is barely sufficient to afford them the sustenance necessary to support life, living as they do upon the barest necessities of life." Sir Charles Elliott, Chief Commissioner of Assam, wrote in 1888, "I do not hesitate to say that half the agricultural population do not know from one year's end to another what it is to have a full meal."

AVERAGE INCOME OF THE PEOPLE.

Says the *Indian Witness* "It is safe to assume that 100,000,000 of the population of India have an annual income of not more than \$5 00 a head."

Writes an American missionary, located in southern India (1902): "I think the most trying experience I ever had was a three weeks' tour in September of last year (1901) My tent was surrounded day and night, and one sentence dinned in my ears perpetually—'We are dying for lack of food.' People are living on one meal every two or three days. As one of our Christians said, 'If we can eat food once in two days we will not ask for more!' In my own missionary experience I once carefully investigated the earnings of a congregation of 300, and found that the average amounted to less than a farthing a head per day. They did not live; they eked out an existence I have been in huts where the people were living on carrion Yet in all these cases there was no *recognized famine!*" In Heaven's name, if this is not recognized as famine, what is it? Think of human beings compelled to live on a farthing a day! The missionary continues. "The extreme poverty of the poorer classes of India offers conditions which are altogether extraordinary. Life is the narrowest and hardest conceivable, with no earthly prospect of any improvement; the necessities of life have been so cut down on every hand that to a Western man, even though familiar with the poverty of the West, it never ceases to be a wonder how such a delicate and complex organism as that upon which human life is physically dependent can be kept running on the scanty supply afforded For a family of, say six persons, there is many an outfit, which including house, utensils, furniture, clothing and all, is worth less than \$10 00. The average income for such a family will not exceed fifty cents per head per month, and will more frequently be found to be very little over half that. It may, therefore, be surmised that not much of this income is spent upon the cultivation of the mind, sanitation, or the appearance of the dwelling and surroundings. Even the luxury of a bit of soap, some clean water and a towel, is, on the cheapest possible scale, far beyond their means, as soap and towel would take, if regularly used, about ten per cent. of the entire income."*

* Quoted in "Condition of the People of India," by Wm Digby, (1902) pp 14-15

Let us turn to official estimates of income. In 1882 Major Evelyn Baring, Finance Minister to India (now Lord Cromer), made an estimate of the average income per head of the Indian people, and placed it at about twenty-seven rupees a year. In a speech delivered March 27, 1901, Lord Curzon, the present Viceroy, estimated the average income of the agricultural portion of the Indian population (85 per cent. of the whole) to be twenty rupees per person. In his Budget speech of August 16, 1901, Lord George Hamilton, then Secretary of State for India, claimed that the average Indian income is thirty rupees. These are the most authoritative official estimates that we possess. On the other hand, Mr Wm. Digby, C.I.E., who had long experience in India, published in 1901, the most full and exhaustive study ever given to the world of the financial and industrial condition of the Indian people, in which he furnishes evidence which seems to be overwhelming and unanswerable (certainly it has not yet been answered) to show that the average annual income of the people is not higher than seventeen and a half rupees per head.* Mr. Digby's conclusions are probably as near the truth as it is possible under present conditions to attain.

However, even if we accept the higher estimates of Major Baring, Lord Curzon and Lord George Hamilton, we have a state of things that is quite startling enough. A rupee is equal to about thirty cents in Canadian or American money. Thus we see that the average sum upon which the people of India must subsist (according to estimates of these officials, whose interest it is of course to make the sum appear the highest possible), is not above from \$6.00 to \$9.00, per year, or about two cents a day for each person. The average annual income of the people of England is about £40 per person, or twenty-six times that of the people of India. The average annual expenditure on intoxicating drinks in Great Britain is about £4 per person, or two and a half times as much as the people of India have to expend upon food, drink, clothing, fuel for cooking and warmth (in many parts the winters are cold) education, recreation, religion, medicine, everything necessary for a civilized existence! Is it any wonder that the Indian peasant can lay up nothing for a time of need? Is it any wonder that when his crops fail for a single season he finds nothing between himself and starvation?†

In these figures, and these quotations from men who know whereof they speak, mostly Englishmen and many of them present or past high

* "'Prosperous' British India," London, T. Fisher Unwin, pp. 46 and 661.

† In this connection we may well bear in mind that it is the extreme destitution of the people of India that is principally responsible also for the devastations of the Plague. The loss of life from this terrible scourge is very startling. It reached 272,000 in 1901, 500,000 in 1902, 800,000 in 1903, and over 1,000,000 in 1904. The plague feeds upon those multitudes of the people whose physical vitality has been reduced by long semi-starvation. So long as the present destitution of India continues, there seems small ground for hope that the plague can be overcome.

officials of the Indian Government, it is plain that we have the real cause of famines in India. That cause is not lack of rain; and it is not over-population. It is the extreme, the abject, the awful poverty of the people.

CAUSES OF THE IMPOVERISHMENT OF THE PEOPLE

And now we come to the deepest, the crucial question of all. Why does this terrible poverty exist? Is it necessary? Is there no remedy for it? India is a land rich in resources beyond most other lands in the world. It would seem as if her people ought to live in plenty, comfort and security, with ample and more than ample provision made in her many fat years against any possible lack in her few years of comparative leanness. Why does not the fatness of her fat years prevent suffering and starvation in the lean?

Fortunately, here too an answer is not difficult to find when once we begin really to look for it. The intelligent and educated classes among the Indian people all see it clearly. Many Englishmen see it, both in India and in England. It will throw light upon our inquiry if I quote some utterances from Englishmen best acquainted with the Indian situation.

Said John Bright in 1858: "If a country be found possessing a most fertile soil, and capable of bearing every variety of production and that notwithstanding the people are in a state of extreme destitution and suffering, the chances are there is some fundamental error in the government of that country."

Much earlier still Edmund Burke declared that British friendship had brought greater ruin upon India than the hostility of invaders. Here are his strong words: "The Tartar invasion was mischievous, but it is our protection which destroys India."

Sir John Shore, who afterward became Governor-General of India, as long ago as 1787, made a careful study of the effects of foreign rule in India, and in an extended paper on the subject said: "There is reason to conclude that the benefits are more than counterbalanced by evils inseparable from the system of a remote foreign dominion."

Bishop Heber, in March, 1826, writing of his experience in India, laid great stress upon the heavy taxation, and said: "It is an effectual bar to everything like improvement, it keeps the people, even in favourable years, in a state of abject penury; and when the crop fails, in even a slight degree, it involves a necessity on the part of the government, of enormous outlays in the way of remission and distribution, which, after

all, do not prevent men, women and children dying in the streets in droves, and the roads being strewed with carcasses I have met with very few public men who will not, in confidence, own their belief that the people are over-taxed, and that the country is in a gradual state of impoverishment"*

Mr Frederick John Shore, of the Bengal Civil Service, wrote in 1837. "The halcyon days of India are over; she has been drained of a large proportion of the wealth she once possessed, and her energies have been cramped by a sordid system of mis-rule, in which the interests of millions have been sacrificed to the benefits of the few"

Mr Montgomery Martin, a historian of the British Colonies and Dependencies, wrote in 1838 "So constant and accumulating a drain, even on England, would soon impoverish her, how severe, then, must be the effect on India, where the wages of a labourer is from two pence to three pence a day"†

Prof H H Wilson, historian of India, says of the annual drain of wealth "Its transference to England is an abstraction of Indian capital for which no equivalent is given; it is an exhausting drain upon the country, the issue of which is replaced by no reflux, it is an extraction of the life-blood from the veins of national industry which no subsequent introduction of nourishment is furnished to restore"‡

Mr A J Wilson, in an article in the *Fortnightly Review*, of March, 1884, wrote "In one form or another we draw fully £30,000,000 a year from that unhappy country (India), and there the average wages of the natives is about £5 per annum, less rather than more in many parts Our Indian tribute, therefore, represents the entire earnings of upwards of six millions heads of families—say of 30,000,000 of the people It means the abstraction of more than one tenth of the entire sustenance of India every year."

Mr Herbert Spencer gave much attention to Indian affairs, and again bore strong testimony against what he characterized as the "cunning despotism which uses native soldiers to maintain and extend native subjection," the "grievous salt-tax," "the pitiless taxation which wrings from the poor ryots nearly half the products of the soil," and that arrogant assumption which "tacitly assumes that Indians exist for the benefit of Anglo-Indians."

In January, 1902, Mr Josiah Oldfield, D C L, said in a letter in the

* Bishop Heber's "Memoirs and Correspondence," by his widow. Vol II, p 413

† History, etc., of Eastern India, Vol. II, p 12

‡ "History of British India," Ed 1858, Vol VI., p 671.

London Daily News: "I have just returned from a study of the Indian problems on the spot. I have seen brave; honest, hard-working, economical people, toiling on week after week, with only a piece of bajri or towar bread and a handful of pickles to keep it down, and a drink of buttermilk twice a day. There is no famine in India at the present time, but I have visited scores of villages and have entered many a house, and have found the corn bin already empty or nearly empty. Their scanty harvest has already been sold to pay the tax, and in another two months they will have nothing at all left. Their wives' ornaments were sold last year, and even their copper cooking pots had to go to the market, and now they have nothing to sell. Are we going to allow the present form of government to go on, which allows remediable evils to remain unremedied, which is taking taxes from people who are in a state of semi-starvation, and which is spending money so obtained on absentee landlordism?"*

Two or three years ago Mr. S. S. Thorburn, Ex-Financial Commissioner of the Punjab, a distinguished Indian administrator, declared that the present British system of government in India has resulted in reducing 70,000,000 of human beings, for whom Great Britain is responsible, to such a condition of hopeless penury that no reform can now do them any good.

Says Mr. R. C. Dutt, author of "The Economic History of India": "In India an amount equal to about one-half the net resources of the country is annually taken away from the country, and thus renders the people helplessly poor. It is a drain unexampled in any country on earth at the present day; and if England herself had to send out one-half of her annual resources to be spent in Germany or France, or Russia, there would be famines in England."

These utterances of English students of India, and of distinguished officials connected with the Indian Government, help us to see both how great is the impoverishment of the Indian people, and some of the causes which have produced it.

THE PEOPLE DEPRIVED OF THE POWER OF SELF-PROTECTION

The causes of India's impoverishment are many. One, which in a sense is fundamental to all the rest, is the subject condition of the people. India has no self-government,—no voice whatever in making her own laws. She is ruled by aliens. This means that she has no power to guard her own interests, to shape her own industrial development

* Quoted by Mr. Wm. Digby in "The Ruining of India," 1902, p. 25.

beyond certain very narrow limits, or to protect her sources of wealth from spoliation. This is an evil situation for any nation. What country in the world would not become impoverished by a century and a half or two centuries of foreign rule and foreign exploitation such as India has been subjected to, with all power of self-protection denied her people? Not that the rule has been bad because it has been British, but because it has been *foreign*. Any other foreign rule would have been as bad—probably worse. Not that the exploitation has been bad because it has been British, but because it has been *exploitation*,—exploitation of a subject people who had no power, by a dominant people who had all power. As Macauley said "The heaviest of all yokes is the yoke of the stranger."

HEAVY TAXATION.

An important cause of India's impoverishment is heavy taxation. That taxes in India are heavy has sometimes been denied. But here is an easy test. Turn to England and Scotland. Scotchmen and Englishmen groan under the weight of their taxes; but the taxation of the people of India is three times as great according to their income as that of the people of England, and four times as great as that of the people of Scotland. And this means very much more than three or four times as great hardship, because the income of the Indian people is so much more meagre and inadequate to begin with.

Take a single item of taxation, that on salt. Salt is a necessity to the people, even to the very poorest. They must have it or suffer the most serious physical consequences. What is the tax which for many years has been imposed on salt? Two thousand per cent. on its value! That is to say, for every cent's worth of salt the poor Indian labourer has eaten he has had to pay the government twenty cents for permission to eat it! Of course such a tax has been well nigh prohibitory to millions of the people. They have been compelled to reduce the amount they have consumed to the very lowest minimum; and as a result serious diseases have often been entailed. Recently the tax has been slightly reduced, but it still remains so high as to be a severe hardship to the poor and a menace to their health.

The attention of the government has been called again and again to the very heavy taxation of the people, and every possible means has been tried to secure amelioration, but without result. For many years the settled policy has been, not to lessen the burden of taxation upon the peasant except under the most extraordinary circumstances, but constantly to seek opportunities for increasing it.

In justification of the present high rates of taxation, we are sometimes told that under their former rulers, the great Mogul Emperors, the people were taxed more heavily than they are now. But how does that help the present situation? Is it enough for an enlightened Christian power of the twentieth century to be as good as, or only a little better than, a cruel and tyrannical Mohammedan power of the sixteenth century? As a fact, however, it is probable that the taxes of the Mogul Emperors were not so burdensome upon the people as the present taxes are, for three reasons. First, the Mogul taxes were not collected nearly so rigidly as are the taxes of the present time. Second, the Mogul land taxes were collected from the ryots, or small farmers, in *kind*, in *produce*, whereas the present taxes are collected in *money*. But it is the requirement that the taxes must be paid in money that makes the hardship so great in an agricultural land like India. Third, the taxes of the Mogul Emperors were spent at home, in India; they were not sent away to a foreign land, as so much of the present Indian revenue is, to the steady depletion of India's resources.

A GOVERNMENT BY FOREIGNERS

It has often been pointed out that the British Government in India is the most expensive government in the world. And of course the expense all has to be borne by the Indian people. The reason of the great expense is, the government is carried on, not by the people themselves, but by men from a distant country. These foreigners, having it in their power to fix their own salaries, naturally do not err on the side of making them too low. Having, as they say, to "exile themselves from their native land," they want plenty of pay for it. Nearly all the higher officials in India are British. To be sure the Civil Service is nominally open to Indians, but it is hedged about with so many restrictions (among others, Indian young men being required to make the long journey from India to London to take their examinations) that for the most part they are able to secure only the lowest and poorest places. The government excludes the people of India from eighty per cent. of all salaries and pensions of £100 and upwards, reserving them, as a distinguished Indian civilian says, "for English boys wishing for a wealthy career among the starved people of India."

It is not strange that the Indian service is popular with Englishmen. Those who enter it are required to spend in it only twenty-five years (indeed only twenty-one years actually in India, since four years are allowed for furloughs), and then they are permitted to return to England when little past middle age, and spend the rest of their lives there, living in ease and luxury on their rich pensions and the money which they have

been able to save from their large Indian salaries. In the Indian Civil Service there are 130,000 Indians, whose average salary is £36 a year, and 8,000 Europeans, whose average salary is £607 a year, or seventeen times that of the Indians. A Parliamentary Return, submitted in 1892, gives £13,930,554 and £3,284,163 as the sums paid respectively to the Europeans and to the Indians on appointments in India of the annual value of £100 and upwards.

These figures help us to appreciate the force of the declaration of Mr. R. N. Cust, a retired Indian civilian, living in England on Indian money: "Englishmen grow fat on accumulations made in India, while the Indian remains as lean as ever . . . Every post of dignity and high emolument, civil and military, is held by a stranger and a foreigner."*

Is it said that the higher positions must be reserved for the English because they alone are able to fill them? No mistake could be greater. There are thousands and thousands of Indians capable of filling these positions well, far better than, in too many cases, they are now filled by the utterly inexperienced young Englishmen (often scarcely more than boys) who know nothing about the country or its people, but who, because they are Englishmen, are often given precedence over Indians of the largest experience and knowledge.

It should not be forgotten that the Indians are a civilized and gifted people—probably the most gifted in Asia—not stupid semi-barbarians as many seem to think. They have had a great history; they possess a great literature, they have given to the world two of its greatest religions. The higher caste Hindus of the north of India are related racially with ourselves, they are Aryans, belonging to the same ethnic family with the leading peoples of Europe. Lord Curzon, the present Viceroy, reminded his brother Englishmen a year or two ago that India was a highly civilized land, with arts, letters and profound philosophical systems at a time when the ancestors of the English were painted savages running wild in the woods. Should such a people be excluded not only from all part in their own government, but from nearly all positions of honour and emolument under the government? Thousands have equipped themselves with the best education that the best colleges and universities of India and Great Britain can afford. Should that education count for nothing? A few of the higher positions in different departments of the Civil Service (none in the military service) have been given them, and they have proved not only their intelligence; but their integrity and ability in all offices which they have been permitted to hold. Said Sir Thomas Munro, Gov-

* "Linguistic and Oriental Essays," Part II, chapter 7. (Trübner & Co.).

ernor of Madras: "they are better accountants than Europeans, more patient and laborious, more intimately acquainted with the state of the country and the manners and customs of the inhabitants, and are altogether more efficient men of business." Why then are they not allowed an equal chance with Europeans?

Only the blind can fail to see how great a burden upon the people of India is their present government by foreigners,—who pay themselves such enormously high salaries and pensions, and who remain in the country the shortest time possible, never identifying themselves permanently with its interests, but quitting its shores as soon as possible after their prescribed term of service expires, and carrying away their wealth to spend it in a distant land.

UNNECESSARILY HEAVY MILITARY EXPENDITURE

Another heavy, unnecessarily heavy, burden upon the Indian people, is the large and ever growing expenditure of the government upon the army. In India the military element is strong, and has great influence with the government, and it always clamors for more and more money. Within the past twenty years, in a time of profound peace, when no new dangers threatened in any quarter, the military expenditure has nearly doubled, and we are told that still larger expenditures are ahead. I am not complaining of the support of such an army as may be necessary for safety. My complaint is—and this is the complaint of millions of the loyal Indian people—that the country is taxed to maintain an army far larger than is needed. The truth of this claim is seen in the fact that with perfect safety to India, the government was able to withdraw from Indian garrisons and camps and send to South Africa, at the time of the Boer war, 13,200 men, and to China during the Boxer rebellion, 21,300 men (These are Lord Curzon's figures) Why should the Indian people be taxed to maintain troops that they do not require—to make their country a rendezvous for military forces to be used for imperial purposes in distant parts of the world?

A still more serious ground for complaint is that the Indian people have had to pay vast sums for wars and military campaigns entirely outside of India, of no benefit to India, and against which they have protested, for example, in Afghanistan, Beluchistan, Burmah, the Soudan, and Egypt. The expenditures for outside wars during the nineteenth century, which Indian taxpayers were compelled to meet, reached the enormous sum of \$450,000,000. Could anything be more unjust? How much of this kind of thing could any land endure without impoverishment?

Attempts have been made to justify these wars and these expenditures on the ground that they were necessary for the defence of India. No such justification is possible. In nearly every case they have been wars of pure aggression and conquest, waged for the purpose of extending the boundaries of the British Empire. The latest illustration is the recent military campaign in Tibet, disguised under the name of a "peaceful mission," but an act of aggression both in its inception and its execution, costing \$5,000,000 and several thousand lives. If the Empire is going to carry on wars for the purpose of extending its territory and power, at least let it pay the expenses, and not lay them as new burdens on the back of poor India!

THE TRUE DEFENCE AGAINST RUSSIA.

Attempts have been made to justify India's large army and heavy military expenditures on the ground of danger from Russia—fear of a Russian invasion. The folly of such a fear has been shown again and again by military men themselves. There is no danger from Russia so long as India is contented and loyal. Distant Russia can no more conquer a loyal India than she can conquer distant Japan and China. Danger can arise only on the condition of India becoming discontented and ready to welcome Russia. Let us tax India, lay burdens on her, deprive her of her rights, refuse to listen to her just complaints, until we have created in her people a spirit of desperation and revolt, and then there will be a danger which all our military outlays will be powerless against. Some Englishmen see this. Said Sir Auckland Colvin: "If we enter upon a course of excessive measures of fresh taxation, Russia, without moving a man or a gun, need only abide her time." This distinguished Indian administrator saw the true and only permanently effective defence of India against Russia. That defence is to be found in an Indian government free from injustice and oppression, which guards the interests of the people, promotes their prosperity, and thus makes them contented and happy and loyal.

THE DESTRUCTION OF INDIA'S NATIVE MANUFACTURES.

Another very serious cause of the impoverishment of the Indian people is the destruction of so many native industries, through government taxation, tariff enactments and other legislation. When the British first came to India, the land was full of manufactures; it was one of the first manufacturing countries of the world. India's cotton goods, silk goods, shawls, muslins of Dacca, brocades of Ahmedabad, pottery of Scind, jewelry, metal work, lapidary work, were famed in many lands.

Now nearly all these industries are broken down, and the millions of people who used to be engaged in carrying them on, are scattered, impoverished and driven back on the land, to divide the already too scanty income of the ryot. More and more India has been forced to become a mere producer of raw material for British manufacturers, while her own native manufactures have been crushed out. Let me give the testimony of an English historian on the subject. In Mill and Wilson's "History of British India,"* we read. "In the early days of the East India Company's rule, fabrics produced by Indian weavers supplied the markets of Europe, and men now living can remember when every village in the weaving districts had its looms and millions of Indian weavers were supported by that profitable industry. How this industry was gradually strangled and destroyed, first by protective duties imposed on Indian goods in England, and then by unequal competition forms one of the saddest chapters in the history of British India." India was a great manufactory of both cotton and silk goods, which were shipped to all civilized lands. "These goods," continues the historian, "were sold at a profit in British markets at a price from fifty to sixty per cent lower than those fabricated in England." So they must be destroyed. The British mills of Paisley and Manchester "were created by the sacrifice of Indian manufactures. Had India been independent, she would have retaliated, would have imposed preventive duties upon British goods, and would thus have preserved her own productive industry from annihilation. This act of self-defence was not permitted her. "she was at the mercy of the stranger." Such is the tragic story of the destruction of India's manufactures, told by one of England's most careful historians. India was not permitted to protect herself: "*She was at the mercy of the stranger.*"

Defenders of the policy pursued in India inform us that if old industries have declined or been broken down, the British have introduced new industries. In a measure this is true. The British have given India railways, jute-mills, coal mines, tea plantations, and many things else. These are important, but they would be more important if they were in the right hands. The trouble is, for the most part they do not belong to the people of India. Nearly all belong to the British; their profits go the British; they are a part of the wide-spread exploitation of the land by means of which nearly all the more important sources of wealth are gathered into the hands of the ruling race.

* Vol VII, p. 385, London, 1858

THE DRAIN OF WEALTH FROM INDIA TO GREAT BRITAIN.

This brings me to the greatest of all the causes of the impoverishment of the Indian people. It is the steady and heavy drain of wealth that is going on, and has been going on for a century and a half, from India to England. I have already several times referred to this drain, but it should be spoken of more definitely.

Just what is it? It is India's "indirect tribute" to Great Britain. It represents the savings from salaries of officials, sent home to England; pensions of officials who have retired and are living in England; interest on English investments of many kinds made in India; profits sent home to England from business transactions in India; and the various kinds of financial returns that come back to England as the result of the many forms of industrial and financial exploitation of India carried on by Englishmen, growing out of the advantages which they possess there as the Dominant Power. Part of this drain is included in what the Indian Government calls "home charges," but only a part, there are large amounts besides which are purely private in character. Says a British Parliamentary paper: "Great Britain, in addition to the tribute which she makes India pay her through the customs, derives benefit from the savings of the service at the three Presidencies being spent in England instead of in India, and in addition to these savings she derives benefit from the fortunes realized by the European mercantile community, which are all remitted to England."* Of course the effect on India of the draining away of her wealth to another land is the same whether done through private or public channels. Edmund Burke, referring to India, said, it "must always have been evident to considerate persons that the vast abstraction of wealth from a country, lessening its resources in proportion to the increase of its burdens," is not good, and cannot be long endured. Lord Salisbury, in 1875, spoke of India as a country "where so much of the revenue is exported without a direct equivalent." Sir George Wingate explains the effects of the drain with great clearness. Let me quote his words. "Taxes spent in the country from which they are raised are totally different in their effect from taxes raised in one country and spent in another. In the former, the taxes collected from the population are again returned to the industrial classes. . . . But the case is wholly different when the taxes are not spent in the country from which they are raised. They (such taxes) constitute an absolute loss and the extinction of the whole amount drawn from the taxed country, and might as

* Parl. Paper, 1853, (445-II), p. 580

well be thrown into the sea. Such is the nature of the tribute we have so long exacted from India. From this explanation some faint conception may be found of the cruel, crushing effect of the tribute upon India.**

THE AMOUNT OF THE DRAIN.

How large is this drain,—this tribute which India pays to England each year? The question is not very easy to answer, because the streams through which it flows are many, and the Indian Government seems to make efforts to keep them as far as possible out of sight. In the quotation which I have made from Mr. A. J. Wilson in the *Fortnightly Review*, he estimates the amount as £30,000,000 (\$150,000,000) a year. Mr. Dadabhai Naoroji, of London, (late M.P.), agrees with these figures, and has repeatedly given to the public the financial data upon which his estimate is based. Mr. Wm. Digby places the sum at from £25,000,000 to £30,000,000, and in his great work on the subject publishes with much fullness the facts and figures which are the grounds of his conclusion.† Mr. R. C. Dutt, a very high authority, who has written the "Economic History of India" from 1757 to 1900, names £20,000,000 as a very conservative estimate ‡

Says Mr. Alfred Webb (late M.P.), an Anglo-Indian official, who has studied the subject with care: "In charges for the India Office (in London), for recruiting (in Great Britain—soldiers to serve in India), for civil and military pensions (to men now living in England, who were formerly in the Indian service), for pay and allowances on furloughs (to men on visits to England), for preparations in England for the military establishment in India, for private remittances and consignments (from India to England), for interest on the Indian debt (paid to parties in England), and for interest on railways and other works (paid to shareholders in England), there is annually drawn from India and spent in the United Kingdom a sum calculated at from £25,000,000 to £30,000,000" (between \$125,000,000 and \$150,000,000).**

* "India," March 16, 1900, p. 123

† "Prosperous" British India," especially Chapters VI and VII.

‡ If we consult statistical tables of India's exports and imports we find that her exports are regularly about £20,000,000 in excess of her imports. According to the official Indian Budget for 1899-1900, we find £22,024,500 (\$106,818,825) set down as the sum paid by the Indian Government for "net expenditures in England charged on the revenues of the year with the exchange added." The more common figures given us in England and in statistical year books are, for that year, £16,392,486 (for the years 1903-1904, £17,619,300). The difference comes from difference of manner of estimating. One is more complete than the other, but neither covers all the wealth sent from India to England. Very large amounts are transmitted privately, in one form and another, every year, which are never mentioned in any statistical report. But even the official figures given above are enormous.

** *The British Friend*, April, 1900.

Such is the drain from India to England to-day according to the most careful and reliable estimates, made largely by men connected officially with the British or the Indian Government, or with both. If this drain were for a single decade or even a single year it would be bad enough. But India's tribute to her foreign conquerors began with the day she came into their power and has continued ever since.

First of all she was compelled to pay to the victors every penny of the cost of the long and bloody wars which resulted in her subjugation. With the first conquests, the flow of treasure to England began, and it increased as the conquests went on. India was then one of the richest countries in the world, but, all too soon she was to become one of the poorest. The great industrial prosperity of great Britain, which began about the middle of the eighteenth century, and which was unparalleled in any other European country, owed its origin to the sudden and vast influx of wealth from India. Says Mr Brooks Adams: "Very soon after Plassey (fought in 1757) the Bengal plunder began to arrive in London, and the effect appears to have been almost instantaneous. Possibly since the world began no investment has ever yielded the profit reaped from the Indian plunder"* The amount of treasure wrung from the conquered Indian peoples, and transferred from Indian hoards to English banks between Plassey and Waterloo (fifty-seven years) has been variously estimated at from £500,000,000 to £1,000,000,000.

The methods of plunder and "embezzlement" by which nearly every Briton in India enriched himself during the earlier history of the East India Company, gradually passed away. The difference between that earlier period and the present time is that India's tribute to England now is obtained "according to law," but the amount of it is not less than in the earlier days. Indeed it actually increases. In the *Westminster Gazette*, of London, (April 24, 1900), the estimate is made that the drain from India to Great Britain during the last twenty-five years of the nineteenth century, aggregated £500,000,000 (\$2,500,000,000). These figures are so enormous as to be incredible were they not undeniable. Is it any wonder that India is impoverished? Is there any country in the world that would not be impoverished, and her people be driven to starvation by such a pitiless and never ceasing financial drain?

THE CLAIM THAT INDIA IS PROSPEROUS.

Many supporters of the present condition of things in India assert that India is prosperous. In a sense this assertion is true. But whose

* "Law of Civilization and Decay," (Swann, Sonnenschein & Co.), pp. 259-264

prosperity is it? It is the prosperity of the British, it is not the prosperity of the Indian people. The British have all power in their hands. They make the laws; they fix their own salaries, they make such offices as they see fit, and fill them, they grant franchises, they control the tariffs, the coinage and issue of money, the railways, the telegraphs, the foreign commerce, and a large part of the domestic commerce. Is it any wonder that they are prosperous? But how about those that eat the crumbs that fall from the masters' tables? No people are prosperous whose average daily income is a cent and a half per person. No people are prosperous when a man like Sir William Hunter can say of them, forty millions go through life on insufficient food.

We denounce ancient Rome for impoverishing Gaul and Egypt, and Sicily and Palestine and her other conquered provinces, by draining away their wealth to enrich herself. We denounce Spain for robbing the New World in the same way. But England is doing exactly the same thing in India, only she is doing it skilfully, adroitly, by "enlightened" modes of procedure, under business and judicial forms, and with so many professions of "governing India for her advantage, and enriching her by civilized methods" that the world has been largely blinded, and she herself is largely blinded to what is really going on. But probe down through the surface of fine words and legal forms to what lies below, and we have the same hideous business that Rome and Spain were engaged in so long, and for which in the end they paid so dear. Called by its right name what is it? It is national parasitism. It is one nation living on another. It is a stronger nation sucking the very life-blood of a weaker.

BENEFITS CONFERRED ON INDIA BY GREAT BRITAIN.

Is it said that Great Britain has done much for India, and conferred upon her substantial benefits? This is true. I would be the last to underestimate or to have others underestimate the value of whatever good to India has come from British rule. But this side of the case has been so long and loudly proclaimed to the world, that it is time something was said on the other. The rule of one nation by another is a very different thing when looked on from the side of the rulers and from the side of the ruled; just as slavery in the old days was very different when seen from the standpoint of the master and from that of the slave. It is time the world knew something of the Indian situation as it appears to the people who pay the taxes, who have had their rights of self-rule and self-protection taken from them, who do all the starving when the famines come, whose wealth has been sent away to enrich a distant land, who have felt the iron of five or six generations of exploitation by foreign conquerors.

pressing down into their souls. It is time too for the world to begin to hear the testimony of those Englishmen, both in India, and at home, some of whom I have quoted above, who can see with other eyes than those of the Indian official and bureaucrat, who have hearts and consciences; who can put themselves in the place of the Indian people; who believe that justice and the Golden Rule ought to be as binding in Asia as in Europe. It would be incredible that a nation like Great Britain, ruling India so long, and sending there so many able and excellent men, should not have accomplished some good. But what about the evil? Shall that count for nothing?

The Indian Government is praised for its generosity because it appropriates certain sums of money from its treasury each year (relatively to the need very small sums) for objects of permanent public benefit. But where is the generosity? Is not every rupee in the Government's treasury Indian money? Does a penny of it come from any English source? The inquiry that should be made is, why are not vastly larger appropriations made for ends of permanent public benefit?

The Government is often pointed to as an example of remarkable benevolence because it furnishes doles to so many of the starving in times of famine. But if it has taken from the people unnecessary taxes, and thus helped to bring them to the verge of starvation, is it very great benevolence to give them back enough of their own money barely to keep the breath of life in them?

EDUCATION IN INDIA.

Much credit has been given to the Indian Government for education. It has done some good work in this direction, for which let it have full praise. But how little has it done compared with the need, or compared with what the people want, or compared with its ability, if it would only use its resources primarily for India's good! Why has so little of the people's money been spent for education? 'In the schools of India, of all kinds, high and low, there are some 4,418,000 scholars (if we include the native states). But what is this number in a population nearly as large as that of all Europe? How much does the Indian Government spend annually for education? The munificent sum of one penny and a fifth per head of the population! Think of it! Is it any wonder that after a century and a half of British dominance, the number of persons in India, who can read and write, is only about eleven in a hundred among males, and one in two hundred among females? With their native industries so badly broken down, the Indian people have special need for industrial, technical,

and practical education. But their rulers are giving them almost nothing of this kind. Britain's neglect of education is a dark stain upon her treatment of India.

RAILWAYS.

We are pointed to the railways of India as a striking illustration of what England is doing for her dependency. Yes, whatever lack of money there may be for education, or for sanitary improvements, or for irrigation, or for other things which the people of India so earnestly desire and pray for, the Indian Government always seems to have plenty for railways. Why? Primarily because the railways benefit the English. It is true that the Indian people use them, and derive certain advantages from them, but they also suffer from them certain very serious disadvantages. The railways have been a powerful factor in breaking up old industries, and thus have brought hardship and suffering to millions of the people. But they enrich the ruling nation, and they give her a firmer military grip upon her valuable dependency, and hence money can be found for them and for the army, whatever else suffers. What a commentary it is upon the present management of India that seven and a half times as much money is spent by the Government annually on railways as on irrigation, and six and a half times as much on the army as on irrigation, and that thirteen times as much is spent on railways as on education, and twelve times as much on the army as on education!

INDIA AND JAPAN.

It has been said that Great Britain can rule India better than India can rule herself. A sufficient answer to this claim would seem to be India's increasing famines, increasing impoverishment, and the increasing discontent of her people. But another answer also is seen in the relative condition of Britain-ruled India and self-ruled Japan. When the British came on the scene India was the leader of Asiatic civilization, she was far in advance of Japan. Time has passed. India has been ruled by a foreign power; Japan has governed herself, and shaped her own development. What has been the result? Which country now is in the advance? India or Japan?

BRITAIN AS A PEACE-MAKER IN INDIA

We are pointed to the *Pax Britannica* as a great boon conferred upon India by Great Britain. The truth is, India has always been a more peaceful country than Europe, and the Indian people are more peaceful by nature than the English. Indeed this was the reason why they fell so easy a prey to the English. India's worst wars have been those which

she has fought in resistance to her numerous invaders, Asiatic and European. She had some wars of a serious character in connection with the breaking up of the Mogul Empire, which was itself a foreign domination, but of all her modern wars none are to be compared for magnitude or for destruction of life and property with the Napoleonic wars and several others among European nations. If there was need for a strong foreign power to come into India to compel her to keep the peace, there was and still is much more need for a strong foreign power to come into Europe to compel her to keep the peace. The bloodiest of all India's wars for many centuries have been those waged by the British for her conquest. Peace conferred as the result of such wars is a questionable boon to be conferred upon any land. How would Europe like it? How did Britain herself like it when Rome conferred it upon her under Julius Caesar and his successors? It has been estimated that the total number of deaths from war in the whole world during the 107 years from 1793 to 1900 was about 5,000,000,—an awful record surely! But, this number is only one-half that of the deaths caused by famine in India in a single decade of that 107 years, according to the estimate of *The Lancet*. Verily there may be a peace that is worse than war. Some of these facts should be borne in mind when we undertake to estimate the value of the *Pax Britannica* to India.

MUST THE PEOPLE OF INDIA BE KEPT "HEWERS OF WOOD AND DRAWERS
OF WATER" FOR FOREIGN MASTERS FOR EVER? IS ENGLAND
HELPING THEM IN THE DIRECTION OF ANY-
THING BETTER?

We are told that Great Britain is training the Indian people, and preparing them for self-rule by and by. I wish this were true. The best Englishmen ever since India came under English control have urged that this ought to be the aim, kept steadily in view. But it has not been and it is not now. Whatever slight tendencies there may have been in this direction under Lord Ripon, or any earlier rulers, of late have been entirely laid aside. For twenty years, and more, but especially under Lord Curzon, the spirit of the Indian Government has been distinctly reactionary, toward less of sympathy with Indian aspiration, greater severity of treatment of the people, restricting still more their few liberties, and pushing still further away the day of their hope for any degree of self-rule. Mr. Moorfield Storey, of Boston, asked Sir Andrew Clarke, the distinguished administrator of the Straits Settlements, and a high authority on British Colonial Government: "Have these centuries of British rule

brought the Indian people any nearer to self-government than they were when British rule began?" He answered, "Not a bit" What he said is true, and it is Britain's shame and crime. It is also a blunder, which if persisted in will bring disaster, for even Indian patience will not endure forever

THE ROOT OF THE TROUBLE

What does all this that I am saying about India mean with regard to Great Britain? Does it mean that Britain rules India worse than other European nations would do? On the contrary, as I have already indicated, I do not believe that any other nation, European or American, would rule India so well. The fault does not lie with the want of humanity of the British people. I am myself an Englishman. I am keenly sensitive to anything which seems to throw disparagement upon the honour or character of my countrymen. The men whose strong words I have quoted in support of nearly every position taken in this paper are eminent and loyal Englishmen. I believe in the British nation. I believe that the people who abolished slavery in their colonies when their eyes were opened to see its wrong, need only to be made aware of the real condition of things in India to set about a change. The fault lies primarily with the *system of holding and governing foreign peoples without their consent*. Abraham Lincoln said, there is no man good enough to govern another man. It is equally true that there is no nation good enough to govern another nation. Said Macauley "Of all forms of tyranny I believe the worst is that of a nation over a nation." Imagine the case our own. Suppose Canada had been ruled for a hundred and fifty years by a foreign and distant power, like Germany or Russia. Suppose that power responsible to nobody but itself, and possessing absolute and sole control in everything,—in making and administering our laws, in shaping our tariffs, in building and managing our railways, telegraphs, telephones, and steamboat lines, in issuing franchises, in owning and managing our mines, forests and lands, in everything connected with our economic and industrial as well as political life,—what condition would Canada be in to-day? Would our people be rich or would they be miserably poor? If there were prosperity, whose would it be, ours or our foreign ruler's?

THE REMEDY.

What needs to be done to lift India out of her present impoverishment, and hence out of her always impending liability to famines? The answer has been given many times over by some of the ablest students of the

Indian situation What has been said in this paper suggests it. The main matters may be summarized in a few sentences:

Cut off all military expenditures outside of India; and if the British Government wants to carry on foreign wars let them be paid for, as they ought, out of the imperial treasury.

Inaugurate a policy of trust of the Indian people, in place of the present policy of distrust.

Reduce the expenditure on the army by at least one-half.

Check that extravagance of railway building which has swallowed up such vast sums of money, and carried the railway system of India far beyond the needs of the country.

Push forward irrigation with greater vigour, and thus increase the productivity of the land.

Bring the vast area of waste land into use by drainage and otherwise, and thus make it available for the service of the people and for revenue.

Fill fewer offices with high priced European officials, and more with equally competent native men, whose expenses will be less and who know the real needs of the country far better than foreigners can.

Reduce taxation, and extend throughout India the plan of "permanent settlements," which has worked so well in Bengal.

Establish a wide-spread system of agricultural banks or government credits, so that the millions of small farmers who must pay their taxes in money before their crops can be sold, may not be driven into the hands of merciless money lenders

Take measures to build up again the ruined manufacturing industries of the country

See that no tariff laws injurious to Indian interests are enacted either in India or Great Britain.

Spend at least five times as much as is now done, on education; and especially push forward education in its practical and industrial forms.

Inaugurate wide-spread and comprehensive methods for improving agriculture.

Let the Government lay aside some of its imperialistic arrogance, cease spurning Indian public opinion, and begin listening to the voice of

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SPEECHES OF THE NATIVE MEMBERS

OF THE

GOVERNOR GENERAL'S LEGISLATIVE COUNCIL

ON THE

BENGAL TENANCY BILL.

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THE BENGAL TENANCY BILL.

SPEECH OF THE HON'BLE THE MAHARAJA OF DARBHANGA.

MY LORD, it is not without considerable diffidence that I submit my views on the Bill which affects all classes of people.

"It is now more than six years that it was proposed by Sir Richard Temple to change the present law of landlord and tenant, and as the Government has already made up its mind to change the law, it would be useless for me to say that this Bill ought not to be introduced. But I might safely say that, as far as Bihár is concerned, no change in the present law is needed: neither the raiyats nor the zamíndárs have asked for a change, and that in itself is sufficient proof that no change is needed. The zamíndárs certainly do not wish to get any further facilities for the collection of their rents, and the tenants also do not complain of any oppression by the zamíndárs.

"A great deal has been said about the oppression of zamíndárs in Bihár, and I doubt not that in Bihár there are a few bad zamíndárs as well as a few bad raiyats. But it is most unjust to think that all the Bihár zamíndárs, as a class, are oppressive. That there was a great deal of oppression in former days I do not deny, but Mr. Reynolds, after his last tour, was able to say that things have quite changed of late.

"Illegal distraint used in former days to be common, but that is now almost a thing of the past. The zamíndárs now have sufficient knowledge of law to know that by illegal distraint they render themselves liable to criminal prosecutions, and the raiyats also know how to protect themselves, and they are not now at all likely to get a zamíndár to distraint their crops illegally. Besides, though the former system of distraint was certainly illegal, it was not necessarily oppressive. The Government itself, as the guardian of two of the largest proprietors in Bihár, was obliged to have recourse to this illegal system of distraint up to 1876. In the Darbhanga Ráj, when under the Court of Wards, it used to be considered the proper thing to distraint the raiyats' crops without serving them with formal notices. It was in 1876, however, that steps were taken to introduce a system of legal distraint, and I am happy to say that the system of illegal distraint has now entirely disappeared throughout Bihár, and this is simply owing to the good example set by Sir Richard Temple and my hon'ble friend Sir Steuart Bayley. It would therefore be unjust now to call the zamíndárs of Bihár oppressive, and I hope I may be excused for having gone out of

the way to say a few words in justification of the zamíndárs of Bihár, who have already been more than sufficiently abused in the report of the Rent Commission for carrying on a system of distraint which, though illegal, was not oppressive, and which the Government itself was carrying out until lately.

“I will now say a few words on the subject of occupancy tenures in Bihár. The zamíndárs, as a body, are not averse to the cultivators acquiring this right. It gives the raiyats a permanent interest in their lands. But the Bill does not create this right in favour of the actual cultivators. On the other hand, it distinctly says that the sub-lessees, who after all are the actual cultivators of the soil, are not to acquire rights of occupancy. The actual cultivator is not to acquire the right unless he happens to pay in his rent direct to the zamíndár, and he is to be perfectly at the mercy of his middleman. This seems to me to be perfectly anomalous, and it would be a better proposal that a raiyat who is not an actual cultivator should not be allowed to acquire right of occupancy. Unless some such provision is made, we are bound to create a set of occupancy tenants, who are not the actual cultivators, but middlemen, and these middlemen would be in a far better position to oppress the cultivator than the much abused zamíndárs. The zamíndárs have to deal with those raiyats whose names are registered in the village papers, but these middlemen will have to deal with people who have in most cases no documentary evidence to prove that they are the actual cultivators. Then there is another provision of the Bill which concerns the zamíndár more directly—I mean the provision which debars the raiyats from contracting against their rights of occupancy. Such contracts are but seldom made. A zamíndár might especially wish to have a piece of land all to himself, though it might not necessarily be his *zarat* or *khámár* land. It might be a jungle or a preserve, and supposing he was to lease out a part or the whole of this plot, on condition that at some future time it is to be given back to him, is he to be prevented from the use of his land for ever? Then, again, zamíndárs very often plant trees on their lands, and lease out the ground to raiyats to grow crops for a certain number of years, and, in most cases, at very low rates, on the condition of regaining possession of the lands when the trees grow up, and the raiyats gladly take such lands on short leases. Are these raiyats supposed to acquire rights of occupancy? Then, again, why provide for a right of occupancy against any contract to the contrary? Such a provision does away with the freedom of parties to contract. Parties understand their own interest better, and it is idle for the legislature to affect to protect their interests. To secure some personal benefit, a raiyat may very well give up his rights under the law, but if the provisions of the Bill are passed into law they would not be able to secure such advantages for themselves.

“I am glad to see that the Bill proposes to do away with the law which entitled the tenants to acquire rights of occupancy only when they could prove that they were in the possession of an identical piece of land. There would be little harm done to the zamíndárs if, where raiyats occupy different lands in different years, the right of occupancy is allowed to spring up in respect of a particular quantity of land held

for a certain number of years. But the Bill goes on further, and provides that if a raiyat occupies a very small quantity of land, and in respect of that quantity acquires a right of occupancy, such right would attach to all land which he may hold within the estate for however short a period. This is certainly unfair.

“About the proposed facilities for the collection of rents, I must confess that the position of the zamíndárs would be much worse if the proposed changes are carried out. The Rent Commission had proposed to abolish the system of distraint altogether. The new Bill has effected a compromise in this respect between the suggestion of the Rent Commission and the existing law; but I am confident that the proposed mode of distraint through the Civil Court, and the deposit of the proceeds for a month, would frustrate the very object of distraint, which is only had recourse to as a mode of speedy realization of rents. The present mode of distraint is the best and most speedy way of collecting rents. The proposed law, however, in a way abolishes distraint altogether. It burdens the zamíndár with the cost of an application to the Civil Court on stamp-paper, as well as with the expenses of paying lawyers; whereas now he has practically no expenses to incur. Illegal distraints are no doubt objectionable, but, as I have already said, it is only a very short time ago that the Government even used to resort to this illegal system in managing the Court of Wards’ estates. This shows clearly that though illegal the distraint never operated as a hardship. It would, therefore, be most undesirable to change the present law, especially as the raiyats and zamíndárs have begun to know the law, and there has been absolutely no complaint by the raiyats that this instrument is used by the zamíndárs illegally, or as a means of oppression. It has been said that the law of distraint is an off-shoot of the English law. It may be so. But then how is it that you find in Nipál, which has had less to do with Foreigners than any other State in India, that distraint has been carried on for certainly more than a hundred years?”

“Now I come to the most important point of the Bill—I mean the question about the enhancement of rents. The Bill proposes fixing tables of rates for each pargana. This may have been quite possible before the time of the Permanent Settlement, but I doubt if it is possible to do anything of the sort now. It is hardly possible to find two fields in the same village of exactly the same quality of land, and parties will never cease to question the correctness of classification of lands. I know of a pargana where the rate for some of the villages is two rupees, whereas the rate for similar lands in another village is only two annas. Instead, therefore, of deputing officers to draw up tables of rates, would it not be better that the law should fix a certain proportion of the average produce as the zamíndár’s rent.

“Now as to the question of transfer of occupancy holdings. The zamíndárs ought to be thankful for getting the right of pre-emption. But it is not always that the zamíndár is in a position to buy occupancy holdings, and in such cases would it not be advisable to give a *kháid-káshí* raiyat the right of pre-emption in preference to an outsider. and immediately after the zamíndár? This might in some cases prevent

an outsider coming in who has got no common interest with the villagers, and who does not necessarily care for the good-will of the village community.

"Here I might also mention the fact that though the zamíndárs have been allowed the right of pre-emption, still they are not allowed to buy on the same conditions as raiyats. A raiyat who buys an occupancy holding, and who does not wish to cultivate himself can lease it to one who cannot acquire rights of occupancy; but if the zamíndár leases out any such holding the cultivator at once acquires rights of occupancy.

"About the survey of *khámár* lands I have to make only a few observations. Such surveys would cost a great deal of money, which the raiyats or the zamíndárs might eventually have to pay, and even then I do not see what good the raiyats or the zamíndárs are ever likely to get. No doubt it would be a first-rate thing to have proper records-of-rights, but it would be impossible to have proper records-of-rights by having a mere survey of a village.

"These are some of the observations which a cursory reading of the Bill suggests, but this is not the time to enter into all its details.

"In conclusion I beg leave to make the following observations:—The Bill was originally intended to give relief to the zamíndárs as well as to the raiyats. Sir Richard Temple and Lord Lytton thought that the zamíndárs should get further facilities for the collection and realization of rents, but the proposed Bill does not give the zamíndárs any facilities for the realization of rents. Now as to concessions to the raiyats I have very little to say. It is zamíndárs' interest to make any fair concessions to the raiyats. All that a zamíndár needs is a law which secures him his rents and provides him with modes for speedy realization of the same, but I am obliged to say that if the procedure as laid down in the Bill is to become law, the zamíndár's position is sure to be much worse than what it is now, and I can safely state, before concluding, that Bihár zamíndárs are quite satisfied with the existing law, and do not wish for the change contemplated."

SPEECH OF THE HON'BLE KRISTO DAS PAL

I WISH to begin with a personal explanation, for which I crave your Lordship's indulgence. It may be supposed that, as I have the honour to sit in this Council under your Lordship's orders, with the suffrage of the landholders, it is my duty to look to the interests of the landholders alone. But such is not the case. I cannot divest myself of my natural sympathy with the millions who till the soil and constitute the backbone of the nation. Indeed, I would not be true to myself, to my cherished convictions, and to my humble labours for the promotion of my country's welfare, if I were to shut my eyes to the interests of one party for the sake of the other. All that I want is justice and fair play to both. No good landlord, I submit, my Lord, is blind to the interests and happiness of his

tenantry. In fact, rightly understood, the interests of the two are interwoven with those of each other. A prosperous and contented tenantry is a blessing to the landlord and to the country at large. In considering the vitally important question before us, happily we have not to deal with a *tabulá rasa*, and are not left to our own unaided judgment. Both the landlord and tenant in Bengal have their charter of rights, and if we rightly interpret that charter we cannot go far wrong. This charter is none other than the Permanent Settlement Regulations. I consider it my duty to call the attention of your Lordship and the hon'ble Council to the main points of that charter, and to invite your unbiassed decision upon those points.

"Before I proceed to discuss the Bill, I desire to offer my hearty acknowledgment of the ability, industry and thorough mastery with which the learned Law Member has grappled with this intricate and complicated subject. The Bill is, doubtless, the work of many hands, but he has accomplished his task in a few weeks which might baffle the efforts of many an expert in as many years. But I hope he will pardon me if I say I cannot accept all his conclusions and endorse all the views and opinions he has expressed on the subject. My Lord, the papers on the Bill have been before us for nine days, and I am free to confess that, consistently with my other avocations, I have not been able to give it that close attention which I ought to have given. I am, therefore, likely to make statements and remarks from an imperfect study of the Bill, for which I hope I will be excused. In submitting the Bill to the Council, the hon'ble and learned Law Member reviewed the whole question from the days of the Permanent Settlement, and in following his example I am afraid I shall also have to traverse a wide area. I may be tedious in my statements and observations, but I hope the Council will bear with me kindly.

"I think we ought to consider, in the first place, who are the zamíndárs who come within the scope of the Bill; what was their position originally; what functions did they perform in the administrative and social economy of the country, and how far were they useful to society and to the State? To ascertain the position of the zamíndárs, it is not necessary for me to go back to the ancient history of India—I mean to the days of Hindú supremacy. It is enough for us to know that when the Muhammadans took over this country they fully recognised the position, the status and rights of the proprietors of the soil. It is true that the revenue demand was variable, but the rights and status of the zamíndárs were not at all interfered with. Before, however, I proceed to point out the position of the zamíndárs at the date of the Permanent Settlement, I will quote here the opinion of an eye-witness of the settlement as to the state of the country when the Permanent Settlement was effected, and the eminent service which that settlement rendered to the national Exchequer. I will read to the hon'ble Council the opinion of Mr. James Pattle, one of the best fiscal officers of the East India Company, who before his retirement held the hon'ble office of member of the Board of Revenue. Mr. Pattle writes:—

'The country brought under the Decennial Settlement was for the most part wholly uncultivated. Indeed, such was the state of the country from the pre-

valence of jungle infested by wild beasts, that, to go with any tolerable degree of safety from Calcutta to any of the adjacent districts, a traveller was obliged to have at each stage four drums and as many torches; besides, at this conjuncture, public credit was at the lowest ebb, and the Government was threatened with hostilities from various powerful Native States. Lord Cornwallis' great and comprehensive mind saw that the only resource within his reach in this critical emergency was to establish public credit and redeem the extensive jungles of the country. These important objects, he perceived, could only be effected by giving to the country a perpetual land assessment made on the gross rental with reference to existing productiveness, and, therefore, promising to all those who would engage the encouragement of an immense profit from extending cultivation. Admitting the sacrifice was very great, I think it cannot be regretted when it is considered what difficulties it conquered, and what prosperity it has introduced. For my part, I am convinced that our continuance in the country depended on the adoption of that measure, and that our stability could not otherwise have been maintained. This was my opinion at that time, and it has remained unaltered.'

"This is the opinion of an eye-witness of the Permanent Settlement as to the state of the country when that settlement was effected, and also when it was in operation for some time. And it was his deliberate opinion that the Permanent Settlement enabled the Government of the day to keep the British power in the country. It may be said—and it is sometimes said—that the Permanent Settlement was financially a mistake, but in those days it saved the public treasury. The Company's treasury was on the verge of insolvency; their territories were threatened by powerful enemies; on one side an adventurous European rival was plotting, and on the other mighty Native Chiefs were arrayed against the Company; it was then a question of the continuance of English supremacy in the East; on the other hand the land-revenue, on account of varying assessment, could not be regularly collected. It was at this juncture the Permanent Settlement was made.

"Ninety years have elapsed since this settlement was concluded. Within that period we have seen what changes, what commercial and material changes, have taken place, and how the jungle which then covered the land has been removed and cultivation has been introduced; what financial prosperity has since succeeded the insolvency to which Mr. Pattle referred, and how active has been the national industry. I will not say that these results have been achieved wholly through the agency of the Permanent Settlement, but I do not hesitate to say that it has contributed greatly to the consummation of the changes which we now contemplate with so much satisfaction. It is well-known that one of the charges brought against the Bengal land system is that it has involved the Government in an unnecessary sacrifice of prospective revenue. But, my Lord, if an examination of the development of the finances of these provinces were made, it would be seen that in no other Province has the public revenue progressed so satisfactorily as in Bengal, and that whatever sacrifice was made by the Permanent Settlement of the public demand in Bengal has been more than made up by the enormous indirect increase of the revenue from many sources. This was particularly pointed out in the Duke of Argyll's despatch on the Road Cess.

“ I now come to the position of the zamíndárs before or at the time of the Permanent Settlement. The name of Mr. Francis is well-known in history as one of the colleagues of Warren Hastings in the administration of India. When he was in this country, the question of the land settlement occupied the attention of the Government, and enquiries were set on foot as to the position of the persons who were then known by the name of zamíndárs. Mr. Francis in a Minute, dated 22nd January, 1876, or rather in a note to that Minute, wrote :—

‘ The inheritable quality of the lands is alone sufficient to prove that they are the property of the zamíndárs, taluqdárs and others, to whom they have descended by a long course of inheritance. The right of the Sovereign is founded on conquest, by which he succeeds only to the state of the conquered Prince ; unless, in the first instance, he resolves to appropriate or transfer all private property, by an act of power, in virtue of his conquest. So barbarous an idea is equally inconsistent with the manners and policy of the British nation. When the Moguls conquered Bengal, there is no mention, in any historical account, that they dispossessed the zamíndárs of this land, though it is frequently observed that where they voluntarily came in and submitted to the new Government, they were received with marks of honour, and that means were used to gain and secure their attachment.’

“ These were the men whom the British Government, on the first acquisition of this country, found in possession of the land. Mr. Francis admits that the Muhammadan Government always recognised their position and rights, and in fact did all they could to gain and secure their attachment. I do not know whether many members of this Council have read that curious book called, I believe, the ‘ Four great zamíndárs of Bengal’, by Mr. Rouse. It is now out of print, but it is a very interesting and useful book. It contains good deal of information about the Permanent Settlement, about the status of landlords in those days, and gives a very interesting history of the four great families of zamíndárs in Bengal, namely, Burdwan, Dinájjpur, Nattore, and Kishnagur. It also gives some account of some minor zamíndárs. I allude to this book only to show that in the days of the Permanent Settlement there were men in possession of large properties or estates, and that they were considered absolute proprietors of the soil. Now, in what light were these zamíndárs regarded by the authors of the Permanent Settlement ? Were they regarded as proprietors of the soil or not ? Here is the opinion of Sir John Shore, afterwards Lord Teignmouth :—

‘ I consider the zamíndárs as the proprietors of the soil, to the property of which they succeed by the right of inheritance, according to the laws of their own religion ; and that the sovereign authority cannot justly exercise the power of depriving them of the succession, nor of altering it when there are any legal heirs. The privilege of disposing of the land by sale or mortgage is derived from this fundamental right, and was exercised by the zamíndárs before we acquired the Diwání.’

“ I will give an extract from the Minute of Lord Cornwallis, dated the 18th September, 1789 He says :—

‘ Mr. Shore has most ably, and, in my opinion, most successfully, in his Minute delivered in June last, argued in favour of the rights of zamíndárs to the property of the soil. But, if the value of permanency is to be withdrawn

from the settlement now in agitation, of what avail will the power of his arguments be to the zamindárs for whose rights he has contended ?”

“ Again, His Lordship writes :—

‘ Although, however, I am not only of opinion that the zamindárs have the best right, but from being persuaded that nothing could be so ruinous to the public interest, as that the land should be retained the property of Government, I am also convinced that, failing the claim of right of the zamindárs, it would be necessary for the public good to grant a right of property in the soil to them, or to persons of other descriptions. I think it unnecessary to enter into any discussion of the grounds upon which their right appears to be founded.’

“ So that Lord Cornwallis was deliberately of opinion that the zamindárs were the proprietors of the soil, and that, even if their rights were questioned, still, as a matter of policy, proprietary rights should be conferred upon them. The zamindárs before the Permanent Settlement were not only proprietors of the soil, but they actually exercised powers which legitimately belonged to the State or Sovereign ; they levied duties on internal commerce, a power which, as far as I am aware, no private landlord is allowed to exercise in any civilised country. But in those days, as I have observed, the zamindárs actually exercised that sovereign power. Lord Cornwallis justly held, on grounds of public policy, that such power should be withdrawn from the zamindárs, and in his Minute dated 3rd February, 1789, he wrote :—

‘ I admit the proprietary rights of the zamindárs, and that they have hitherto held the collection of the internal duties ; but this privilege appears to me so incompatible with the general prosperity of the country, that, however, it may be sanctioned by long usage, I am convinced there are few who will not think us justified in resuming it.’

“ And so this power was resumed—I do not say unjustly ; I admit that it was very properly resumed. But I mention it to show that the zamindárs not only exercised the powers of landlord, but even, to some extent, the sovereign power. Lord Cornwallis, as the hon’ble Council is aware, fixed the revenue demand at ten-elevenths of the gross rental, and, by way of compensation to the zamindárs, surrendered the waste-lands to them. The Government has always recognised the right of the zamindárs to the waste-lands, and the assurance given to them in the days of the Permanent Settlement was repeated in the subsequent Regulations. Thus, I find the following in the preamble to Regulation II. of 1819 :—

‘ It appears to be necessary, in order to obviate all misapprehension on the part of the public officers and individuals, * * * formally to renounce all claim on the part of Government to additional revenue from lands which were included within the limits of estates for which a Permanent Settlement has been concluded, at the period when such settlement was so concluded, whether on the plea of error or fraud or on any pretext whatever.’

“ Section 31 of the same Regulation states that—

‘ Nothing in the present Regulations shall be considered to affect the right of the proprietors of estates for which a Permanent Settlement has been concluded, to the full benefit of all waste-lands included within the ascertained boundaries of such estates, respectively, at the period of the Decennial Settlement, and which have since been or may hereafter be, reduced to cultivation.’

"I will not allude here to the assumption sometimes made that the waste-lands should be treated in the same way as lands settled at the time of the settlement. It should be remembered that these waste-lands were howling wilderness at the time, and that it was left entirely to the discretion of the zamindárs to settle them in any way they might think proper. To that question I will not advert at present. I have said that the waste-lands were given to the zamindárs by way of compensation for the exorbitant assessment of the Permanent Settlement. The Council was doubtless well aware that the assessment was so heavy that most of the first zamindárs, with whom the settlement was made, were literally swept away under its effects. The great house of Nattore, which, I believe, used to pay 52 lákhs of rupees of revenue, was broken up completely under the crushing effects of the heavy assessment of the Permanent Settlement. The house of Dinájpur suffered similarly, and so did the house of Bírbum and many other families. The Burdwan house was also tottering, and was only saved by the introduction of the patní system. I cannot do better than read to the hon'ble Council the remarks which no less an authority than Sir George Campbell has made on this subject in the Bengal Administration Report for 1872-73. He says:—

'The Government demand was then one which left a margin of profit, but small compared with that given to zamindárs in modern days. There was wide-spread default in the payment of the Government dues, and extensive consequent sales of estates or parts of estates for recovery of arrears under the unbending system introduced in 1793. In 1796-97, lands bearing a total revenue of sikká Rs. 14,18,756 were sold for arrears of revenue, and, in 1797-98, the revenue of land so sold amounted to sikká Rs. 22,74,076. By the end of the century the greater portions of the estates of the Nadiyá, Rajsháhi, Bishanpur, and Dinájpur Rájás had been alienated. The Burdwan estate was seriously crippled, and the Bírbum zamindari was completely ruined. A host of smaller zamindárs shared the same fate. In fact it is scarcely too much to say that within the ten years that immediately followed the Permanent Settlement a complete revolution took place in the constitution and ownership of the estates which formed the subject of that settlement.'

"Now, what do these startling statements show? The Permanent Settlement, as I have shown from a quotation from Mr. Pattle, was intended to benefit the landlords as well as the State. The State derived immediate benefit by the replenishment of the treasury. The landholders, however, at the time suffered extremely. In fact, as this statement shows, most of the original zamindárs were swept off the face of the earth by the tremendous sacrifices they were called upon to make at the time the Permanent Settlement was established. Most of the present zamindárs have come in by investing their capital, and they have done so in perfect reliance upon the good faith of the Government.

"I have shown that the waste-lands were made over to the zamindárs by way of compensation. Now, how were the waste-lands brought into cultivation? My object is to show what functions the zamindárs have performed in the social economy of the country. The zamindárs in the first place invited tenants, because in those days it was the land which sought the tenant and not the tenant who sought the land. They

established villages at their own expense, and they appointed the village smith, the village barber, the village priest and other members of the village establishment, by giving them rent-free lands. They made takkāvī advances to the raiyat for the cultivation of the land; they charged no rent whatever in the first instance, and subsequently levied a progressive rent as cultivation advanced, and in this way they reclaimed the jungle which covered the greater part of Bengal in the days of the Permanent Settlement. You may now go to any part of the country, and you will be struck by the smiling fields and the teeming populations which meet your eye in every direction. But, in 1793, you could hardly go a few miles from Calcutta without drums and torches to keep away wild beasts. Those who brought about these changes certainly deserved the thanks of the public.

“Now, what have the zamíndárs done in other respects? Have they been content only with the introduction of cultivation and the reclamation of waste-lands? No. As population has increased, as cultivation has extended, as civilisation has advanced, the zamíndárs have risen to the requirements of the time, and have also assisted in the execution of public works, in accordance with the spirit of progressive time. Go through the villages and you will generally find in most of them large tanks. I am sorry to say that tanks now-a-days are not dug with the same zeal as heretofore. But you will find many old tanks dug by the zamíndárs, and there was a double motive in the execution of this work. In the first place, water was necessary for cultivation in times of drought, and, secondly, it was necessary for drinking purposes. The zamíndár wanted to foster the settlement of raiyats, and, therefore, he opened these tanks; he had also partly a religious motive in providing drinking water for the people. As this hon'ble Council knows well, among the Hindús religion supplies a strong impulse for many of their acts, and the digging of tanks was one of these. Then, as the country advanced in prosperity, there was necessity for roads, and the zamíndárs were not remiss in making them. They, in co-operation with their tenants, laid out large sums of money in making roads through different parts of the country. I will give you the example of one district only—the district of Huglí. The list which I hold in my hand does not comprise all the roads made in the district within the last few years, but it gives a good account of what has been done. These roads were made at the time of the Ferry Fund Committees which existed before the Road Cess Committee was constituted. The following is a list of the roads and bridges referred to:—

Names of the Roads and Bridges.	Lengths.	By whom constructed.
Bhastara to Tribany	16 miles	Zamíndár of Bhastara.
Jonye to the Surussutty... ..	8 do.	Ditto of Jonye.
Jonye to Connaghur	7 do.	Ditto ditto.
Biddabatty to Gobindpore	7 do.	Singoor zamíndárs.
Biddabatty to Hirpal	25 do.	Zamíndárs and F. F. Committee.
Chmsurra to Dhoneakhally	25 do.	Ditto ditto.

Names of the Roads and Bridges.	Lengths.	By whom constructed.	
Huglí to Dwarbasiny	12 do	Zamindárs	and F. F. Committec.
Pandua to Calna... ..	18 do.	Ditto	ditto.
Hewrah to Jugutbullbore ...	12 do.	Ditto	ditto.
Metalling of the road from Serampore to Salkea	13 do	Ditto	ditto.
The Bally Tension Budge . . .	...	Ditto	ditto.
Two bridges on the Dhoneakhally road ... ..	...	Ditto	ditto.
Three bridges at Nosorye, Tribaay and Satgan ... ..	...	Zamindár of Noapara.	

"Now, what has been done in Huglí has been more or less done in other districts in Bengal. If the Council will refer to the Famine Report of Sir R Temple, they will see that the zamindárs gave, free of cost, all the lands required for roads and tanks which were constructed during the scarcity of 1873-74. In fact, the question arose whether the Government could take over lands free of all consideration, and the learned Advocate-General was of opinion that it could not. But the zamindárs in a body refused to receive a pice for the lands they gave for those purposes.

"Now, have the zamindárs done anything for education, in the way of establishing or promoting the establishment of schools? I have been just reading the last report of the Director of Public Instruction, Bengal, and I find that the total amount of private contributions was nine lákhs last year, including both endowments and private subscriptions. The statement is this.—

	Government Institutions.	Aided Institutions.	Unaided Institutions under regular inspection.	TOTAL.
	Rs.	Rs.	Rs.	Rs.
Endowments	65,015	64,332	32,957	1,62,304
Subscriptions... ..	14,870	6,19,205	1,11,838	7,45,913
GRAND TOTAL ... ..	...	...	...	9,08,217

"Any one who knows the sources from which these contributions usually come will admit that the bulk of it came from the pockets of the zamindárs. In the same way, in 1881-82, the total expenditure on dispensaries was Rs. 3,74,000, and the subscriptions from the Native

community amounted to Rs 1,20,000, and it may be also said that the bulk of this money came from the zamíndárs. I ought to have said, while noticing the support which the zamíndárs have been giving generally to education, that some of the most munificent benefactions in the cause of education have come from the zamíndárs. Take, for instance, the magnificent Tagore Law Professorship Endowment at a cost of three lákhs of rupees, which was founded by the late Hon'ble Prasanna Kumar Tagore, the illustrious uncle of my friend Mahárájá Sir Jotíndra Mohan Tagore. My friend the Diggiapattí Rájá has given, I believe, Rs. 1,20,000 for the Rajsháhi College, munificent donations have also been given for the Ravenshaw College at Cuttuck, and for the Berhampore and Kishnagur Colleges by other zamíndárs; and I say it with much pleasure that one of our hon'ble colleagues, the Hon'ble Durga Charan Láhá, has given Rs. 50,000 towards the cause of education. I could mention many more names, but it is not necessary. I cannot, however, refrain from alluding to the many magnificent benefactions given by my friend the Mahárájá of Darbhanga, and I think it is not too much to say that the zamíndárs generally have not been deaf to the call on their purses in the cause of education. Then there was one branch of education which the zamíndárs from the first encouraged with the greatest liberality—I mean Sanscrit learning. I believe hon'ble members were aware that rent-free lands to the extent of more than a crore of rupees were assigned by the zamíndárs, of their own free-will, for the support of men professing Sanscrit learning. The great house of Nadiyá gave away in this way, I believe, the bulk of its property. These were voluntary contributions. But the zamíndárs were also subject to compulsory contributions for public purposes. I may mention, first, the dák cess. It is not necessary for me to go into the question of the dák cess, whether the zamíndár was liable to render postal service or not. It is enough, for my present purpose, to say that they were required to pay the cess. Then the zamíndárs were also liable to pay the road and public works cesses, and with them their raiyats are also liable, and the amount thus contributed by the zamíndárs annually comes to 35 lákhs of rupees. Then the zamíndárs construct embankments voluntarily, for the protection of their raiyats, and they are also liable to an embankment cess for those embankments which are maintained at their expense by the State. They are also called to perform certain official services. Whenever troops march through their estates they are required to provide supplies for them; whenever public officers pass their way, they also do their best to send provisions to them; whenever heinous criminal offences were committed within the limits of their estates they were required to report the same to the Police. In the days of the salt monopoly of the East India Company, the zamíndárs were made liable for the illicit manufacture of salt in their estates. Whenever statistical or economical enquiries are made the zamíndárs are required, through the Police and the Magistrates, to make reports, and whenever any great public work has to be done their services are put into requisition. Take, for instance, the census operations. I appeal to His Honour the Lieutenant-Governor to say whether the Government could have carried out the census work

at double the cost which was incurred if the zamíndárs had not freely offered their own services, and those of their servants, in furtherance of this great work. And they performed these public services ungrudgingly; they fully acknowledge that property has its rights as well as its duties. Then, again, the public seem to think that they have a claim on the purses of the zamíndárs for all public purposes, for whenever there is any call for money, who is it that is first appealed to? It is the zamíndár. Take, for instance, the calls made here for contributions for the relief of the sufferers from the Crimean war, the Scotch famine, the Irish famine, the Lancashire distress, and many other funds. If you examine the list of contributions, you will find that zamíndárs have always headed it; even for race stands, agricultural shows and other objects their purses have been taxed. The district officers do not hesitate to appeal to the zamíndárs whenever they have a public object in view. And in times of difficulty the zamíndárs have loyally, willingly and cheerfully placed their services at the disposal of Government. Take, for instance, the Sepoy Mutiny. Happily, the flame of the Mutiny did not extend to Bengal Proper, but it did spring up in parts of Bihár, and the Government have heartily acknowledged the loyal services which the Bihár zamíndárs rendered in that crisis. In Bengal, too, they, did some service in their own way by supplying elephants and other things for which the Government applied to them. Even in fiscal emergencies the Government has not hesitated to appeal to the zamíndárs, relying on their loyalty, and with the greatest alacrity they have responded to the call. I am personally acquainted with the circumstances of one case. In 1878, there was a financial pressure, and Sir John Strachey, who was then the Finance Minister, wanted temporary accommodation to make the two ends meet. He did not desire to raise a public loan, he simply wanted a temporary accommodation, and he spoke to Sir Ashley Eden and asked him if he could secure some lákhs of rupees in that way. I was taken into confidence, and I know that several of my zamíndár friends willingly came forward with the required help. So whenever there has been any occasion for help, and whenever any appeal has been made to the zamíndárs, they have not hesitated to render every assistance in their power to the State. I may also cite the Minute of Sir R. Temple as a testimony to the services which the zamíndárs rendered to their tenantry during the great famine of 1873-74. I wish I had before me a copy of that Minute to read to the Council a few extracts from, but I am sorry to say I have not got it. I dare say that Minute has been read by most hon'ble members, and they doubtless recollect that the zamíndárs, as recorded in that Minute, remitted lákhs of rupees of their rent, suspended the payment of rent, gave takkáví advances, and afforded charitable relief to their tenantry in that crisis without any grudge, and Sir R. Temple justly complimented the zamíndárs by saying that they had nobly redeemed their character as landlords. Apart from these facts, I may tell you that, whatever disputes may here and there exist or arise between zamíndárs and raiyats, the raiyat generally looks up to the zamíndár as a protector against oppression and injustice. If a policeman troubles him he goes to the zamíndár, if a private individual assails him he goes to the

zamíndár ; if there is a quarrel between the raiyat and his brother, his sister or his uncle, he goes to the zamíndár for an amicable settlement of the quarrel. In fact, whenever the raiyat is in difficulty he looks up to the zamíndár for assistance, for advice, and for arbitrament. But while the zamíndár performs these functions I hope the Council will kindly bear in mind that the zamíndár does not get all the profits from the land in the shape of rent. The road cess returns show that there is a long chain of sub-infeudation in the country, and that the profits from land are largely intercepted by middlemen, When the Permanent Settlement was first made these middlemen were not in existence, except the dependent taluqdár, the istimrárdár and the mukarraridár. But as I have shown, the pressure of the assessment was so severe that even the big house of Burdwan was tottering, and for his sake the patul system was introduced, and from that time sub-infeudation commenced. A large number of tenure-holders sprung up under this system, and they gradually intercepted the profits from the land. I do not say that this is to be regretted, for the more wide-spread are the profits from land the better for the country, but this fact should be borne in mind, because it was generally thought that all the profits from land were monopolized by the zamíndárs. On this point Sir R. Temple, in the Administration Report of Bengal, for 1875-76, wrote:—

‘ The material advancement of the sub-proprietors, the raiyats and the peasantry in Eastern Bengal has been mentioned with satisfaction on former occasions. A remarkable illustration has been afforded by the detailed inquiries which are being made for the valuation of the lands in the deltaic district of Bákerganj. It appears from the road cess returns that the rent-roll payable to the intermediate tenure-holders is often twelve, twenty or fifty times the rent paid to the superior landlord. It seems probable that not less than a crore of rupees (assumed as equal to one million sterling) are annually paid in rent in this district, and that the value of the agricultural produce of the district can hardly be less than five millions sterling annually, and may be much more. The returns, moreover, while they show the prosperous condition of the tenure holders and other middlemen, show also how the profits of the land are slipping out of the hands of the zamíndárs, who have permanently alienated their interests in the soil, and, in many cases, have fallen into the position of needy annuitants.’

“So that the zamíndár did not monopolize the profit from the land which constituted rent.

“Now, I have gone to this length to show who the zamíndárs were, what functions they performed in the social and administrative economy of the country, and what services they have rendered to society and to the State, only with a view to impress upon the members of this hon'ble Council the propriety of showing some consideration to men who were so useful to the country. I do not believe that those who perform such important functions will not receive due consideration at the hands of this Council in dealing with the law of landlord and tenant. If they have performed such useful and beneficent functions, have they no claim to your generous consideration ; and are they not entitled to have their rights duly recognised by the State and the legislature? The hon'ble and learned Law Member, in introducing the Bill, said that the zamín-

dárs were in no sense absolute proprietors of the soil, that, according to the definition of owner in certain English Statutes, he apprehended that the zamindárs were no better than managers or trustees or limited owners of the land. I will, with your Lordship's permission, read one short extract from the hon'ble member's speech. He said.—

“In the first place, the term, as applied to land, has no technical meaning in English law, and if you were to ask an English lawyer what were the rights in the soil of proprietor of land he would probably tell you that you were using loose and popular language, and would beg you to make your meaning more precise and clear. In the next place, the term was freely applied to the zamindárs of Bengal and other persons of the same class in Regulations and other official documents of a date anterior to 1793, and, therefore, could not possibly be taken as indicating or, to use a technical term, connoting rights created at that date. And, thirdly, the term, though, as I have said, it has no technical meaning in England, has acquired a very definite meaning in the settlement literature of British India. It means, in those parts of India which are not permanently settled, the person who, whatever may be his rights on the soil, has the right of having a settlement made with him, the person, namely, whom for purposes of land revenue, and for this purpose only, the Government find it convenient and advisable to treat as owner or proprietor of the land. Such a recognition, of course, is not inconsistent, and was never supposed to be inconsistent, with the existence of any number of other rights in any number of other persons. All such rights are simply left outstanding. The use of the terms proprietor in this sense is closely analogous to the use of similar terms in English statute-law. Here, for instance, is a definition of owner taken from a recent English Act, the Public Health Act of 1875:—“Owner means the person for the time being receiving the rack-rent of the lands or premises in connection with which the word is used, whether on his account or as agent or trustee for any other person, or who would so receive the same if such lands or premises were let at a rack-rent.”

“I appeal to this hon'ble Council to consider whether, when Lord Cornwallis and Sir John Shore effected the Permanent Settlement, they understood the words ‘proprietor of the soil’ in that sense. I have already read to the Council extracts from the Minutes of Sir John Shore and Lord Cornwallis, giving their opinion on the status of the zamindár at the date of the Permanent Settlement, and I will now confine myself to the one point raised, namely, the legal position of the zamindár. I dare say the hon'ble and learned Law Member will acknowledge the high authority I am going to cite. I allude to the opinion of Lord Lyndhurst,—Vol. I., Moore's Indian Appeals, p. 348—

“It is to be gleaned from these Regulations that the proprietors of lands in India had an absolute ownership and dominion of the soil, that the soil was not vested generally in the Sovereign, that proprietors did not hold it at the will of the Sovereign, but held the property as their own. * * * I think it is impossible to read those articles without coming to the conclusion that the zamindárs and taluqdárs were owners of the soil, subject only to a tribute, and that it was the object of the Regulation to make that tribute fixed and permanent.”

“My Lord, I am no lawyer, and I am, therefore, bound to accept the interpretation of the law as it may be given by the learned Law Member; but, in the face of this opinion from no less an authority than

Lord Lyndhurst, I hope I may be excused if I refuse to accept even the high authority of my learned friend. If Lord Lyndhurst holds the zamindárs are the actual and absolute proprietors of the soil, I appeal to the Council to consider whether many of the provisions contained in the Bill are consistent with that reading of the law. For, if I understand the Bill aright, it proceeds wholly on the assumption that the zamindárs are not owners of the soil, and, therefore, they must submit to a redistribution of property, as it were, under the operation of the proposed Law. From 1793 to this day, the zemindárs have been recognised by the Government over and over, by solemn Regulations and Acts, and also in solemn State papers, as proprietors of the soil. Even Act X of 1859 did not do away with the material incidents of proprietary right, though it recognised the occupancy-right of the tenant under the twelve years' rule; it did not take away the right of enhancement of rent, of eviction of the raiyat, and many other rights inherent in an absolute proprietor of the land. But after the laps of ninety years, the zamindárs are now told, by no less an authority than the learned Law Member of your Excellency's Council, that they are not proprietors of the soil, that they were hitherto labouring under a huge delusion, and that they must prepare their minds to surrender their rights as soon as they can, that there is another class waiting to participate in the land with them; that in fact there is to be a redistribution of the landed property. I hope this hon'ble Council will seriously consider the effect of these propositions, for if I read the Bill aright it amounts to this.

"Now I come to the necessity for legislation. I at once concede that there is necessity for legislation. There has been for many years necessity for legislation. I regret much that it has taken the Government so long a time to give that relief which both the zamindárs and the raiyat have stood much in need of for so many years. From 1871 Government has been promising to simplify the law for the recovery of rent. It is well known to this Council that it was no part of the obligations of the zamindárs to collect the road cess and public works cess for the Government. But Sir George Campbell, when he imposed the road cess, succeeded in getting the assent of the zamindárs to collect the cess on behalf of the Government, on the understanding that the law for the recovery of rent would be simplified without delay. The zemindárs had felt the delay in the recovery of rents as a great grievance, and they said that if the Government would give them the *quid pro quo* they would undertake the duty of collecting the cesses. It is to be borne in mind that the zamindárs received no remuneration whatever for the collection of the cesses either by way of percentage or in any other form; and I do not know whether any commercial community would undertake such a duty without charging commission of some kind. But the zamindárs did not take any remuneration. They were only buoyed up by the hope that the law for the recovery of rents would be simplified. When Sir George Campbell left the arena no change was made. He made promises, but no change was effected. He made inquiries and intended to do something, but nothing was done. Then came Sir

Richard Temple. He too, saw the propriety of changing the law of procedure for the recovery of rent. He also prepared a draft Bill, but nothing was done. Then came Sir Ashley Eden. During the first two years of his rule he was very active in this matter. He actually caused a bill to be introduced into the local Council, but that Bill was dropped on the plea that the whole rent-law should be dealt with. From that time rose the cry for a general revision of the rent-law. Heretofore, the complaints were about the recovery of rent and the settlement of rent, but now came the cry for a general revision of the rent law, a comprehensive revision of the substantive rights of landlords and tenants. Against such a general revision the zamindars protested. There was not the faintest echo from the raiyats in any part of the country to the cry raised by the Government that there should be a general revision of the substantive law. And yet the Bengal Government thought it necessary to appoint a Commission to prepare a draft Bill for the general revision of the rent-law. The Commission was fairly constituted, and I must do them the justice to say that they performed their work with great intelligence, ability and zeal. But, my Lord, I cannot help saying that the Bengal Rent Commission did not work in the way in which Commissions of a similar kind worked in England, and as far as I am able to judge from the papers submitted by them, they have not given sufficient data for the conclusions arrived at by them. They made no statistical enquiries; they made no local enquiries, they sat in their own chambers; they called for official reports, and from the depth of their own consciousness they evolved their theories, and propositions. Ransack their reports, ransack the voluminous literature which they have produced, and find out if you can any information as to what extent evictions were resorted to in this country. That was one of the first propositions they were charged with enquiring into. It was said that evictions were on a large scale resorted to in Bengal; but where were proofs in support of such a statement? They ought to have given some figures showing the current of evictions district by district; but where were they? On the contrary, is it not a fact that evictions were rarely resorted to by the landlord, and that the Courts were most reluctant to order eviction? Then there was the question of the transferability of occupancy tenures. On this point have the Rent Commission given any details? Of course, they say that this right is recognized in some parts of the country; but where are the facts and figures? Were not the records of the Courts open to the Commission? and could not they give facts and figures, extending over some years, to show that to this extent the custom has prevailed?

“Now, with regard to the enhancement of rents. Is it a fact that the enhancement of rents is going on under the provisions of Act X of 1859? It is generally believed that these provisions have brought enhancement of rent to a deadlock. I, for one, would have been glad to receive some statistics on this point—how far enhancement has been stopped by the present provisions of the rent-law; how far the rates have been altered, that was to say the rates at which the rent was paid before and is now paid; in what proportion rents have been increasing, and so forth. Enquiries of this kind have been lately made in some

districts for the collection of tables of rates; but the papers produced by the Rent Commission offered little information on the subject. I think that if a Commission of this kind had been appointed in England they would have given fully the facts and figures on which their conclusions were based.

“But the Rent Commission of Bengal, I am sorry to say, did not furnish us with such facts and figures as would fully bear out their own conclusions and opinions. That Commission, I believe, was appointed with the view of securing to the Bengal raiyat what were popularly called in England the three F's. Now, it is worthy of consideration whether the three F's consistently with economic conditions of this country, have not already the fullest operation here. Fixity of tenure. The twelve years' rule, under Act X of 1859, has practically given fixity of tenure to the bulk of the agricultural population of this country. Some estimate it at ninety per cent. I cannot of course be positive about the figure; but, from all I have seen and heard, I hold that the right of occupancy in Bengal is enjoyed by the vast majority of these tenants. In Bihar, too, though the raiyat does not fully appreciate the right, the right is practically enjoyed by the raiyat as appears from the report of Mr. Finucane, and it is for the Council to consider how the occupancy-right in Bihar is to be secured by law. The fact remains that it is already in operation. Fair rent. Now I invite hon'ble members to enquire and say whether the rents now levied in Bengal are not fair; whether the raiyats in any district now pay rents which may be called rack-rents, I mean in any district in Bengal Proper. So that you have now fixity of tenure, and fair rent. As for the third F, free sale, I admit that it is not common; that the custom obtains only in some districts, and that there even it is not fully recognized. It is a question whether the right of free sale should be fully recognized in the interest of the raiyat, and whether it would be quite consistent with rights of landlords. I will return to this question hereafter.

“I now come to the Bill itself. I have already said that the Bill has been prepared with great ability and care, but I do not quite understand the primary object of the Bill. Is it to prevent dispute and litigation and to promote peace and harmony amongst zamindars and raiyats by reasonable, fair and equitable provisions, or is it to redistribute rights in land, to promote and foster litigation, and set class against class? I should be very sorry to believe that the authors of the Bill had the latter object in view. I repudiate any such notion; but at the same time, when I read the Bill and contemplate its tendencies, I cannot help feeling that, however opposed such a tendency may be to the views and wishes of the hon'ble authors of the Bill, it will be practically difficult to control that tendency of the Bill, so long as the provisions contained in it are allowed to have full play. I was in hopes that it would be in my power to propose a compromise which might be acceptable to both zamindars and raiyats, and thus to contribute in some way to the promotion of that peace and harmony on which I lay great stress. But the present Bill, I am sorry to observe, is so one-sided that I cannot entertain any hope of proposing any such compromise. Indeed, there

could be no compromise without concession on both sides, but the Bill leaves little room for compromise. I do, however, entertain the hope that when the Bill will be considered in Select Committee, with the light of public criticism and public representations, the Committee will take into consideration outside views, and deal with an even hand with both classes which are interested in and affected by it. After giving, as I have said, rather an imperfect perusal to the Bill, I find that its tendency is to drive both the raiyat and the zamindar into Court at every stage and to foster litigation all round. In the first place, it is proposed to make a distinction between *khámár* and raiyati land. Now, as far as Bengal Proper is concerned, I can say that there has been made no attempt whatever to absorb raiyati land into *khámár* land. The enquiries which I have made on the subject have satisfied me that the absorption of the raiyati land does not apply to Bengal Proper, nor has there, I believe, been any complaint on the part of the raiyats that they cannot obtain land from the zamindar because he has absorbed the raiyati land into *khámar* land. When such is the case, is it desirable to throw the country into the ferment of expensive and harassing litigation, by ordering a survey and measurement and registration of these lands? I believe the most important principle of legislation is, that it should be made to meet the actual needs of the country. Now the question is this, whether there is any actual necessity for the measurement, survey and registration of these lands in Bengal. Well, if the power is meant to be permissive, then it is not intended to apply it to Bengal Proper, because such necessity does not exist here.

“Then comes the question of occupancy-right. Now it is not my intention to go into the history of that question. That history has been repeated times without number and the question has been discussed threadbare. It is enough for my purpose to recognize the position that Act X of 1859 gives the right of occupancy to the raiyat who holds the same land for twelve years consecutively. I accept that position. I have already said that the occupancy-right has already extended to the majority of raiyats in Bengal, and the question is, is it necessary to extend this right further, and to give a construction to the law which would practically give the raiyat the right to claim all lands as occupancy holdings, provided he occupies any one spot for twelve years? The present law is, that the right of occupancy shall accrue upon the same land. The provision of the proposed Bill is, that the right of occupancy shall accrue upon all lands which a raiyat might hold in the same village, or estate if he has twelve years' possession of any particular plot; so that the effect would be that the raiyat who might hold two cottahs of land in village A for twelve years will thus acquire the right of occupancy in two hundred bighas of land in village B, C and D, though he might have had possession of the same lands for only three or four months or years. I say the extension of the right of occupancy in this form is not consistent with the principles of the rent-law of 1859, nor consistent with the proprietary rights of zamindars. It has been said that this provision has been rendered necessary by the recourse some zamindars have to shifting raiyats from plot to plot, from land to land, in order to destroy the accrual of the

right of occupancy. But, as far as Bengal Proper is concerned, I am not aware of a single instance in which the zamindar has sought to defeat the right of occupancy in this way. Those who have written on the subject, including no less an authority than Sir George Campbell, have readily admitted that this practice is not known in Bengal Proper, and yet it is to be extended to Bengal Proper under the present Bill. Now, I have said that this Bill will drive the raiyats and zamindars to Court at almost every step. How do I establish my position? If a raiyat is allowed to acquire an occupancy-right by the accumulation of time, if, he holds different plots of land at various periods, there will be so many disputes about the calculation of periods that nothing will be practically decided without recourse to Courts.

"Then comes the question of rent. In every case the settlement of rent will be practically subject to litigation. Whether it is settled by the Court or by a special revenue-officer, it will be a legal proceeding in some form or another. Nothing can be done, as the system has been devised, by private arrangement between the zamindár and raiyat. If the zemindár and raiyat come to a private understanding and enter into a contract, they must go to the revenue-officer as the keeper of their conscience. If they don't come to a private understanding, they must go to Court. So they cannot act as free agents or free men; they must have recourse to litigation.

"Next comes the question of the realization of rent. Of course, if there are arrears, there must be litigation, and so on through all stages, even in matters of minor dispute. We will have, if I may be permitted to observe, a Pandora's box in the name of peace and harmony.

"I have said that the practical effect of this Bill will be the redistribution of property. If any one will carefully read through the Bill he will see that it takes away some of the most important incidents of proprietary right. In the first place it abolishes the right of contract as regards occupancy-right. Now, what is the ground upon which this extreme proposition is based? The hon'ble and learned Law Member has produced what he thought was a horrible *kabúliyat*, and asked the Council to consider whether the legislature could conscientiously protect such a thing. I have not seen the original of that *kabúliyat*, but will consider it in the form of the translation in which it is given in the statement of the hon'ble member. I have compared it with the *kabúliyats* and *pattás* given by Government in *khás* estates, and also with the form of *kabúliyat* which the Government had at one time held up as a sample for landlords, and which the Government used to sell to the general public. I do not know whether that form is now for sale, but I find, from a notification by Government in 1875, that a form of *kabúliyat* was printed and sold for public use by the Government, and in comparing this form with the condemned form which the hon'ble member has laid before the Council, I find that there is no very material difference, except upon one point. Now, I will briefly dwell upon this subject. The first point in the *kabúliyat* to which the hon'ble member took objection was the monthly instalments. He said that 'monthly instalments were oppressive. They drive the raiyat to the money-lender before the harvest, and they enable zemindars to

worry the raiyats by bringing suits every month, and saddling the raiyat with costs.”

His Honour THE LIEUTENANT-GOVERNOR enquired whether this form was issued from the Bengal Office.

The hon'ble speaker stated that they were sold in the Bengal Office.

THE MAHARAJA OF DARBHANGA said that they were circulated in Court of Wards' estates.

The speaker continued:—“Now, if the hon'ble member had enquired, he would have known that Government revenue was formerly paid in monthly *kists*, and throughout the country rent was paid in monthly instalments, and that, subsequently, it was divided into quarterly instalments, and that in many parts of the country it is still paid in monthly instalments. So that this is no new condition, but even the payment of quarterly instalments might drive the raiyat to the money-lender, as he could not always pay before the harvest.

“I should mention that these monthly *kists* have been recognized in this country for a long time, and that even Suvankar, the Cocker of Bengal, has given, in one of his arithmetical tables, the calculation of monthly *kists*, so common was the practice. In the Government *kabūliyat*, I find that the first condition was ‘in default of instalments, monthly interest at the.....per centum you shall pay.’ Now this is important, because it is a sample pattá which is prescribed by the Government, and the first condition is, that if there was default so much interest must be paid. It is not necessary to go into this point at any length, but I will observe that Regulation XI of 1793, admitting this usage, imposed these *kists*, and severe penalties for default were prescribed in section two. I have said that the same condition is prescribed in the Government form of pattá. But what does the Government do in its own estates? What is the practice of Government in its own *khás meháls*? I will read some passages from the forms of leases prescribed by the Board of Revenue:—

* * ‘pay the Government revenue *kist* by *kist* according to instalments noted at the foot of this engagement. If I fail to pay the full amount of one instalment, or a part thereof, due within the year, Government shall have power, on its own authority, without the interference of Courts, to cancel any lease even before the close of the year’—Vol. II, page 131. Form 16.

“So here we see that the Government tells the tenant, ‘if you fail to pay monthly revenue *kists*, the Government will have power, on its own authority, and without the interference of Courts, to cancel your lease even before the close of the year.’ Then, again, Vol. II, page 138, ‘pay the revenue *kist* by *kist* according to the kistabandi noted at the foot of this agreement.’ So that the horrid private pattá which contains the condition about monthly instalments is not singular or *unique*.

“The next point is, ‘if I fail to pay rent on a due date, I will pay interest at the rate of two pice in the rupee until the date of realization.’ The remark of the hon'ble member was that thirty-one per cent. was charged in the *kabūliyat* he had read out. It was well known that this was what was usually considered or called a penal sum,

and that the Courts never decreed that rate of interest, and law allowing only twelve per cent. per annum, and such a clause, the hon'ble member knows, finds place in bonds in England; here the zemindár charges interest if the raiyat wilfully defaults. What does the Government do in its own *khás maháls* if the raiyat defaults? Here is a provision in Form 25, page 141: 'If I default * * * I may be ejected at the will of the Collector.' The zemindár is content with interest, which the Court will never decree at more than twelve per cent. per annum; but under the form quoted, the Government, in case of default, has taken power to eject a tenant without the intervention of the Courts.

"I would ask the Council to compare the terms of the *kabúliyat* taken from Government raiyats on Government estates upon the same points. I would refer to the Board's Rules again: the tenant engages—'I shall not ask for any abatement of revenue in consequence of inundations, drought or any other calamities, and no such requests if preferred will be listened to.'—*Board's Rules, Vol. II., page 131, clause 6, Form 21.* Again, 'I shall not raise any objection to the full and punctual payment of the said revenue on the score of inundations, &c., or other accidents affecting the value of the said land or the outturn thereof, and I shall raise no claim to abatement on any such account.'—*Form K., clause 5.* It will be seen that no deduction is to be allowed to a Government tenant even in case of diluvion. And these were *kabúliyats* which the Government obtained from tenants on their own estates.

"The next objection is that the raiyat is not allowed to enjoy the value of trees, or to cut down trees. Now similar rules will be found in Government Forms. Thus—'I shall not sell or cut any trees on the estate whether bearing fruits or not.'—*Form 16.* I presume that the raiyat who executed the private *kabúliyat* must have been a new comer; and, if he was a non-resident raiyat, I do not see any reason why the proprietor should be debarred of the right of making a contract with him that he should not be entitled to the right of occupancy. If this is considered objectionable, landlords will be able to accomplish their object in a different way, that is to say, by taking terminable leases for, say, ten years, and renewing the same at the end of ten years, and so defeat the accrual of the right of occupancy. In this *kabúliyat*, I see the zamindár has gone straight to his work; but I hope it will not be supposed that, because there may be some instances of new raiyats who may enter into an engagement claiming no right of occupancy, for the simple reason that they have no just claim to such right, therefore, the right of occupancy is not allowed to accrue in this country. On the contrary, as I have shown, since Act X. of 1859 came into operation, the right of occupancy has extended to some ninety per cent. of the raiyats throughout the country. But how does the Government meet such cases in the *kabúliyat* which it takes from its own tenants? The tenant declares 'in the event of my dying during the continuance of the term of this engagement, the Government shall have power to settle the mahál with any one.'—*Form 16.* In this private *kabúliyat*, the right of the heir is recognised, but in the Government instrument that right is not

recognised. Then the hon'ble and learned Law Member comments on that clause of the *kabūliyat* in which the raiyat engages to pay the road and other cesses. Of course, I do not know what the words in the original *kabūliyat* imply, but no Court of Justice will decree the full amount of the road cess against the raiyat. As regards the dāk cess, it is payable by the zamindār. But if the hon'ble and learned Law Member will refer to section 12 of Act VIII. of 1862, he will find that private contract in this matter is allowed, so that the zamindār is perfectly within the law if he makes a contract between himself and his raiyats providing that they would pay their share of the dāk tax. With regard to trees, I find that only one-fourth of the value of the wood is to be given to the raiyat under the private *kabūliyat*. What is the provision in the Government *kabūliyat* on this point? Form 16 says, 'I shall not cut or sell any tree on the estate whether bearing fruit or not.' So under this stipulation the Government tenant will not get even one-fourth of the value of the wood, which the zamindār allows under the *kabūliyat* before the Council. Then there is Form 22 in which an option is given to the raiyat to enjoy the right of cutting trees or not, and in Form 23 it is stated: 'I am entitled to take and enjoy the fruit only of the existing trees or of such trees as may be planted by me.' Comments on these conditions are superfluous. I shall not pursue the subject further. I have shown that the conditions contained in the *kabūliyat* quoted by the hon'ble and learned Law Member are much the same as those in the Government sample Form advertised in 1875, and that the conditions of the *kabūliyats* taken by Government from its own raiyats contain similar, if not harder, conditions. If such is the case—if Government itself, in its own wisdom, has thought fit to prescribe such *kabūliyats*—I ask whether they are not of such an outrageous nature as to justify the protection of the law. I submit that, if it be considered right and just that the raiyat and zamindār may enter into a contract with regard to the disposal of land on permanent or temporary lease, that the raiyat may enter into a contract in all other matters affecting his own interests, and that a coolie in Bengal may enter into a contract for the sale of his labour in the wilds of Assam, I do not see any good and valid reason why the zamindār and raiyat should be debarred of the right to enter into a contract of this kind, because the matter relates to the right of occupancy in the soil. Surely, this matter ought to be dealt with in the same way as other matters of contract affecting the rights of landlord and tenant.

"I now come to the question that the proprietor has a natural right to elect his own tenant. This right is admitted by the hon'ble and learned Law Member. He says, that, in order to secure that right, we propose to give the zamindār the right of pre-emption; that is to say, if the occupancy-tenant should wish to sell his tenure or to mortgage it, the zamindār shall have the right to pre-emption in regard to it, and that, if the zamindār and the raiyat should fail to come to any settlement as to price, they shall go to the Court for such settlement. Here, again, both the zamindār and raiyat are driven into Court for the settlement of their differences. Now, apart from that, let us consider what will be the economic effect of a provision like this, If, as I have

ventured to show upon the authority of Lord Lyndhurst, the zamíndár is the actual and absolute proprietor of the soil, is it right that, when one class of his tenants should leave his land, he should be made to pay a fine for securing his proprietary right in the same? Why should he be made to purchase what ought to belong to him as a matter of right? Even admitting, for argument's sake, that the zamíndár's power of ownership is limited, that he must not absorb into his own *khámár* what is *raiyaí*—admitting that to be the case—I ask, why should the zamíndár be compelled to purchase his own land again in order to exercise the right of ownership over it? I think that the provision contained in the Bill of the Hon'ble Mr. Reynolds was more equitable. While conceding the right of transferability to the raiyat, he would not take away from the zamíndár the right of proprietorship; I believe his Bill provided that no occupancy tenure should be transferred without the consent of the zamíndár. I say such a provision would not clash against the leading principles of the Bill, while it would secure the right of the zamíndár to elect his own tenant. I leave it to the Council to imagine what the position of a zamíndár would be if this provision were put into force by the raiyats in any large number of cases. Take, for instance, the case of a person purchasing an estate for two lákhs of rupees on a calculation of so much annual return. Well, he calculates the interest and makes a simple money investment upon a certain percentage of profit. He holds this estate for five years. After that, when this Bill becomes law, a number of occupancy-tenants come in and tell the zamíndár, 'We have sold our holdings to such and such persons for so much; if you will pay us the price we will sell the lands to you, otherwise you must forego your right.' Of course the zamíndár, in order to keep away inimical tenants, would, if he had the means, buy up the tenures. But what is his position? He has, firstly, paid the full price for the estate, and now he must pay again for these lands if he wishes to exercise the right of pre-emption. What return does he get? *Nil*. As the Bill provides, he must let out the land at the same rate and, perhaps, even less. Now, I wish to ask the Council whether such a provision is fair, just or equitable.

"With regard to enhancement of rent, I confess I do not clearly understand the very complicated provisions which have been made on this subject. As far as I understand the Bill, it appears that, as a rule, the maximum of rent shall not exceed twenty per cent. of the gross produce. Tables of rates are to be prepared, and, if applicable, they shall be the guide. If not, the proportion theory shall, to a certain extent, be resorted to, and then the maximum of twenty per cent. should be adhered to, that was to say, as regards occupancy-tenants. Now, as regards the tables of rates, I hope the enquiries made by the Bengal Government will satisfy the Council that it will not be worth while to go to the trouble and expense of preparing these tables of rates. I am indebted to the courtesy of His Honour the Lieutenant-Governor for copies of the reports of Mr. Finucane and Bábu Párbati Charan Rai. In the report of Mr. Finucane, this is the conclusion he arrives at with reference to the tracts he enquired into:—'The rate varies from four to one hundred and odd.' So that the ascertainment of a uniform rate of

rent which will apply to all holdings is impracticable, and yet the Bill contains provisions for an enquiry into rates, and I believe the cost of the enquiry is to be borne by both zamíndárs and raiyats. I do not see the necessity for such an enquiry, nor the justice of charging the zamíndárs and raiyats with the cost. With regard to the enquiry of Bábu Párbati Charan Rai, I find that he reports that the rate of rent has not varied from the days of the Permanent Settlement in certain tracts which he has enquired into. Now, here is one proof also of the moderation with which the zamíndárs in some districts have treated the question of rent. Then, as to the twenty per cent maximum, it is quite true that I, in another capacity, had recommended twenty-five per cent, but I confess I am not prepared to accept the recommendation of His Honour the Lieutenant-Governor for twenty per cent. The proportion of rent in Bengal has varied very much. At the time of the Permanent Settlement, as I find from a Minute by Sir John Shore, it varied from one-half to three-fourths of the value of the gross produce. At the present day, the proportion has been considerably reduced by rise in the value of produce. In the Eastern districts, I am inclined to think this proportion of rent may not be unacceptable, but in the Western districts it will be strongly objected to. There, I believe, the proportion is not less than one-third. In Bihár, it is much higher, and varies, I believe, from seven to nine annas in the rupee. Therefore, the twenty per cent. maximum, if sanctioned by law, will be a source of gross injustice to many zamíndárs in these parts. When I recommended twenty-five per cent. I did not for a moment suspect that the Government would go lower down, and I observe that the Rent Commission accepted my recommendation. But it is necessary for me to add that most of the zamíndárs did not agree with me, and did not consider twenty-five per cent. fair or just. The rules which provide for the settlement of rent of the ordinary raiyat, or the tenant-at-will, will be practically a bar to enhancement. The rules have been so framed that either the ordinary raiyat or the tenant-at-will will become, by force of circumstances, an occupancy-raiyat, or will leave the land with both his pockets or hands full. Now, from the time of the Permanent Settlement, a broad distinction had always been made between *khudkásht* and *paikásht* raiyats, that was to say, between resident raiyats, and tenants-at-will. But this Bill makes away with that distinction by importing certain ideas which are entirely foreign to the land-system of this country, and which I cannot help saying have been apparently borrowed from the Irish land-law. In the first place, the ordinary raiyat or tenant-at-will, according to the customs of this country, is not entitled to compensation for improvements. This question of improvements is a very large one. In this country, if a raiyat wishes to make any substantial improvements for the purpose of cultivation or manufacture, he generally takes a long lease, and secures his right, and then makes the improvements he needs. That has been the general practice. Ordinarily few improvements are needed for the cultivation of the soil. Nature has been so bountiful that if you merely scratch the soil in many parts of the country mother earth will yield her fruit. But this Bill introduces the novel idea of compensation for improvements. Now, what are the improvements that

a tenant-at-will generally makes? I should feel obliged if any hon'ble member present would kindly enlighten me on this subject. As far as I am aware, irrigation is very little needed in Bengal Proper. Embankments are here and there needed, but for the most part they are made by the zamíndár. Would you consider those little ridges which separate the fields one from the other as improvements? and would you like to give to the raiyat a new handle for litigation, by inciting him to find out improvements which had never before entered his unsophisticated mind? I again say that, by bringing in this chapter of improvements, you will simply drive the raiyat and the zamíndár to the chapter of litigation. That is one of the weapons placed in the hands of the tenant-at-will to use against the zamíndár, because, if the zamíndár must pay for improvements before he can enhance the rent of a tenant-at-will, he must perforce desist.

“But this is not all. If the tenant-at-will should refuse to pay the enhanced rent, the zamíndár must pay him ten times the amount of the proposed annual enhancement by way of compensation for disturbance, or forego the right. The tenant-at-will will, by this unnatural process of law, become an occupancy-tenant.

“Now, what right has the tenant-at-will, who is a creature of to-day or yesterday, to demand from the zamíndár a compensation for disturbance as it is called? He will have the right to relinquish the land if he chooses, but the zamíndár will not have the right to eject him. This provision I say is open to three objections. In the first place, the rich zamíndár, who alone can pay the value of improvements and compensation, will be subjected to so much fine if he wishes to keep the land in his own possession and prevent the tenant-at-will from acquiring occupancy-right. The poor zamíndár, who cannot pay, will be obliged to put up with this forced occupancy-right, and in every case the zamíndár and the raiyat will be driven to litigation. Now, it is well known to the hon'ble Council that, as matters go, there are abundant causes of dispute between the different classes of the agricultural community, and is it right and proper that this new idea should be forced into the unsophisticated minds of our raiyats? The practical effect of the provisions I have commented upon will be the destruction of proprietary right, and the deterioration of private property.

“I have already alluded to the distinction which has been made between *khámár* and *raiya'tí* land, and I only wish to draw your attention to the provisions of the Permanent Settlement Regulations, giving the zamíndár the right of disposing of his lands, with the exception of dependent, *istimrárí* and *mukararí*, in the best way he might think fit. Section 52, Regulation VIII of 1793, says:—

‘The zamíndár, or other actual proprietor of land, is to let the remaining lands of his zamíndári or estate, under the prescribed restrictions, in whatever manner he may think proper; but every engagement contracted with underfarmers shall be specific as to the amount and conditions of it; and all sums received by any actual proprietor of land, or any farmer of land, of whatever description, over and above what is specified in the engagements of the persons paying the same, shall be considered as extorted, and be repaid with a penalty

of double the amount. The restrictions prescribed and referred to in this section are the following:

“This clause to my mind proves two things. In the first place, the zamindár had an absolute right to dispose of all lands, except independent taluqs, in the best way he could, and, in the next place, it recognised the right of the zamindár to enter into contract. In fact, from 1793 to 1859, I find repeated enactments in which the zamindárs are exhorted to enter into contracts with the raiyats, and if the interchange of pattás and *kabuliats* had been regularly enforced by Government, there would by this time have been such a record-of-rights as would have prevented the necessity of over-riding contracts.

“Now, I have said that rack-renting, as it is generally understood, is not known in Bengal Proper. If the country had been so rack-rented as has been represented, there could not have been so much prosperity as the Government has from time to time testified there is. I find that Sir Ashley Eden, on assuming the reins of the Bengal Government in 1877, made a tour through the Eastern districts, and in a memorable speech he then said:—

Great as was the progress which I knew had been made in the position of the cultivating classes, I was quite unprepared to find them occupying a position so different from that which I remembered them to occupy when I first came to the country. They were then poor and oppressed, with little incentive to increase the productive powers of the soil. I find them now as prosperous, as independent, and as comfortable as the peasantry, I believe, of any country in the world; well-fed, well-clothed, free to enjoy the full benefit of their labours, and able to hold their own and obtain prompt redress of any wrong.’

“Similar testimony with regard to other parts of Bengal is, I believe, to be found in the Administration Reports of the Bengal Presidency. I need hardly remind the Council that, when Sir Ashley Eden left the country last year, he, in defence of his excise policy, made this broad statement, that the development of the excise revenue was the best test of the growing prosperity of the agricultural population; and I ask whether this prosperity could go on if the raiyats had been handicapped, or if they had been depressed by rack-renting, as is sometimes alleged? I am afraid I have trespassed upon the time of the Council very long, but I hope I may be permitted to notice a few other points.

[At this stage the Council adjourned for lunch, and on their re-assembling the hon’ble member continued his remarks as follows.]

“My Lord, when I closed I had alluded to the question of rents in Bengal. I said that it could not be rightly urged that, as far as Bengal Proper was concerned, it was rack-rented. Now, it may be interesting to enquire what is the condition of the peasantry in the other Provinces of India, and such an enquiry may throw considerable light on the present subject. I hold in my hand a pamphlet on the effects of periodical revision of the land-tax in India. It is from the pen of a well-known Indian publicist and sincere well-wisher of this country, Mr. John DaCasta, who was senior member of the late firm of Messrs. Ashburner and Co., and with whom I have had the privilege of being

long associated in the work of Indian reform. Mr. DaCosta, in referring to the Madras Presidency, says:—

‘Beginning with Madras, the last Administration Reports from that Presidency show that the arrears of revenue, annually recovered by the sale of land, steadily increased from Rs. 31,880 in 1865, to Rs. 665,091 in 1879. This rapid rise, showing the growing difficulty of collecting the land-revenue, indicates the impoverishment of the cultivating classes.’

“Then, with reference to Bombay, he says:—

‘If we next turn to Bombay we find that, in consequence of unsatisfactory reports regarding the collection of the land-revenue in that Presidency, the Secretary of State has quite recently sent out orders authorising a reduction of twenty per cent. in assessments in the Sholapur district. That the assessments there have long been excessively oppressive may be seen from a Minute of the Government of Bombay indited about seven years ago, in which it is recorded that ‘the Government had read with much concern the opinion expressed by the Collector of Sholapur as to the undue pressure of the revised rates, in consequence of which a large quantity of land had been put up for sale in default of revenue, much of which found no purchasers.’

“A reference to the Bombay Revenue Commissioners’ reports will show, moreover, that 10,880 acres of cultivated land in Surat, and 25,035 acres in the fertile Province of Guzarát, were abandoned in 1872 and 1873, when the revised assessments were enforced; and, that, while the unfavourable year 1871-72 was followed by two exceptionally propitious seasons, the depression of the people, as manifested by the relinquishment of their fields, had continued. From the same causes the revenue collected in the Northern Division in 1874 decreased, although the rates had been enhanced; and official reports of the same period from Puna state that ‘the amount of land-revenue unrecovered was very considerable, and that, in order to realise the amount actually recovered, it was found necessary to sell up many occupancies.’ Further, a memorial was addressed to the Viceroy in 1875 by some 3,000 landholders in the Bombay Presidency, complaining that the demand made upon them for land-revenue was out of proportion with the productive value of the land; and that, owing to their inability to satisfy it, many had been deprived of their estates, cattle and other moveable property, while their tenants and cultivators were on the verge of starvation. These reports materially help to account for the appalling severity of the famine which shortly afterwards devastated the Bombay Presidency, showing, as they do, that the very life-blood of the people had been sucked in the process of raising the land-revenue.

“Next, I turn to the North-Western Provinces. You know how harassing a process a settlement work is, and how much the people suffer as long as its operations go on. Mr. DaCosta quotes the following from an official memorandum of Sir Auckland Colvin, who writes:—

‘Settlement-operations have now, in one district or another, extended over nineteen years. By the time the settlement of Banda falls in and is disposed of, twenty-six years will have elapsed from the date on which the two first districts were placed in the hands of a Settlement-officer. Others were begun twelve years ago and are not yet sanctioned; one of these is not even yet completed. These facts are significant to those who know what the settlement

of a district means ; the value of property depreciated, until the exact amount of the new assessment is declared ; credit affected ; heart burning and irritation between landlord and tenant ; suspicions of the intention of the Government ; hosts of official underlings scattered broadcast over the vexed villages. . . . Nothing can equal the injury inflicted by a slow uncertain settlement, dragging its length along, obstructed by conflicting orders, harassed by successive administrations, and finally threatened with annihilation at the moment when it seemed to have nearly finished its course. Little wonder that we hear of the land needing rest.

‘ Who have hitherto been connected by so kindly a bond in one of the greatest political dangers of the day. * * * The Commissioner of Allahabad, advertng about the same time to the depressed condition of the Futtehpoore district, stated that ‘ the imposition of a ten per cent. cess in addition to the ordinary land-tax fell heaviest on the villages which were least able to bear it, that many villages broke down, and many more were threatened with ruin.’ * * * From the District Collector’s report it appeared, moreover, that many Landlords who had failed to pay up the revenue were imprisoned ; their personal property was sold, and their estates were attached for arrears of revenue. * * *

‘ The Collector of Cawnpore, referring to the revised settlements, stated :— ‘ The margin left for the cultivator’s subsistence is less than the value of the labour he has expended on the land. This district has the benefit of water-communication by both the Ganges and the Jamna ; it is intersected by the East Indian Railway, and partly traversed by the Ganges canal ; yet the land is only worth five years’ purchase, and the estate of the average cultivator is one of hopeless insolvency and misery.’ The Lieutenant-Governor, in his Administration Report published in 1873, said that, while travelling, he was forcibly struck with the wretched condition of the Lallitpur district ‘ in which many estates were so depopulated, and so much land had fallen out of cultivation, that the assessment has become very severe.’

“ The extracts which I have read from this pamphlet unmistakeably show what is the condition of the tenantry in the other Provinces of India. One fact is well-known to this hon’ble Council. Relief Acts have been enacted by this Council for the benefit of agriculturalists of the Dekkhan and of Jhánsí ; but happily things have never come to anything like that state in Bengal, so as to require exceptional legislation. On the contrary, as I have shown from the words of Sir Ashley Eden, and as is evident from the annual Administration Reports of Bengal, the prosperity of the agricultural population of this Province has gone on uninterrupted, from year to year, since the revolution of prices commenced in 1853, or since the Crimean war. Now, if the condition of the tenantry of Bengal is so prosperous, it cannot be reasonable to suppose that the land-law has pressed upon the springs of industry. I think, my Lord, it would be interesting if we could know what proportion does the revenue levied upon the peasantry of Madras, Bombay and the North-Western Provinces bear to the value of the gross produce of the soil. Is it one-half, or one-third, one-fourth, or what ? I have no accurate information on the subject, but an enquiry into the matter may clear up doubts which exist upon the subject. I, however, know this much, that while the enhancement of rent has come to almost a deadlock on private estates in Bengal, under the working of the proportion theory of the High Court, the enhancement of Government estates in *khás maháls* has been going on of late years at a tremendous

rate. I find that within the last few years—I cannot give the exact period—there has been an increase of rent in Chutiá Nágpur estates from one hundred to three hundred per cent.; in Tipperah I hear that the increase is much higher, and matters are much worse in Chittagong. In Jalamati, in the district of Mcdnfpur, the increase has, I believe, been from sixty to eighty per cent. On the other hand, the Government expenditure on improvements in the *khás maháls*,—I believe it was stated in an official paper sometime ago—has been very limited. And while I speak of the Government estates, I think it right to point out that, while the Government goes on increasing the rent on its own estates, and while the Government imposes such hard *kabúliyats* upon its own tenants, the Government enjoys peculiar facilities for the settlement and recovery of its own rents. It is well-known that the Government employs almost the same agency as the private zamíndár employs for the management of its estates. The tahsildárs of Government estates generally come from the same class that supplies the *náibs*, *gumáshtas* and other ministerial officers of the zamíndár's private establishment. But while the Government manages its own estates through these men, it is not content with the ordinary powers which a private landlord enjoys, takes advantage of exceptional powers for the realisation of its own rents. Now, it ought to be borne in mind that the Government exercises a prestige, by virtue of its position, which the private landlord can never command. First, there is always a sort of intimacy between the Police and the revenue establishment of the Government, which is unseen by the outside public, but which is fully felt by those coming within the operations of the revenue establishment. Notwithstanding all these advantages, which the private landlord cannot claim, the Government has a summary procedure for the settlement of rent, and a summary procedure for the recovery of rent. Now, I ask, if the Government considers it necessary to have recourse to all these exceptional methods for the management of its own estates, is it not manifestly its duty to give similar facilities to the private zamíndár, who is bound to pay in the revenue under the stern sunset law? That is to say, if the zamíndár fails to pay in revenue before sunset on a particular day, he is liable to be sold out at once. Therefore, is it not fair that the zamíndár should have the same facilities for the settlement and realisation of rent? It may be said that the Government cannot place the same confidence in the servants of the zamíndár as it can in its own servants. Now, the Bill prescribes certain forms in which the zamíndári accounts are to be kept and receipts are to be given, and if, with all these safeguards, the zamíndár's servants should still commit fraud and wrong, cannot they be checked by the imposition of penal damages on the zamíndárs in any case in which they may abuse their powers? If, by taking such precautions, the procedure for the settlement and recovery of rent could be assimilated, whether the demand be for Government or for the private landlord, is a point deserving of the fullest consideration of this Council. With regard to the realisation of rent the hon'ble and learned Law Member has said that it is not practicable to secure the ends of justice by a summary method. Now, the Government has, from the days of the Permanent Settlement, always recognised its duty to be to help the

zamíndár in the realisation of rent. So long ago as 1795 the Government thus declared :—

‘Government not admitting of any delay in the payment of the public revenue receivable from proprietors and farmers of land, justice requires that they should have the means of bringing their rents and revenues with equal punctuality, and that the persons by whom they may be payable, whether under farmers, dependent taluqdárs, raiyats or others, should be enabled, in like manner, to realize the rents and revenues from which their engagements with the proprietors or farmers are to be made good.’

“Increased punctuality on the part of landholders in the discharge of their duties was now expected, and justice required that they should have the means of obtaining the rents due to them even more now than in 1795.

“From 1793 to 1859, there was a double procedure, a summary procedure and a regular procedure through the Civil Courts, and it was left to the option of the landlord and tenant to have recourse to either. This subject was thoroughly discussed when Act X. of 1859 was passed into law, and Sir Barnes Peacock then raised the question that the Civil Courts ought to be invested with jurisdiction, and he proposed to take away the jurisdiction of the Revenue Courts. The majority of the members of the Council were opposed to the change, and Mr. Currie openly declared that, if the jurisdiction was transferred to the Civil Courts, he would rather abandon the Bill than submit to it. Sir Henry Ricketts, Mr. Harrington and other members were also opposed to it. Well, the law was passed leaving the jurisdiction to the Revenue Courts intact; but, in 1869, Sir William Grey carried out the transfer of jurisdiction to the Civil Courts. I by no means take objection to this transfer of jurisdiction. I think that, with their legal training, the Judges of the Civil Courts are admirably fitted to decide questions of right and title which are involved in the trial of rent-suits. But, if it be not deemed desirable that the jurisdiction should again be transferred to the Revenue Courts, surely the Government ought to consider whether the procedure cannot in some way be simplified. The proposals made by the hon’ble and learned Law Member will not remove the complaint of delay to any material extent. Now, knowing the origin of the proposal for a change in the land-law, namely, the complaint of the landlords of delay in the trial of rent-suits, and remembering also the promise which Sir George Campbell gave when charging the zamíndúrs with the collection of the road cess for the simplification of the procedure for the realisation of rent, and the repeated efforts made by successive Lieutenant-Governors in that direction, I think it is very disappointing that the zamíndárs should be told at this time of day that they cannot expect a summary procedure for the realisation of rent, and that it is not practicable to do so consistently with the ends of justice. I have just now told you that in the *khás maháls* Government has a summary procedure of its own, and, surely, what is good for the *khás maháls* should be equally good for the estates of private landlords. If justice is not sacrificed by the summary procedure applicable to the *khás maháls*, why should it be held that justice will be sacrificed by extending the same procedure to private estates? If there be any loop-hole through which the ends of justice

may be defeated, by all means stop those loop-holes; but do not summarily reject the prayer of the landlords for a summary trial of rents.

"I think, my Lord, I have touched upon the salient points of this Bill. There are many other points on which I cannot dwell at present for want of time. Perhaps they may be best considered in Select Committee; but there is one other point I should like to notice. Whatever difference of opinion may exist as to the different provisions of this Bill, I am glad to say that I am at one with the hon'ble and learned Law Member upon this, that we take our common start from the Permanent Settlement Regulations. I believe his object is to bring back the landlords and tenants in Bengal to the *statu quo* which existed at the time of the Permanent Settlement, and I should be very glad to see it restored. In fact, I look upon the Permanent Settlement Regulations as the Magna Charta of the rights of zamindárs and raiyats, and I would earnestly wish that that charter should be respected by both parties.

"The two main questions which underlie the scheme of legislation before us, are, what is the position of the resident raiyats and of the tenants-at-will, and what are the rights of the zamindárs?

"Upon these two important points I will, with your Lordship's permission, read two extracts: one from Harington's 'Analysis', and the other from a Minute of Mr. Seton-Karr, late a Judge of the High Court. I find these passages in Harington's 'Analysis', pages 422-23, Vol. 3:—

'Those who cultivate the lands of the village to which they belong, either from length of occupancy or other cause, have a stronger right than others, and may, in some measure, be considered as hereditary tenants; and they generally pay the highest rents. The other class cultivate lands belonging to a village where they do not reside; they are considered as tenants-at-will; and, having only a temporary, accidental, interest in the soil which they cultivate, will not submit to the payment of so large a rent as the preceding class; and, when oppressed, easily abandon the land, to which they have no attachment.'

"It will thus be seen that there was a broad distinction drawn between the *khudkásht* and *paikásht* raiyats, and that, in the days of the Permanent Settlement, the former paid more than the latter. Again, he says:—

'It would be endless to attempt the subordinate variations in the tenures or conditions of the raiyats. It is evident that, in a country where discretion has so long been the measure of exaction, where the qualities of the soil and the nature of the produce suggest the rates of the rents, where the standard of measuring the land varies, and where endless and often contradictory customs subsist in the same district and village, the task must be nearly impossible.'

"In other words there was no fixed law or custom for the determination of rent, which was left entirely to the discretion of landlord and tenant. With regard to the rights of the landlords, Mr. Justice Seton-Karr, to whom I have alluded, does not take an exaggerated view. This is his rendering of the Permanent Settlement Regulations on this subject:—

'The zamindár, at first sight, appears certainly possessed of very high privileges and powers. He is at liberty to impose rents on every bigha of land included in the area on which the revenue for which he is responsible is assessed. He can, *proprio motu*, and without having recourse to an action at law, dispossess all persons who set up rent-free grants of a date subsequent to December, 1790. The lands of all raiyats who die without heirs, or who abscond, revert to him. He has the undoubted privilege of levying and assessing rents at a higher rate on the better qualities of land, and on some of the more valuable kinds of produce. His title to demand rents from tenants who are mere occupiers without any title, is, it has been judicially held, barred by no length of time, not even by sixty years' abstinence from demand, inasmuch as the mere liability for rent is held to be a constantly recurring cause of action. As regards his distinct proprietary right in some of the very products of the land, there is, in all the ordinary pattás which the zamindár issues to raiyats, an invariable restriction against the cutting of trees by the raiyat, which might even seem to imply that the right to the timber and the fruit trees belongs, not to the raiyat, but to the zamindár. Tanks are not usually dug, nor are new roads cut, without his permission; and the former are sometimes excavated at his expense. This is one of the few instances in which I have known zamindárs lay out any money on the land. The motive, however, is generally a pious one. The theory that the rent-bearing area of the estate is not to be reduced without his permission is, in this and other instances, namely, in the excavation of tanks and the formation of roads, openly recognised. The zamindárs' right to rent includes not only agricultural produce, leviable in kind or in money, but rents from fisheries in running streams and in marshes; from the actual produce of the forest; and from the very droppings of the trees.'

"This is the interpretation of the Permanent Settlement law by a learned Judge of the High Court, who was by no means a friend of the zamindár, and I ask whether the rights and privileges which the Permanent Settlement Regulations conferred on the zamindárs are respected in the Bill before us. I ask whether, while professing to restore the *statu quo ante*, which existed at the time of the Permanent Settlement, my hon'ble and learned friend has not practically gone in the opposite direction. This is not the first attempt which officers of Government have made to legislate in a direction not quite consistent with the guarantees of the Permanent Settlement. But the Government has always scrupulously respected the solemn compact entered into by it with the landholders of the country. In 1819, I find the Government, through no less a personage than Mr. Holt Mackenzie, himself a high authority on the Revenue law of Bengal, Secretary to Government, declared as follows, in a letter, dated the 22nd of April, 1819.

'But it is the firm determination of Government to maintain inviolate the rights and privileges bestowed on the zamindárs by that settlement, notwithstanding any errors or abuses that may now be discovered to have been practised, and although the profits of any one from his estate should be many lakhs and his jama only a few rupees, yet Government will on no pretence break its agreements.'

"In the words of Mr. Holt Mackenzie I appeal to your Lordship, and I am confident that when the whole question is considered by your Lordship and this hon'ble Council, the rights and privileges conferred and guaranteed by the Permanent Settlement, both on the zamindárs and

rai-yats, will be preserved intact and inviolate. I observe that, at the present stage, the Bill is to be referred to a Select Committee, and I confess I do not quite understand my position with respect to the Bill. I have said there is necessity for legislation on the subject, at the same time, I have denied the necessity for a general revision of the rent law. On the other hand, I see that the Bill, in its skeleton form, has received the assent of the Government of Bengal, the Government of India and Her Majesty's Secretary of State. I see that the Bill, as laid before the Council, contains provisions which are repugnant to the principles of the Permanent Settlement, and which I, therefore, consider it my duty to oppose. But the question is whether, the Bill having already received, as regards its main principles, the assent of Her Majesty's Government, it will be open to the Select Committee to consider those provisions which constitute the leading principles of the Bill, and whether the Government will be prepared to make any changes in the substantive part of the Bill, when, by the rules of the Executive Council, which require the previous assent of the Secretary of State to any project of legislation, the members of this Council are practically precluded from considering any fundamental principles of a Bill so sanctioned. I, for my part do not see any advantage so far as these main points are concerned, of referring the Bill to the Select Committee.

"Of course, as regards details the Select Committee will be the proper body to settle them. Be that as it may, I take it that when a Bill of this momentous nature is submitted to public criticism, the Government will not decline to consider any representations or suggestions which may be reasonable or just, though such suggestions may be opposed to their previous conclusions. I feel grateful to your Lordship that arrangements have been made for giving a wide publicity to this Bill, and for inviting public opinion upon it; but I think the public ought to receive an assurance that their criticisms and representations will not be thrown away, because the leading principles of the Bill have already been discussed and determined upon by the Government of India and the Secretary of State. If the Select Committee be tied as it were hand and foot in regard to the fundamental principles of the Bill, then public discussion will be of little advantage, for whatever the public may say or write, and however reasonable their suggestions may be, the Select Committee will not be at liberty to make material alterations in the Bill.

"And now, my Lord, in bringing to a close my wearisome address, for which I appologize to the Council, I venture to express a hope that, as this is a measure of the greatest importance to both landlords and tenants in this Province, the like of which had never before, I may say, engaged the attention of the legislature since 1793, that this hon'ble Council will not seal with its sanction this Bill, without giving to it a patient, attentive and full consideration, and that it will not consider the object of the Bill as merely an attempt to adjust the relations between landlord and tenant, but also as a matter involving deep economic problems, as a matter involving the sacred question of the plighted faith of Government, and as a matter involving the prosperity and happiness of sixty millions of the population of Bengal."

SPEECH OF THE HON'BLE DURGA CHURN LAHA.

I WILL make a few remarks, confining myself to some of the principal changes contemplated by this Bill.

The object of chapter II. seems to be to restrain the practice said to be prevailing in Bihár of converting raiyatí lands into *khámár* or *zarat* lands. I must say that, if it exists, it is only confined to that Province. In Lower Bengal, I am prepared to say, there is no desire on the part of landholders to increase the area of *khámár* lands. On the contrary, the landlords here retain with reluctance raiyatí lands in *khás* possession, simply because they cannot find tenants for them.

"The provisions in chapter V. relating to occupancy rights are entirely new, and I must say that these changes are most objectionable. The existing law or custom does not support them, nor are they based upon the enactments which were superseded by the Act of 1859.

"Under existing law, a tenant with a right of occupancy has the right of holding his tenure so long as he continues to pay his rent, which, however, is liable to enhancement or reduction to fair and equitable limits under certain conditions. On failure of payment of such rent, he is liable to eviction under a decree of Court. He does not appear to have ever enjoyed a status higher than this. But it is now proposed to confer on him the status of a permanent tenure-holder, without fixity of rent, at the cost of the rights of the zamíndár. The right of pre-emption reserved for the latter will not serve the purpose of restraining transfers to objectionable tenants, because, in point of fact, it will involve an unnecessary outlay, for which he can never expect anything like an adequate return. Again, a settled raiyat, as described in this chapter, may have a right of occupancy in any land in the village without any reference to the period of his occupation, and in spite of any contract under which he held it.

"These and other provisions in this chapter introduce a radical change in the established law, and are calculated to create an unnecessary conflict in the relations existing between landlord and tenant.

"In chapter VIII, which deals with the ordinary raiyat, the Bill confers on him a status which is entirely novel. The result of the extension of his right—one which is not unforeseen by the framers of the Bill—will be the multiplication of subordinate tenures, which would have the effect of defeating the very object for which the provisions have been made. But it is stated that the Government will put down the evil by future legislation. To my mind it seems to be more judicious not to allow the mischief to arise, than to create complications, and then to find means to check them.

"Then as to the question of enhancement of rent. The Bill lays down that it is to be effected either under a table of rates, or, where there is no such guide, at the discretion of the Court at fair and equitable rates within certain limits, or by contract to be approved by a revenue-officer. As to the first course, I submit it will be impracticable, and, even if practicable, it will never be a safe and satisfactory guide. As to enhancement at the discretion of the Court, the matter remains exactly where it now is, with the addition of a restriction to the exercise

of such discretion. And as to the last of these means, the validity of a contract being made conditional on the approval of a Government officer, a private settlement between landlord and tenant becomes at once a matter of considerable difficulty.

"In section 93 of the Bill the provision for compensation for disturbance is quite foreign to this country, and its propriety is questionable.

"The effect of this innovation will practically be to preclude the landlord from all possibility of obtaining from the tenant a fair share of increment in the value of produce.

"The subject is so vast and complicated that I cannot hope to do full justice to it. I have barely touched upon a few of the salient points embraced in the Bill, in order to show that the Bill, as it has been framed, is repugnant to the spirit and letter of the Permanent Regulations, which had guaranteed the rights of both zamindárs and raiyats, and to actual facts. It gives no practical facility for the recovery of rent, nor satisfactory means for enhancement, where enhancement may be fair, reasonable and perfectly justifiable. On the other hand, it enacts provisions intended, no doubt, for the benefit of the raiyat, but which, in course of time, will be found to operate prejudicially to the interest of the actual cultivators of the soil.

"In conclusion, I am inclined to think that this Bill will, in practice, do more harm than good, by destroying good feeling between the zamindár and the raiyat, and putting them perpetually at logger-heads. When such is manifestly the tendency of the Bill, a departure from the existing law in a way that will unsettle the relations between landlord and tenant cannot but be regarded as an experiment of questionable character and doubtful efficacy."

SPEECH OF THE HON'BLE THE RAJA SIVA
PRASAD, C. S. I.

I HAVE not heard of any 'imputation' of the Government being 'actuated by a spirit of mischievous and restless activity', or 'being influenced by political or party considerations'; but I have heard of another kind of imputation, that the Government, being sorry to find their demand limited for ever by the Permanent Settlement, is now going to limit the demand of zamindárs also, solely out of revenge. I know there is not a particle of truth in it. I can swear to the purest motives and the highest principles of the Government, but I must own that any condemnation of voluntary rack-rent in one Province comes with very bad grace from those who are forcing an over rack-rent in another. Those who are acquainted with the system of the Government revision of settlements in the unpermanently settled Provinces do not stand in need of any elucidation; but for others I may be allowed to give one or two examples, I have a village, Gangrain, in the Gorakhpur district. The

Settlement-officer fixed the rate of rent according to his whims and fancies, or according to some averages supplied to him by the Board of Revenue, and fixed the Government demand on the total of that rent. The Settlement-officer went away, and the Government sanctioned the settlement. But my tenants refused to pay me at that rate, left the land, and ran away with heavy arrears. For several years nearly half the village, some five or six hundred acres, remained uncultivated. At last I reduced the rate and the fellows have come back and are cultivating, though I pay to the Government the same amount which was fixed, very punctually. I have heard, though I will not vouch for its exact authenticity, that a zamindár in the Allahabad district, finding the rates fixed by Sir Auckland Colvin, when he was Settlement-officer there, unrealisable, and being thus unable to pay the Government demand, made a bequest of that village in favour of Sir Auckland and left it. The case came to the notice of the authorities when steps were taken for the recovery of the Government revenue, and then, perhaps, the rates were modified. I suppose it was Dr. Irvine who reported through Mr. Court, the then Collector, to the Government, that in the three trans-Jamna parganas of the Allahabad district he seldom met three men of whom one was not lame, on account of eating *khisari*, a very inferior pulse, better food than which the tenant could not afford to have on account of the high rate of rent. The Government modified the settlement and lowered its demand. I do not think the Doctors find that disease here in Bengal or Bihár. Numerous instances can be quoted like the above, but I wish not to be misunderstood; it is far from my intentions to oppose any measure which aims at limiting the rack-rent by making the produce or the value thereof as an ultimate standard. What I intend to show is simply this—that it would behove the Government better if the Government were to apply the principle first in the Provinces where Government is an interested party and shares in the rise or fall of the rent: for instance, let the Government rule in the unpermanently settled Provinces that no Court is to give a decree for any arrears of rent which the tenant proves to exceed, say, half the estimated value of the estimated average produce for a certain number of years; and at the same time declare that the Government demand is never to exceed so much per cent. of the actual assets of the zamindárs. Then, and only then, would the Government be justified in coming forward in the permanently settled Provinces and telling the zamindárs, 'Friends, you also cannot go beyond that.'

"The hon'ble the Law Member does not find, in any of the Regulations of 1793, words which can throw the whole of the then vast area of the unreclaimed land of Bengal into the category of *khamar* or private land; and so he has framed his definition so that the existing stock of *khamár* land cannot hereafter be increased. Now I ask him, in the name of justice, if the whole outcome of all these wishes, suggestions, reports and proposals is to culminate in depriving the zamindárs of the right of increasing their *khamár* land by acknowledged legitimate means and by most ancient customs or usages, and conferring the right of occupancy even on 'squatters and nomads', because the price of land and 'the disturbance money' are just the same to a zamindár? There will

be no ejectment, and any man would acquire occupancy-right if he has pluck enough once to plough and sow the land; but the zamindár will never, even if he pays all the gold and silver of the world. Leave the custom and usage aside, no one had even thought hitherto of such an innovation. The Government tells the zamindárs: 'Keep so much land and no more; this is enough for you; let the others take the rest; they are in greater need than you are'. I think, if the principle is fair and equitable, it would be better to plunder all the banks and distribute the money to the poor and the needy.

"The hon'ble the Law Member says that in Bengal the raiyats are strong and the zamindárs weak, but in Bihár the zamindárs are strong and the raiyats weak, whereas in Bengal the raiyats combine to resist the payment of rent, in Bihár the zamindárs destroy all the tenures and all the rights of the tenants and turn their land in zarat or *khámár*, or, in other words, Bihár is groaning under rack-renting and acts of lawless and high-handed oppression. My Lord, for seven years I have had to look after the affairs of Bettiah, which is one of the largest zamindáris in Bihár, and I am in a position to assure your Excellency that I have not found a stronger set of raiyats, happier or better off, in any part of the country, from Kashmír and Rájputáná down to Púna and Haidarábád; and I am almost sure that a Briton by birth and stuff, Mr. T. M. Gibbon; C.I.E., will corroborate the truth of my assertions. I have seldom seen a more generous hearted zamindár than the Mahárájá of Bettiah. Though he has received no decoration yet from the Government, neither the Star of India, nor the Lion and Sun of Persia, to adorn his breast, but it is adorned with a heart which melts like wax for the poor. One day, nay it was about midnight, some ejected tenants came and cried out *duhai* at the gate; he begged of me to enquire about them. Mr. Gibbon told me that they were great *badmáshes*, and were legally and deservedly ejected. But the Mahárájá insisted upon their immediate re-instatement, and told me that a Rájá's first duty is to protect his tenants, '*Rájá ká pahlá dharmá prajáptána hai.*' The difference, in my humble opinion, between a Bengal and a Bihár zamindár is simply this—that the Bengal zamindárs are now highly educated, and the poor Bihár zamindárs, with very few exceptions, are still what they were.

"The hon'ble the Law Member talks of the wants commonly known in England and Ireland as the three Fs,—fixity of tenure, fair rent and free sale. Leaving the question of sale just now aside, and seeing that the tenants of twelve years have fixity of tenure and 'fair and equitable' rent, I simply remind him here that he has completely overlooked an Indian tenant's wants, which may be called the four Ss,—supply of water, supply of seeds, supply of bullocks and saving from the Court expenses. We have a saying:—*Gramá samápe labdhva kupam-gramínah kin gauayati bhúpan* (a villager who has a well near his land does not care for a king). If one tenant is ruined by a marriage, I can point out one thousand ruined by Court expenses. Just the other day one of my tenants, Debi, refused to pay me one-and-half anna acreage for half a bigha rent-free land. I applied for recovery and obtained a decree against him for Rs. 3-11, as follows:—

	Rs.	A.	P.
Amount sued (acreage for three years).	0	2	3
Arzdava	0	6	0
Talbana	1	8	0
Mukhtarnama	0	8	0
Copy of decree	0	8	0
Petition for it	0	1	0
Petition for the execution of decree	0	1	0
Mukhtarnama for it	0	8	0
Interest	0	0	9
Total Rs.	3	11	0

The land was put up for sale, but as the man came to his senses, and fell upon my feet, I allowed him to remain.

All the three supplies depend upon good rent law, no bank of any kind in the world can do that.

"My Lord, I have had time merely to glance over it. The sin lies in two ways: firstly, in commission, and secondly, in omission; but before going into the details of the Bill, which I would rather leave to some future period, I may be allowed to state that, if the object of the Bill is to improve land and agriculture, or ameliorate the condition of the agriculturists and promote the well-being of the cultivators of the soil, the Bill does not go very far; it totally fails, rather, in many instances; it takes an opposite direction and makes the case worse.

"It is now commonly said that the zamindárs have not done their duty, but no one has taken the least notice yet how the law operates now. For the supply of seeds and bullocks, if I advance any money, I shall have to go to the Civil Court, and after all the trouble and expense, if I am so fortunate as to obtain a decree, there will be no property against which it can be executed. I cannot understand, if the Government recovers its advances as arrears of revenue, why the zamindárs are not allowed to recover their advances as arrears of rent, provided that the interest and instalment does not exceed the limit assigned by the Government and the transaction is duly registered. If it is allowed, the cultivators of the soil will at once be placed above the want of any bank or banker. It has become the fashion of the day to vilify the bankers as takers of fifty per cent. interest. I may be allowed to explain how I take this fifty per cent. from my tenant. He wants, suppose, a maund of seed (wheat) in November, when it sells, say, at a quarter of a maund per rupee, so I give him a loan of my wheat, which is worth four rupees at the time, on a promise that he is to pay me back a maund and half (fifty per cent. more) in kind. He returns me my wheat in May, when, generally speaking, it may be selling at half a maund per rupee, so I receive two rupees worth for what was worth four rupees at the time I lent. It may be asked then, why the zamindár lends. He lends only because in the long run he has the satisfaction to find that his grain-pits contain ten thousand maunds when he had commenced the business with only one. Besides this, if he had not lent the seed, perhaps the land would have remained uncultivated, for a tenant cannot be expected to keep and preserve such a small quantity as a maund for seed all the year round against fire, thief, mice, white-ants, the little urchins and hungry old hags of the family.

To go to the town, often fifty miles distant from his house, to borrow money from some bank, even at five per cent. interest, to purchase seed from the bázár and bring it home on the head of a hired cooly, will simply be ruinous. I do not see any provision has been made for saving the tenants from the expenses of the Court; nay, I see even an application for distraint shall be liable to the same court-fee which would be payable in a suit instituted for the recovery of the arrear therein claimed (clause (2), section 167). However, the most curious feature of the Bill is, that the Local Government may suspend the provisions of sections 166 and 184; though it does not seem why. It seems inexplicable that, if the movement commenced to facilitate the recovery of rent, why it ends with the throwing of difficulties in distraint. Sir Ashley Eden's beau-ideal tenantry of Bengal can only be hoped for, under such a Bill, when the millennium comes under the prophecies.

"The Bill aims, as I think I have said already, at making the occupancy-right universal (sections 45, 49 and 56), and ejection, except for arrears in rare cases, practically impossible (section 149), by limiting the *khámár* and *zárat* land to its present extent and preventing its future growth (chapter II.) and by making all private contracts against these drastic measures null and void. My Lord, may I be allowed to ask if, in any period of the historic age, in any part of the country, under any kind of rule, such a limit was ever put to the acquirement of the *khámár* and *zárat* land? The zamíndár has a right to let out his land at any rent, whether one-half or one-quarter of the would-be so-called pargana rate to A or B. But if this A or B relinquishes the land, or runs away with arrears, or even for five rupees arrears the zamíndár pays ten rupees for the land which, at any rate, was once his own, at the sale for a decree, the land cannot be again his. Any man may come, cultivate it, build on it, and make it his own; but it cannot revert to the poor zamíndár, its rightful owner (section 56), because it is out of the *khámár* and *zarati* entered in the register now to be made. It was the tyrant Alá-ud-dín Khiljí only who, professedly to keep the people living from hand to mouth, had ordained that no one was to possess any land beyond a certain extent, and that no one was to possess more cattle than a fixed number; but in the 19th century, in the reign of our most Gracious and Beloved Kaiser-i-Hind, Victoria (God bless her), a Bill is brought before your Excellency's Council, the effect of which will be that, if I purchased a piece of waste-land under Lord Canning's Resolution and brought it under cultivation at a heavy expense, it was mine on the second of this month, but will not be mine on the third. I should have to add a codicil to my will, and all my plans will be castles in the air. Sir Richard Garth, who is truly called Chief Justice, may well denounce such a policy in the strongest term—a 'spoliation'. But I may be allowed again to ask, if a zamíndár enters in the village-records all the land in the names of his relatives and confidential men, how the law can prevent him from reaping the advantages of *khámár* or *záratí*, though the law may promote litigation, fraud and perjury to its fullest scope, which is the tendency, I am grieved to say, of this age of high education and new civilisation? What will be the result of all

this (I do not know really what to call, but let me call) drastic measure? A new set of petty sub-proprietors, as I have already said, generally of the *baniyá* class, will arise. The so-called tenants of to-day will all become *pakka* (strong) proprietors, only to transfer their land to *baniyás*, pocketing all the money which now may find its way to a certain extent to the purse of the natural and lawful proprietor, the *zamindár*, and still of as little use to the State in the time of need as a straw. Your Excellency told the *taluqdárs* of Oudh, just the other day, 'that the primary and essential condition of agricultural prosperity is the well-being of the cultivators of the soil, the promotion of that well-being the Government has very earnestly at heart, and it attaches to it an importance of the highest kind.' Now, my Lord, most respectfully I beg to ask, does the Bill in any way ameliorate the condition and promote the 'well-being' of the cultivators of the soil, who will always be, generally speaking, sub-tenants and form the mass of rural population? The Bill limits the rent demandable from an under-tenant or an under-*raiyat* (section 119). Will that do any good to the poor under-tenants? It is just like sending the paper horses, which the *Lamas* do according to *M. Hacq*, for the sick and the weary travellers. Now, suppose I am a tenant, and I have a sub under me for whose land, suppose, the Bill limits the rent to Rs. two. I tell him, 'My friend, the law does not allow me to demand from you more than Rs. two in the shape of rent, but unless you pay me Rs. three more annually, as a *nazrána*, in advance, I will not allow you to cultivate my land. Go away to some other place.' Now, what will the poor sub-tenant do? He must pay whatever I ask for. The law may go further and give occupancy-right to the sub-tenants too, and make it criminal for the tenants to take more than what may be fixed by law. But how can the law prevent the tenant from colluding with the *zamindár* and relinquishing the land or having it sold for arrears, solely to run his sub-tenants? The law may make the tenure of a sub-tenant, as secure and profitable as that of a tenant, but then he also may have a sub-tenant and so on, till the cultivator of the soil will have only enough to live from hand to mouth, and to whom an occupancy-right or any right will be quite worthless. The cultivators of the soil in India, who form the mass of the population, are generally labouring classes, and Providence has ordained that they are to earn their bread by the sweat of their brow; to place them above what is, in my humble opinion, above any human power. I have heard of more poverty and misery in Europe, even in England, than in India. However, worse than this limitation of the *khámár* and *zaráti* land is to make null and void any contract between a tenant and a *zamindár* (sections 45, 47 and 49). India has been famous for the honour of her contract. It will be a pity to teach her now that a man's contract is nothing; that even legal contracts are good for nothing. This very Council passed Act X. in 1859, under which, having full faith and confidence in the Acts of the Government, suppose I let out ten *bighás* of land to A—never mind for the consideration passing between me and A. whether to my loss or profit, or A's loss or profit, but it was agreed upon that after five years the land will again be at my disposal, and it will rest with me to re-let it or not. The agreement, *pattá* and *kabúliyat*, have duly been register-

ed and they were as legal and binding documents, at least in my humble opinion, as the Government promissory notes are, or a treaty between the British Government and any independent Chief of India, on the 2nd of this month; but on the 3rd, if the Bill passes, they are a mere piece of waste-paper. I am quite bewildered what history will have to say of such transactions. I know of a Commissioner of a revenue division, who was writing a history of India, but when he came to the transaction between Clive and Amin Chand he tore up all what he had written, saying that he could not perpetuate such a blot on the character of his countrymen. Reduce the twelve years period for the growth of occupancy-right to twelve days; reduce the rent from Rs. twelve to twelve annas—anything may be done, but for goodness sake do not repudiate legal contracts so publicly and without any tangible excuse. The Canal Bill, or whatever its true designation may be, brought forward by the brother Strachcys, which proposed to levy a compulsory rate of water and revive a modified *begar* system, and which consequently was vetoed by the then Secretary of State till those two objectionable sections were removed, was nothing compared to this Bill, limiting the *khámár* and *zaratí* land, and making null and void legal contracts. I do not find in the long and exhaustive speech of the hon'ble the Law Member anyone or anybody, whether Sir Ashley Eden, Sir Richard Temple, Sir George Campbell, the Rent Commission or the Famine Commission, proposing this kind of drastic measure.

"It is true that there is no contract or compact here concerned as between two Powers, like Russia and China; and I am not one who always brings forward the common phrase, 'Permanent Settlement' as a great bugbear. I know very well that it settles only the Government demand, and no question of Government demand or revenue law is just now before us. I own that it is the great duty of the legislature to protect the just rights of the tenants and promote the welfare of the cultivators of the soil; but at the same time the duty is not a bit less to protect the just rights of the zamíndárs. We, zamíndárs, do not want the rights of an English landlord, whatever he may be—a lion or a bull—we are zamíndárs; and let us have a zamíndár's right. The Government proclaims by tomtom or, at any rate, gives us to understand that every one's right is to be protected. Now, is the right which has been enjoyed by the zamíndárs, at least for the last ninety years, which has been acknowledged from time to time by the law and by all the Courts of British India, and on the faith of which acknowledgment millions and millions of money have changed hands, no right at all? One has a *kabúliyat* duly executed and registered under section 7, Act X. of 1859, that never any occupancy-right is to accrue in the land: or, according to the established custom and usage, has entered some land relinquished by his tenants in his own name, as *sír* or *khámár* or *zarat* in the village-records, for which he pays revenue, and now and then lets it out wholly or partly to the villagers from year to year. Now this Bill in one breath makes the *kabúliyat* null and void, and the zamíndár's *sír*, *khámár* or *zárati* land becomes the property of a ploughman, only because it was not held by the zamíndár continuously for twelve years. Act X. of 1859 can be repealed, but how on earth all the contracts entered into

under it can be made null and void and all the decisions of the Court upset? When the Government makes legal private contracts null and void, how it can be expected to respect long its public contracts?

This is, perhaps, the last time in my life that I shall have the honour of speaking anything in the Viceregal Council, and I am very sorry indeed that I have not been fated, like my hon'ble friend Mahárájá Sir Jotindra Mohan Tagore, to thank your Excellency for the fulfilment of a 'pledge', but the onerous duty which I have to discharge, though sad and painful, compels me to warn that, if such a Bill passes, it will shake the faith and confidence of the people, not only of British India, but of all the Foreign States, in the Government to its foundation. I sincerely hope no one may have ever to say 'what the 'vakil' of the then Mahárájá of Jaypur had said to General Ochterloney, when he handed over the Jaypur State to the tender mercies of Scindhia, that the conscience of the Government is subservient to the exigencies of the time Englishmen have an adage that 'necessity has no law', and so the Muhammadans, '*gar Zarurat buvad ravá báshad*'; but we Hindus have a different kind of belief. Our great and famous Rájá of Ujjain, Bhartrihari, says: 'Let the people praise or abuse, let wealth come or go, let death approach this moment or remain far away, great men never depart from the path of justice.' (*nindantu nítí nípuná yadí vá stuvantu,—Lakshamí samá visatu gachhatu vá yatheshitam adyaiva vá marana mastu yugántare vá—nyáyat pathah pravichalanti padam na dhíráh*). I am not an alarmist. I never doubt the prowess of the British nation, or the proverbial loyalty and submission of the Indians. If to-day the Government orders a general confiscation, even of the moveable property, I am certain that the loyal zamíndárs of Bengal and Bihár will bring all they possess, except what they may conceal underground, on their heads and shoulders to the treasury. But I may be allowed, my Lord, to repeat here the words of the erudite Sir James Stephen that 'whatever else the people of the country may feel about their rulers, they should feel perfect confidence in their good faith and in their scrupulous observance of their promises.' In conclusion I may be allowed, my Lord, to hope that I may not be misconstrued. It is only a sense of duty, and a deep sense of duty, which has compelled me to occupy so much of the time of the Council."

A P P E N D I X.

SPEECH OF THE MAHARAJA SIR JOTENDRA MOHUN TAGORE BAHADUR, K. C. S. I., EX-MEMBER OF THE VICE-REGAL COUNCIL (HE RETIRED IN FEBRUARY LAST AFTER SERVING FOR THREE TERMS SUCCESSIVELY) DELIVERED AT THE ANNUAL MEETING OF THE BRITISH INDIAN ASSOCIATION HELD ON THE 5TH APRIL, 1883.

Whoever has read the Bengal Tenancy Bill with an unbiassed mind must, I think, have been struck with its singular one-sidedness. It is all for the ryots and nothing for the zamindars. Not even the slightest facility is to be given for the settlement and realisation of current rents, though it will be remembered that it was the prayer of the zamindars to obtain some facility in this direction, which originated the proposal for a new Rent Bill. I think that this Bill, if passed into law, will effect a re-distribution of property on communistic principle, for the ryots are to be raised to the status of co-partners, and the zamindars relegated to the position of only one-fifth shareholders in the estate, though their responsibilities as owners will perhaps remain all the same. The veriest squatter, who chooses to set up four bamboos with a *chopper* over head is to be entitled to a "compensation for disturbance,"—an idea quite novel in our land system, and evidently imported from the New Irish land law which has justly raised so much dissatisfaction among the landowners of England and Ireland. The idea of giving to the Bengal tenantry the three Fs—namely, fixity of tenure, fair rent, and free sale, seems also to have been borrowed from the same law; but the Bengal Bill goes a step further and follows the old adage about Peter and Paul, for, in giving the three Fs to the ryots, it proposes to deprive the zamindars of three Ps—namely, proprietorship, privilege, and prestige. But, then, we are told that the word "Proprietor," in the Regulations relating to the Permanent Settlement, was used in a very different sense from what we understand to be its dictionary meaning. Of course, as foreigners, it is not for us to question the correctness of modern interpretation, which, moreover happens to be so much in accord with the radical ideas of the present time; but one thing I must be permitted to say that during the last ninety years, successive Governments and the Legislature, as well as the Courts of Justice, presided over by eminent lawyers have always attached to the word its generally accepted meaning. Admitting, however, for the sake of argument that the modern construction of the Permanent Settlement is the right one, I would ask if it would not be extremely hard and unjust to the zamindars of the present day, who have laid out large sums of money in the purchase of what they had hitherto been led to believe was an entire property in the soil to be told that they are only one-fifth share-holders in the estate, and that, too, under sundry conditions and limitations. The zamindars have acted *bonâ fide*, and in good faith and under an honest conviction, in which they have been confirmed, as I have said, by the highest authority; and

now to deprive them by a single stroke of the pen, without any compensation of rights, which rightly and wrongly they have been permitted to enjoy for nearly ninety years, the longest period for the accrual of a prescriptive right being only sixty years, would, I submit be little short of confiscation. And here I would further question—For whose benefit are the zamíndárs' interests being sacrificed? The actual cultivators hardly gain much under the present Bill, but it is the jotedars and middlemen who will be most benefitted, or in other words, a class of small landowners is to be raised in the room of the large zamíndárs. And is this, I ask, a wise policy? I believe it is an accepted doctrine of political economy that the large landholders are the most lenient, and that it is the small landowners who have the greatest temptation to press hard upon their tenantry. If, however, the zamíndárs are considered an anachronism in the present communistic spirit of the age, with which unfortunately a portion of our educated young countrymen seem to sympathise in imitation of certain European nations, it would be better to purchase the zamíndárs out by paying them a fair market value for their estates. The raiyats, then, would perhaps be happier under the direct *khas* management of the Government, and the demand of modern radicalism would, in a great measure, be satisfied, and most of the zamíndárs would be too glad to be relieved of that constant friction with the Government on the one hand and with the raiyats on the other. The much-abused landed aristocracy might without injustice, be thus got rid of to the satisfaction of all parties concerned. But, gentlemen, I will not take up your time any longer. The Viceroy, as you know, has been pleased to appoint the gentleman whom we have nominated as our representative member of the Legislative Council, and we cannot sufficiently express our thanks to His Excellency for the consideration we have received at his hands. Knowing the ability and thorough knowledge of the subject which the Hon'ble Kristo Das Pal possesses, we have every confidence that our case will be fully and fairly represented by him to the Government. In the present temper of the times, I confess I feel somewhat diffident of the results, but whatever may be the chances of success, considering that our rights, our social position, nay, our very means of living are at stake, we shall be wanting in our duty, not only to ourselves, but to our children and our children's children, if we do not earnestly protest against this encroachment upon our just rights and interests and exert by all manner of constitutional means, if not to avert the threatened blow, at least to minimize, as far as possible, the misfortune that awaits us now. (Applause.)

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REMARKS
AND
EXTRACTS FROM OFFICIAL REPORTS
ON THE
BENGAL TENANCY BILL.

BY
J. DACOSTA,

LONDON:
W. H. ALLEN & CO., 13, WATERLOO PLACE. S.W

1884.



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PRICE ONE SHILLING,

London, February 18th, 1884.

SIR,

I take the liberty of calling your attention to the provisions of the Bengal Tenancy Bill, which was introduced in the Legislative Council of India in March last, as a measure intended to secure the cultivating tenants of Bengal in the occupation and enjoyment of their lands.

The remarks and extracts from official reports which you will find in the accompanying volume will show that, contrary to the avowed object of the Government, the provisions of that Bill are calculated to deprive the cultivators of the protection they receive at present, and to reduce the very large number among them who now enjoy occupancy rights at moderate rents, secured by existing laws, to the condition of tenants-at-will, liable to be rack-rented or evicted by the new class of middlemen whom the Bill would call into existence.

The revolutionary character of the measure has spread mistrust and consternation among all who are interested in land in Bengal; and these feelings have

been intensified by the striking disregard which the Government has evinced, as well for the representations of those whose interests are assailed as for the opinions of its own officers, who declared, on being consulted by the Government, that the state of the country required no legislation of the kind, and that great injustice and injury would be suffered by both landowners and cultivators if the Bill passed into law.

A Select Committee of the Legislative Council has been sitting on the measure since November last; and, as its Report is not likely to be presented until March and the present session of the Council closes in the same month, the Bill can scarcely be passed in its amended state until the Council meets again in Calcutta towards the end of the year.

Meanwhile the public mind in Bengal is in a most unsettled state. Landed property has undergone considerable depreciation under the influence of the proposed law. Numerous meetings have been held all over the country, at which the action and intentions of the Government in connection with the measure have been loudly denounced, and the alarm and indignation caused by the Bill have been increasing, as discussion and careful study have brought its scope and real tendency more clearly to light.

Under these circumstances it is greatly to be desired that the attention of Parliament should be drawn to the subject, in order that a free and independent discussion of the important questions involved in it, might show how far the Government of India was justified in introducing the measure, or induce that Government to withdraw it, and restore thereby peace and confidence to the public mind in Bengal, which has been so violently disturbed by its action.

I have the honour to be,

SIR,

Your most obedient servant,

J. DACOSTA.

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REMARKS
AND
EXTRACTS FROM OFFICIAL REPORTS
ON THE
BENGAL TENANCY BILL.

BY

J. DAGOSTA.

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PRICE ONE SHILLING.

THE

BENGAL TENANCY BILL.

London, February 1884.

Great excitement and alarm have been occasioned in Bengal by the introduction, in the Legislative Council of India, of a measure bearing the above title, which deals with the rights of property, proposes to abolish the freedom of contract, and would deprive a large class of the people of the protection they now receive from the law courts.

The avowed objects of the Bill are—

“ (1) to give reasonable security to the tenant in the occupation and enjoyment of his land ; and

“ (2) to give reasonable facilities to the landlord for the settlement and recovery of his rent ” ;

but an examination of its provisions renders it clear that these objects are unattainable under their operation, and that the Bill is calculated to produce effects exactly opposed to them. Such is the view taken by the Bengal officials (Commissioners, District Judges, and Collectors) whom the Government consulted on the subject last summer, and extracts from whose reports will be found in the Appendix to this paper.

The weight due to the opinions of these officials, who are members of the Covenanted Civil Service of India, may be gathered from the fact that they form the principal and most trusted channel by which the Government receives its information on the state of the country, the condition and feelings of the people, and the details of the administration ; they have, indeed, not inaptly been called “ the eyes and ears of the Government.” It is, moreover, by them that the new Bill would have to be administered ; and their strong condemnation of it is the more significant, that their feelings and training would incline them, one would think, rather to support than to oppose the Government whom they serve, and on whose

good-will in no small degree depend their advancement and welfare.

For such a body of men to condemn the main provisions of the Bill as unjust, iniquitous, unnecessary, calculated to set class against class, to incite to strife and litigation, and to result in grievous injury to both the landowners and the cultivators, would argue a very strong conviction against the proposed legislation; and when their administrative experience and their daily intercourse with the people are taken into consideration, can any doubt exist as to their opinion, expressed under official responsibility, being entitled to greater confidence than the views of the author or originator of the Bengal Tenancy Bill, whose very name is unknown to the public, and who is, therefore, but an irresponsible adviser of the Government?

The promoters of the measure have said that legislation was undertaken on this occasion at the instance of the zemindars, and that the necessity of introducing the clauses which relate to the position of the tenants arose from the pledge which the Government gave to the ryots in 1793. How far these pleas can be accepted as a justification of the Bill will appear from the following statement.

To begin with the pledge alluded to, it is inferred from the following passage in Regulation I. of 1793:—

“It being the duty of the ruling power to protect all classes of people, and more particularly those who, from their situation, are most helpless, the Governor-General in Council will, whenever he may deem it proper, enact such regulations as he may think necessary for the protection and welfare of the dependent talookdars, ryots, and other cultivators of the soil.”

The pledge, it will be seen—if there be one in the above passage—is to protect the talookdars and cultivators, while the Bill would despoil those very talookdars and the zemindars in order to create a new class of middlemen; and would take away from the cultivators, whom it professes to protect, the protection they now enjoy against the undue enhancement of their rents. In other words, the measure has been put forward under a delusive plea which has gained for it the sympathy and support of many in this country; while few have studied its clauses and ascertained its real tendency and scope.

The ryots or cultivating tenants in Bengal may be classed under two distinct heads, viz. those who have and those who have not occupancy rights. The former are entitled, from prolonged residence, to hold their land so long as they pay their rents punctually, and they are protected by existing laws from the undue enhancement of their rents: the bulk of the ryots belong to this class, and their number has been increasing steadily. The other class con-

sists of yearly tenants, or tenants who hold their land under a lease.

Now, the Bill proposes to cancel every lease, and confer on the lessee, and generally on every ryot, a permanent right of occupancy, provided he has held his land for twelve years, or tenanted any plot, however small, in the same estate for that period, or even held various plots in it for shorter periods amounting to twelve years: it proposes, moreover, to do away with the payment of rent as a necessary condition for the preservation of an occupancy right, and to render occupancy rights transferable by sale without the consent of the landlord; also to confer such rights, permanently and at once, in respect of all lands of which the new occupancy ryot may become the tenant in the same estate, although he may have held them only for a few days. At the same time elaborate provisions are made for preventing that the landlord should demand a full rent from the new occupancy ryot, the maximum being fixed at less than half the rate sanctioned by custom and general usage, and, indeed, of the rate which the Government itself continues to claim in the Crown estates of Bengal and in the other provinces where the Government is the landlord. Protected by these conditions, the new occupancy ryot is to be allowed to sublet all the land over which he may acquire the newly-invented occupancy right, free from the restrictions as to rent which are to be imposed on the landlord.

The inevitable result of these provisions must be to enrich the new middleman (misnamed occupancy ryot, since neither residence nor cultivation is required for his qualification) at the expense of the zemindars and talookdars on the one hand, and of the ryots or cultivating tenants on the other, regardless of the faith we have pledged to the former, and of our bounden duty, irrespective of all pledges, to protect the latter.

The effect of the Bill would, in short, be to despoil the zemindar of proprietary rights solemnly guaranteed to him in 1793; to take from the cultivator (for whose benefit the measure has professedly been framed) the protection he now has against excessive rents, and to call in a new class of middlemen, under the fictitious name of occupancy ryots, to share in the profit from land, vesting them with the power of absorbing the lion's share, although they would have to contribute neither labour nor capital for its production.

The marvellous equanimity and complacency with which a result so deplorable and so contrary to the avowed objects of the Bill, is viewed by its promoters at Section 41 of the *Statement of Objects and Reasons*, would betray the fact that such is actually the end for which the measure has been prepared, and that it represents its real object. The passage in the *Statement* runs thus.—

“That the powers of transferring and subletting which the Bill

“recognises, may in time lead to a state of things in which the bulk of the cultivators would not be occupancy ryots, but under-ryots with but little protection from the law, is, indeed, within the range of possibility; but if such a state of things should arise, we may rest assured that the Government of the day will know how to deal with it.”

Unjustifiable and disastrous as a similar result might be, it would not be difficult to point to the motives which may have rendered it desirable in the estimation of the author of the measure.

Bengal, under the permanent settlement of 1793, has attained a degree of prosperity unknown in the other provinces of our Indian Empire, and the official reports on the condition of the country have, for years, represented its peasantry in a thriving and progressive state. Before 1793 one-third of the land was jungle, the bulk of the ryots lived on the verge of starvation, and the land-tax, which formed the only source of State revenue, could never be recovered in its entirety. At the same time there was no prospect of improvement in the existing state of things, as capitalists stood aloof from agricultural enterprise, owing to the prevailing system of periodically re-assessing the land-tax; a system under which the fruit of the capital invested in the clearance, improvement, and cultivation of land was exposed to be absorbed in the Government demand at the next assessment of the tax.

At present not only is the land revenue collected in Bengal with an ease and regularity never attained in the other provinces of India, but new and growing sources of revenue have been opened out, which already yield almost three times as much as the land-tax. In short—

“The Bengal of to-day offers a startling contrast to the Bengal of 1793; the wealth and prosperity of the country have marvellously increased—increased beyond all precedent under the permanent settlement . . . A great portion of this increase is due to the zemindari body as a whole, and they have been very active and powerful factors in the development of this prosperity.”—Report of the Commissioner of Burdwan, *Gazette of India*, 20th October 1883.

This growing prosperity has, for many years, excited the cupidity of a certain class of financiers. The salt duty was raised in Bengal to fifteen hundred per cent. of the value of the salt when shipped at Liverpool. Direct taxation, Excise, Stamp, and Customs duties were greatly increased, and cesses were imposed on the landholding and agricultural classes under the colour of local taxation.

All this, however, did not satisfy financiers whose mind seemed bent upon intercepting the profit from land before it could reach the hands of those who had produced it. These financiers were not contented to wait until such profit should accumulate in the form of

national wealth; as then a portion of it only could be obtained through taxation. They resolved, therefore, on increasing the land-tax under some disguised form that would conceal its violation of the public faith pledged in 1793, and their first attempt took the shape of local and provincial cesses. The disguise, however, deceived neither the people nor the official class, a majority of whom strongly protested against the step; and a member of the Secretary of State's Council recorded his opinion on its character in the following remarkable but apposite terms:—"We have no standing ground in India except brute force, if we forfeit our character for truth."

A different scheme had, therefore, to be devised for attaining the object in view, and the Bengal Tenancy Bill would appear to be the form under which the new scheme is to be inaugurated.

At present the wealth produced by the labour of the cultivator, from the land supplied by the zemindar, and with the aid of the funds advanced by the capitalist, after satisfying the legitimate claim of the State, is distributed among those three agents or factors; and a residue, left in the hands of each, goes yearly to increase the national wealth in one form or another, whence the people and the Government both derive substantial benefit.

Under the Bill the landowner would scarcely receive enough to discharge the revenue, and the cultivator would be ground down by the new middleman; while the latter, who is to be vested with unrestricted power to rack-rent the land, would absorb all the surplus profit yielded by it. This surplus could then be diverted into the coffers of the State, simply by the necessary taxation being imposed on the middleman; a process against which he could claim no protection under the permanent settlement, seeing that he was not a party to that compact.

There seems little room to doubt that such is the actual scheme in furtherance of which the Bengal Tenancy Bill has been introduced. The avowed objects of that Bill, at all events, are unattainable under its provisions, and common-sense will not permit us to believe that the ultimate object can be limited to enriching the money-lenders and other outsiders who are invited to acquire the extraordinary rights which it proposes to create.

Corroborative evidence of the intentions of the Government being at variance with the avowed objects of the Bill, is also supplied by the fact that, while so much stress is laid on the importance of restoring to the ryots the rights they are alleged to have possessed at the time of the permanent settlement, the Bill specially provides that no such rights shall be recognised in the Crown estates; and the Commissioner of the Presidency Division remarks in his report of the 31st December 1880:—

"So far as the practice of the Government is concerned, I fail to

“ find in their dealings with the ryots upon Crown lands any indications of the recognition of a living tenant-right among any class of ryots save those known as *khudkash* and *kudeemi*.”

While the policy inaugurated by this Bill appears to be regulated by no fixed principle, it is, at the same time, a very short-sighted policy, seeing that, for the sake of a temporary accretion of revenue, to be obtained through breach of faith and spoliation, it would arrest the whole course of prosperity which has flowed from the permanent settlement, and reduce the agricultural population of Bengal to the destitute and precarious condition of the Madras and Bombay ryots, among whom millions drag a miserable existence on insufficient food, and a deficient harvest brings famine with its many sufferings and horrors. Capital, in obedience to the same laws which controlled its application before the introduction of the permanent settlement, would once more stand aloof from agricultural enterprise in Bengal, and auction sales of estates for arrears of revenue, fields abandoned by the cultivators and increasing difficulty in the collection of the land-tax would mark in the official reports of Bengal, as similar results have marked in those of Madras and Bombay, the decline in the prosperity of the province.

That this is not the first time that the plea of protecting the ryot would be used for supporting schemes of spoliation, may be seen from the following passage in a Minute written by Sir Phillip Francis in 1776 :—

“ It is proposed to secure to the ryots the perpetual and undisturbed possession of their lands. This language, I know, is popular, and has often been used to give countenance and colour to acts of violence and injustice against the zemindars and others of superior rank of the natives. Before we give perpetual possession we ought to determine the property. The State does not consist of nothing but the ruler and the ryot, nor is it true that the ryot is the proprietor of the land . . . but it does not follow that because the ryot has no direct permanent property in the land, he should therefore have no right, or that no care should be taken to protect him. Without his assistance, the land is useless to the zemindar. If they are left to themselves, they will soon come to an agreement in which each party will find his advantage. . . . To dictate the specific terms of any lease is an invasion of the rights of property . . . the intervention of the Government between the zemindar and the ryot should have no object but to enforce the execution of their respective engagements.”

Having now seen how delusive is the professed object of securing the ryot or cultivating tenant in the occupation and enjoyment of his land, let us see what the Bill proposes for attaining its other

avowed object, *i.e.* to give facilities to the landlord for the recovery of his rent.

The promoters of the measure tell us that legislation on this occasion was undertaken at the instance of the zemindars. The facts to which this interpretation has been given, are as follows :—

In 1871, when the Government imposed an additional burden on land in Bengal, in the shape of a Road Cess payable partly by the zemindars, partly by their tenants, and requested the former to collect the tenant's portion free of charge and at their risk (a risk which involved the attachment and sale of their estates in case the full amount of the Cess was not paid into the treasury on the due date), the zemindars observed that they already experienced much trouble, delay, and expense in the collection of their rents, owing to the defective state of the law on the subject, that in order to save their estates from attachment, they had often to make good from other sources the deficiency which occurred in their rent collections, and that their difficulties would increase if they undertook the collection of the Government Cess on the conditions proposed. Finally, however, they accepted the duty and the risk, upon a promise which the Government then made to simplify the law for the recovery of rent.

The zemindars have, ever since, punctually fulfilled that duty which, in following years, was rendered more onerous, in consequence of new Cesses having been imposed in addition to the Cess of 1871; but the promise of the Government has not been redeemed to this day, while the opportunity it afforded for legislation has been turned to account for making the present attempt to despoil those very zemindars from whom a valuable consideration had been accepted and to whom assistance had been promised in return.

The course pursued in this instance is so extraordinary, so derogatory to the dignity of the ruling power, so repugnant to all sense of fairness, that it seems advisable, in stating it, to cite authentic testimony in support of the statement.

The District Judge of Tipperah in his report on the Bill, dated 12th May 1883, says :—

“ I admit the difficulty of conceding to the zemindar his demand for greater facility in the realisation of his dues; but I am not prepared to say that it could not be satisfied to a certain extent. There is not, however, any attempt made to do so in the Bill. This is one of the points where the zemindar, asking for bread, has been given a stone.”

The Commissioner of the Presidency Division, in his report of the 2nd July 1883, observes :—

“ As to the recovery of rents, which was the beginning of the legislation which has found its outcome in the present Bill, the

“landlords will hardly be satisfied with the relief given them. *On the principles on which the Bill is drawn* * the zemindars could not expect further relief. I suspect, however, that they expected, and I am not prepared to say that they have not a good right to expect, very much more substantial relief, as the outcome of their application for a summary method of realising rents, preferred during the last twelve years.”

Reverting now to the promise which the Government made in 1871, we find that no step whatever was taken for redeeming it until 1873, when a Bill was sketched for the purpose, but was not proceeded with for reasons which have remained unknown to the public. The next apparent step was taken in 1877, when Sir Ashley Eden, on assuming the Government of Bengal, said:—

“The landlords have not such facility as they should have for the ready and prompt realisation of their rent and the Government cesses. My predecessor recorded a Minute expressing the intention of at once applying for the sanction of the Government of India to pass a short Bill to provide a system for the realisation of rent by a somewhat more summary and prompt process than that which now exists. I hope it will not be long before I shall be in a position to ask the Council to pass a Bill of the sort.”

In 1878 a Bill was at last introduced by the Government of Bengal; and the following remarks made on the occasion by the officer in charge of the Bill, will show how great was the necessity for a measure of the kind:—

“Notwithstanding the fact that, in about seventy-five per cent. of the suits for arrears of rent, the claim is really not contested, the zemindars and other rent-receivers have often found themselves unable to recover their just dues without submitting to a process which entails costs that may possibly never be recovered, and delays that are frequently embarrassing and ruinous; and even when the zemindar has got his decree, it by no means follows that he has got his rent. The Road Cess and Public Works Cess Acts have thrown upon the zemindars the responsibility of collecting, with their rents, and paying into the treasuries, all that portion of the fresh local and provincial taxation which falls upon tenants of every degree. If they cannot recover this easily and effectually from their tenants, they must, under penalty, pay the amount themselves—a position which the State is obviously bound to render as little burdensome as possible.”

Notwithstanding the above encouraging statement, this Bill also was dropped after a time, upon the vague and inconclusive plea that, as the law on rent seemed to require revision, it was advisable to

* These words were underlined obviously for the purpose of drawing attention to the unprincipled character of the Bill.

deal with both subjects in one measure. A Rent Commission was thereupon appointed, consisting almost exclusively of Government servants, which held numerous meetings, but took no evidence and abstained even from examining the parties concerned; and it ultimately submitted in 1880 a draft Bill of a most complicated and revolutionary character. The following extracts from the official reports made on the Rent Commission's Bill will give a clearer idea of its nature.

The Commissioner of the Presidency Division said, on the 31st of December 1880 :—

“The proposed Bill seems to me to contemplate grave infringements on the rights of zemindars as hitherto recognised; to destroy such rights, and to give the holders no compensation for such damage done to their interests. It seems to me, moreover, peculiarly unjust to contemplate such restrictive legislation with reference to the rights of zemindars, when the whole tendency of recent legislation on the part of the Government has been to throw more responsibility on the landholders in the way of providing funds for improvements connected with the land.”

The Commissioner of the Cooch Behar and Rajshahya Division, observed in his report, dated the 1st of February 1881.—

“Such important changes deeply affecting the rights and pecuniary interests of a large and important class should only be made on very strong grounds, such as, for instance, the grounds advanced by Mr. Gladstone when introducing a somewhat similar measure for Ireland in 1870. He then urged that, as good general laws had failed to dispel the serious ill-feeling of the mass of the population, it was necessary to take an extreme step in a direction specially acceptable to that population, in the hope that it would put an end to what was always a serious political danger. No strong and special grounds, political or other, exist in the present case, nor are they asserted by the Rent Commission, who, indeed, seem to be unanimous in holding what is a nearly unanimous opinion, viz. that the ryots of Bengal are stronger than the zemindars.”

The Commissioner of the Burdwan Division wrote on the 26th of April 1881 :—

“From the experience I have had of the very great difficulty which officers of the Government feel in managing wards and attached estates in the Chittagong and Dacca Divisions, I am convinced that the position of the zemindar (landlord) in those parts is a precarious one. As far as I am able to judge, it will be rendered more so if the present Bill becomes law. . . . I am not aware that any section of the community in Bengal has suggested or manifested any desire for new legislation on the rent question.”

The Bill of 1880 was the first indication that the Government had

really no intention of keeping its promise of 1871, but only sought an opportunity for passing a confiscatory measure, in violation of the engagement entered into in 1793. The Bill, however, not having gone sufficiently far in the direction desired by the Government, another Bill was drawn on its lines with new and still more objectionable provisions. The new Bill was published under the title of the Bengal Rent Bill, and discussion on it was ostentatiously invited; but it was afterwards twice materially altered before being submitted to the Secretary of State, without the public being allowed to know what were the changes made in it. This tortuous course evoked the following remarks from the Chief Justice of Bengal, when the Bill, in its original form, showing none of the alterations which had already been introduced into it, was submitted for the opinion of the High Court of Calcutta:—

“The Bill as it was first drafted by the Rent Commission differed in many respects from that which has since been prepared by Mr. Reynolds; and we are now in still greater uncertainty as to what is really proposed, because we learn that Mr. Reynolds’ draft was again materially altered before it was sent to the Government of India, and that it has now been submitted with still further alterations for the consideration of the Secretary of State.

“This method of dealing with important legislative measures is inconvenient, and seems hardly fair to those classes of the community whose interests may be most seriously threatened.

“The Bill, for aught we know, may be submitted to the Secretary of State in a form which the Bengal public has never seen, and upon which they had no opportunity of making a single comment. In this form it will be discussed, and probably approved, at the India Office; and if it is then to be sent back to this country to be dealt with in accordance with the views of the Secretary of State, it is clear that those classes whose interests it is calculated to injure may be placed at very great disadvantage.”

The course apprehended by the Chief Justice was precisely the one followed in this instance; and its unfairness and danger will become apparent when it is considered that the constitution of the Legislative Council is such as to enable the Government, at all times, to secure in it an official majority; its ordinary members being made to understand that it is their duty to give their vote to the Government, irrespective of their personal opinion. The deliberations of the Legislative Council are thus reduced to a sham, and its functions are made to consist simply in the enactment of measures which have received the sanction of the Secretary of State; a sanction necessarily granted upon a one-sided representation of the case, without the aid of the light which public and free discussion alone can throw upon all sides of a question. This dangerous course is now being

followed, as far as the Government of India is concerned, in a matter affecting the rights and interests of fifty millions of our Indian fellow-subjects.

The Bengal Tenancy Bill consists of no less than 230 sections; but as the greater number refer to details which it would be useless to examine while the provisions they are intended to carry out are condemned, it might suffice here to point to the unsound principle on which many of the details have been framed, namely, on the principle of superseding the jurisdiction of the Law Courts by the intervention of Executive officers. Considering how large a portion of the produce of the land is claimed by the State as revenue, and how often the fiscal regulations have led to the acquirement of private estates by the Government at a nominal price, the Government is by no means a disinterested party in the differences which arise between its officers and the landowners, and between the latter and their tenants. By appointing, therefore, its own servants to adjudicate on such differences, the Government assumes the right of being the judge in its own case, and often of its own acts, seeing that the differences in question frequently arise from the action of the Revenue officers themselves.

This proposed supercession of the Law Courts by Executive officers has accordingly been condemned by officials, and strongly protested against by the landed classes, not only as conflicting with the Regulations of 1793, and likely, therefore, to lead to confusion and litigation, but as calculated to prevent a complete and impartial inquiry into the circumstances connected with the matter in dispute. The District Judge of Hoogly remarks:—

“It re-introduces a state of things which the preamble of Regulation II. of 1793 states was then found unsatisfactory.”

The Commissioner of Burdwan says:—

“This (the preamble) is not forgotten by the zemindars in the present day, and Chapter XI. is looked upon as an infringement of the principle laid down in the above Regulation, which has, nearly for a century, been one of the fundamental principles of British rule.”

The injustice which would be perpetrated if the provisions in Chapter XI. became law will appear more clearly on a perusal of the preamble in question, in which the following passage occurs:—

“All questions between the Government and the landholders respecting the assessment and collection of the public revenue, and disputed claims between the latter and their ryots (tenants), have hitherto been cognisable in the Courts of Maal Adawlut, or Revenue Courts. The collectors of revenue preside in these Courts as judges, and an appeal lies from their decision to the Board of

“Revenue, and from the decrees of that Board to the Governor-
 “General in Council in the department of revenue. The proprietors
 “can never consider the privileges which have been conferred upon
 “them as secure whilst the revenue officers are vested with these
 “judicial powers. Exclusive of the objections arising to these
 “Courts from their irregular, summary, and often *ex parte* pro-
 “ceedings, and from the collectors being obliged to suspend the
 “exercise of their judicial functions whenever they interfere with
 “their financial duties, it is obvious that, if the regulations for
 “assessing and collecting the public revenue are infringed, the
 “revenue officers themselves must be the aggressors, and that indi-
 “viduals who have been wronged by them in one capacity can
 “never hope to obtain redress from them in another. Their financial
 “occupations equally disqualify them for administering the laws
 “between the proprietors of land and their tenants. Other security
 “must be given to landed property, and to the rights attached to it,
 “before the desired improvements in agriculture can be expected
 “to be effected. Government must divest itself of the power of
 “infringing, in its executive capacity, the rights and privileges which,
 “as exercising the legislative authority, it has conferred on the land-
 “holders. The revenue officers must be deprived of their judicial
 “powers. All financial claims of the public, when disputed under
 “the Regulations, must be subjected to the cognisance of courts of
 “judicature, superintended by judges who, from their official situa-
 “tions and the nature of their trusts, shall not only be wholly unin-
 “terested in the result of their decisions, but bound to decide
 “impartially between the public and the proprietors of land, and
 “also between the latter and their tenants. The collectors of the
 “revenue must not only be divested of the power of deciding upon
 “their own acts, but rendered amenable for them to the Courts of
 “Judicature, and collect the public dues, subject to a personal pro-
 “secution for every exaction exceeding the amount which they are
 “authorised to demand on behalf of the public, and for every
 “deviation from the regulations prescribed for the collection of it.
 “No power will then exist in the country by which the rights vested
 “in the landholders by the Regulations can be infringed, or the
 “value of landed property affected. Land must, in consequence,
 “become the most desirable of all property, and the industry of
 “the people will be directed to those improvements in agriculture
 “which are as essential to their own welfare as to the prosperity of
 “the State.”

From the above passage it will be seen how justice was adminis-
 tered in Bengal before the introduction of the permanent settlement,
 and the principle which has regulated its administration subsequently.
 Under the former *régime* the condition and prospects of the country

were described in the following terms in a letter of the Governor-General to the Court of Directors, dated the 18th September 1783 :—

“I may safely assert that one-third of the Company’s territory in Hindoostan is now a jungle inhabited only by wild beasts. Will a ten years’ lease induce any proprietor to clear away that jungle, and encourage the ryots to come and cultivate his lands, when at the end of that lease he must either submit to be taxed *ad libitum* for the newly-cultivated lands, or lose all hopes of deriving any benefit from his labours, for which, perhaps, by that time he will hardly be repaid ?”

The effect produced by the permanent settlement and improved administration of justice, inaugurated in 1793, will be seen from the following extract, already quoted at page 6 :—“*The Bengal of to-day offers a startling contrast to the Bengal of 1793; the wealth and prosperity of the country have marvellously increased—increased beyond all precedent—under the permanent settlement. A great portion of this increase is due to the zemindari body as a whole.*”

It is now proposed, under the Bengal Tenancy Bill, to set aside the permanent settlement as interpreted and carried out during the last ninety years, and to revert, in the administration of justice in Bengal, to the unsound principle and previously condemned system of vesting revenue officers with judicial powers. This proposal is the more startling that no urgent necessity has been pleaded for the change, nor any substantial advantage been shown as likely to accrue from it and from the Bill generally, to either of the two parties for whose benefit the measure has professedly been introduced. On the contrary, it is admitted that the Bill is calculated to deprive the landowners of valuable proprietary rights which they have hitherto possessed, and to leave the bulk of the cultivating tenants with but little protection from the law.

The principle and the main provisions of the proposed legislation, as will be seen from the extracts in the Appendix, have been condemned by every high official in Bengal, excepting the Lieutenant-Governor, who expressed his dissent from their opinions in a lengthy despatch covering twenty-five pages of the Government *Gazette* of 20th October 1883. It must be remembered, however, that the Lieutenant-Governor, having been a Member of the Viceroy’s Council when the Bill was adopted, was committed to its support long before the district officials sent in the reports which condemn it. A perusal of his despatch, moreover, will show that his dissent is supported partly by declamatory arguments, and partly by groundless allegations. For instance, in order to prove the necessity of the proposed legislation, he says :—

“If there really be any persons who, in the face of the over-

“whelming accumulation of evidence afforded by the discussions of the past ten years, still question the necessity of legislation on the broad lines of the Bill, then it is quite hopeless that anything the Lieutenant-Governor could say would convince him.”

Hollow declamation of this sort, affording no ground whatever for the formation of any opinion on the question at issue, seems out of place in the discussion of a matter of literally vital importance. Then, as regards alleged facts, the Lieutenant-Governor says:—

“In-Bengal the demand for legislation came, in the first instance, from the landlords; while in Behar the cry was from the ryots for protection from illegal enhancement and ejectionment.”

Of the two assertions contained in the above short passage, the inaccuracy and disingenuousness of the first, as far as the Bengal Tenancy Bill is concerned, has already been shown in this paper at pages 9 and 10; and regarding the latter assertion it will perhaps suffice to observe that, although very voluminous papers were published with the Bill, not a single petition from ryots was among them, while the district officers distinctly stated in their reports on the Bill that they were not aware of any demand having been made or any desire manifested by the ryots for legislation touching rents. Then as regards the charge of illegal ejectionment, it is supported by no evidence whatever, while evidence of its groundlessness is supplied by the Viceroy’s despatch to the Secretary of State on the subject of the Bill, in which a statement of Mr. Reynolds’ is quoted at paragraph 103, to the effect that *the right of eviction is never exercised in the eastern districts, and that exemption from eviction would be a worthless boon in Behar where ryots are hardly ever evicted.*

It may be unnecessary to go further into the subject of the many inaccuracies contained in the Lieutenant-Governor’s despatch, as they have been serially discussed and exposed in a Memorial which the Central Committee of the Bengal and Behar landowners presented to the Viceroy in November last soon after that despatch was published.

The foregoing remarks on the Bengal Tenancy Bill will, it is earnestly hoped, induce the reader to peruse the Bill itself and the documents relating to it, which have been published in the Government Gazette of India of the 20th October 1883. It is impossible to rise from a perusal of those papers and of the Chief Justice’s Minute of 6th September 1882 without feeling a clear conviction—

1st. That the avowed objects of the Bill cannot be attained under its provisions.

2nd. That its inevitable effect will be to create a new class of middlemen from among the money-lenders and other outsiders, who

are not likely to have any sympathy or community of feeling with the cultivating tenants.

3rd. That the tenants of the new middlemen would, under the Bill, be debarred from ever acquiring any occupancy right, such as are possessed at present by a large number of ryots; and would be liable to eviction at the will of their new landlords.

4th. That the power of rack-renting the land, which the Bill places in the hands of the new middlemen, would deprive the cultivating tenants of the protection which the existing law provides against the undue enhancement of rents.

5th. That the proposed interference with the freedom of contract, the attempt to settle rents by tables of rates, and the supersession of the Civil Courts by executive officers, would be productive of great injustice and inconvenience, and offer the strongest encouragement to devices for eluding the law, a condition of things which cannot fail to demoralise the people.

6th. That the proposed infringement of proprietary rights which have been solemnly guaranteed by the Government of India with the concurrence of the Crown and Parliament of Great Britain, would constitute a breach of public faith which would seriously reflect on the character of the British Government in India, and destroy the confidence of the people of that country in the honesty and good intentions of their rulers.

POSTSCRIPT.

London, February 18, 1884.

SINCE the foregoing pages were written, a report has been received of the public meeting which was held at the Town Hall of Calcutta, on the 29th of December last, for the purpose of protesting once more against the proposed legislation on the tenure of land in Bengal.

The meeting was very largely attended by zemindars from all parts of the country. Extracts from the speeches delivered on the occasion will be found at the end of the Appendix.

A just idea of the effect which the Bill, if enacted, would have on the position of all who, relying on the good faith of the Government, have invested their capital in land, or advanced it for agricultural purposes in Bengal, is afforded in the following words with which Mr. Gregor Grant, proprietor of extensive estates in the hill tracts inhabited by the aboriginal race called the Sonthals, concluded his thoughtful and instructive address on the occasion:—

“I have been a resident in the Bhaugulpore district for over forty-two years . . . My whole life's earnings have been invested in the security of landed property. If the present Bill becomes law, the zemindar to whom I have lent all my earnings on the mortgage of his estates will not be able to repay me the money I have given him, as his property will become greatly depreciated in value, and I will be unjustly deprived of my life's earnings, on which I had relied as a provision for my old age.”

J. DACOSTA.

APPENDIX

CONTAINING

Extracts from the Reports of the Twenty-one Commissioners, District Judges, and District Officers consulted by the Government, through the High Court and the Board of Revenue, on the Provisions of THE BENGAL TENANCY BILL of 1883.

From J. P. GRANT, Esq., District Judge of Hooghly.

13th July 1883.

I shall content myself with criticising the provisions of the Bill from the point of view of what I understand to be its two-fold object, viz. to give security to the tenant in the occupation and enjoyment of his land, and to give facilities to the landlord for the settlement and recovery of his rent.

Section 3, Clause 5.—The definitions of “tenure-holder” and “ryot” are not satisfactory. If these definitions are maintained, the conventional meaning of the word “ryot,” the nearest equivalent of which is “yeoman,” will disappear, as will indeed the class itself, for the inevitable tendency of the proposed law is to make *right-of-occupancy ryots*, in fact as well as in name, middlemen. I would take occupancy ryots out of the category of tenure-holders. There is nothing in common in their position and the position of those who are really middlemen, such as *putneedars* and farmers. The law should recognise the existing two classes of ryots, viz. those having and those not having rights of occupancy; and in defining them, should employ the word ryot for both. The definition of tenure-holder should be altered to signify exclusively a middleman between a proprietor and a ryot.

CHAPTER II purports to limit for the future *khamar*, or private estate land, to what was such land at the passing of the Bill. I doubt both the policy which would enact this and the possibility of enforcing it, if enacted, in the face of the provisions of Section 141.

CHAPTER III. A., *Sections 14 and 15*, convert an occupancy-ryot into a tenure-holder. I have already pointed out the confusion of ideas here indicated, which is certain to breed confusion in practice. You cannot alter the conventional meaning of words by Act of Parliament. Section 16 converts the *bhag-jotedar* into a ryot who may possibly acquire a right of occupancy. This is totally opposed to all the existing notions of a *bhag-jotedar's* status and position. He is, in fact, only a labourer under another name. His share of the crop is the wages for which he has engaged to cultivate it.

CHAPTER IV.—I do not see why the Putnee Regulation should be incorporated with the Bill. The character of a complete code is repudiated by the Bill; and I see no more reason for incorporating this Regulation than for incorporating the Regulation containing the permanent settlement, which is still left as a separate law, and is, in its nature, as much connected with the Bill as the Putnee Regulation.

CHAPTER VI. provides for the drawing-up of a local table of rates of rents and produce. I believe that it will be practically impossible to draw up such tables. Indeed, I understand that an attempt has been already made on a considerable scale and has signally failed. This was only to be expected. . . . I do not know how the market-rate at harvest-time is to be authoritatively settled.

CHAPTER VIII. deals with what are mistakenly called "ordinary" ryots. The ordinary ryot of the country is the ryot having rights of occupancy; it is all other classes of ryots that are exceptional. I do not see why the every-day terms of "ryots having a right of occupancy" and "ryots not having a right of occupancy," should not be maintained. But the mistake goes deeper than the mere names. The difference between the two classes of ryots is that one has fixity of tenure and the other has not. The provisions of this chapter would seem to imply that the former class possesses some privilege of setting at a lower rate of rent also; for the "ordinary" ryot may by the Bill be rack-rented up to a certain maximum. All classes of ryots have now, and ought always to have, equal protection at the hands of the law, in respect of the rate of rent payable by them; the only difference is that, while one class holds from year to year or for a term of years on lease, the other holds in perpetuity, if he only pays his rent.

CHAPTER XI. introduces a state of things which the preamble of Regulation II. of 1793 states was then found unsatisfactory. The principle therein enunciated is that disputes between landlord and tenant shall be adjudicated by Civil Courts and not by the Revenue authorities who, otherwise, would, in many cases, be deciding upon their own acts.

FROM JOHN BEAMES, Esq., Commissioner of the Burdwan Division.

22nd June 1883.

2. I have already submitted two lengthy reports on this subject, the first of which commented on the Bill drafted by the Rent Commission in 1880, and the second on the amended Bill put forward by the Government in 1881. I am still very much in doubt whether any enactment of the kind is really required, except in Behar.

3. It is not to be expected that the Bill will escape opposition, nor do I think such opposition altogether unreasonable. It is all very well to say that the framers of the permanent settlement reserved to themselves and their successors the right to interfere between zemindars and ryots, whenever such a step might seem necessary for the protection of the latter; and that, though no such interference practically did take place during the sixty-six years that intervened between 1793 and 1859, yet that it was never too late to mend, and that consequently we are going to interfere now. The answer to that argument is that during all those years we have allowed men to buy zemindaries and tenures on the belief, fully justified by our action, that no interference would take place, and that it is not fair to these persons suddenly to uproot the conditions on the faith of which they have invested their money. I so far agree with this argument as to think that, in any changes which may now be made, it is not sufficient to go back to first principles, and base our enactment solely on what we understand to be the relation between

landlord and tenant, as established by Lord Cornwallis's Regulations; we must go further than this, and take into consideration the present status and vested interests of the proprietary body whom we have called into existence and whom we have, during nearly a century, allowed to acquire rights and privileges which are none the less deserving of respect now, because their growth and development were not contemplated by the statesmen of the last century.

4. The question I ask myself, as I examine one section of the Bill after another, is "does this provision deprive either the landlord or tenant of any right or any status which he legally holds *at present*, whether in virtue of the terms of the permanent settlement or in virtue of any custom which the Government has tacitly allowed to grow up since that time?" We have nothing to do with the historical zemindar of 1793. If he existed at all, that is, if there was any class of men so situated as we are apt to figure them to ourselves, he exists no longer. We have to deal with the zemindar in the position which he holds in the present day.

5. This is the view which most of the officers and private gentlemen with whom I have from time to time consulted take of the matter, and I think that it is the only practical and reasonable view to take. . . . The Bengal of to-day offers a startling contrast to the Bengal of 1793. The wealth and prosperity of the country have marvellously increased—increased beyond all precedent—under the permanent settlement. There is much force in the remark that a great portion of this increase is due to the zemindari body as a whole, and that they have been very active and powerful factors in the development of this prosperity.

7. Section 3, Sub-Sections 3 and 5.—The definition of ryot has purposely been left obscure. We are told that certain persons are not ryots, but we are not told who are ryots. The definition of the Rent Commission was not satisfactory, because no other test was applied than that of the extent of the holdings. The Bill, in Sections 14 and 15, also fixes an arbitrary line between a tenure-holder and a ryot by making what are at present known as ryots with occupancy at fixed rates of rent into tenure-holders. If this definition be maintained, we get an exceedingly simple definition of ryots by merely saying that all persons who hold land under a zemindar, except those mentioned in Sections 14 and 15, are ryots.

8. This, however, introduces considerable confusion in another way; for it has never, as far as I am aware, been the custom to regard as tenure-holders persons who have a right of occupancy at fixed rates. Such persons are always regarded by themselves and by others as ryots; and the adoption of the classification of the present Bill will very much modify our conception on this point, and introduce changes which will not be readily understood or acquiesced in by the classes connected with the land.

10. When a zemindar lets land to a tenure-holder, he considers that he is granting, and the tenure-holder considers that he is obtaining, the right to collect rents from a number of cultivators already actually in occupation of the land so granted. When, however, a zemindar lets land to a ryot, he grants and the ryot takes the permission to cultivate the land himself, it not being, at the time of granting the lease, actually occupied by cultivators. The ryot, who thus takes land, may subsequently, without ceasing to be considered by the zemindar or himself a ryot, sublet portions or even the whole of such land; but at the time of taking the *pottah* (lease) the land is not in occupation of others.

11. This, I think, is the broad line of demarcation between "talookdar" and "ryot"; and if we use tenure-holder strictly for talookdar, this

demarcation will practically hold good everywhere, with very few and unimportant modifications. It is the intent with which the land is granted and taken that shows where to draw the line; and the intent is clearly understood in all cases by the parties at the time the transaction occurs.

12. The definition might be formulated thus:

A tenure-holder is a person who takes land from a proprietor with the intent of collecting the rents from the ryots, and against whom the proprietor has the remedy mentioned in Section 15 of this Act (sale).

A ryot is a person who takes land from a proprietor with the intent of cultivating it himself or by hired labour, or of sub-letting it, and against whom the proprietor, &c., has the remedy specified in Chapter XIII. of this Act (distrant).

13. If the difficulty is great in distinguishing between a ryot and a tenure-holder, it is equally great in distinguishing between a ryot and an under-ryot; and we cannot rest contented with the definition of an under-ryot given in sub-section (6), that an under-ryot means "a tenant holding below a ryot," unless we know what a ryot is. What we must know for purposes of settlement, and what the zemindar also must know for the same purpose, is who is the person in whose name the *jummabundi* is to be made. Section 164 of the present Bill, indeed, contemplates that, in compiling a record of rights, which is practically what we know as a *jummabundi*, tenure-holders, occupancy-ryots, *bastu*-ryots, ryots, under-ryots, shall all be jumbled up together. But this will never do. Something more definite will be necessary, unless the whole of our system of settlement-procedure is to be reversed, in which case a good deal of Regulation VII. of 1822 will have to be repealed. Bengal Act VIII. of 1869 is, I see, to be repealed; but Chapter XI. of this Bill, as I shall notice further on, makes the same requirements as the Act does on Settlement officers, in respect of defining the status of various kinds of tenants, so that I am afraid we shall not be able to get on without some definition of "ryot."

18. I have already noticed that Sections 14 and 15 turn an occupancy-ryot into a tenure-holder. I see that this is said to have been done for the convenience of the draftsman. It is unfortunate that we hear so much of this person now-a-days. It seems to me that it is a matter of no moment at all whether he finds an Act easy or difficult to draft. That is his affair, and should not for an instant occupy the mind of the legislator, whose attention should be directed solely to the justice and the utility of the law. The mechanical operation of putting an idea into plain English is beneath consideration. I venture to think that by turning the occupancy-ryot at fixed rates into a tenure-holder, we are creating a state of things foreign to the ideas and customs of the people, and likely to give rise to much confusion.

31. I think Section 45 goes a great deal too far. It allows a man who has held land anywhere in an *estate*, no matter how often it may have been changed, to become a settled ryot; and a settled ryot acquires a right of occupancy in any land he may happen to hold on the 2nd of March last, so that in case of a large zemindari, say the Burdwan estate for instance, a man may come to a village from another village sixty miles off in that estate, take lands there, and have rights of occupancy from a few days' possession.

33. There may be some justice in the rule that a ryot who has lived twelve years in a village shall be considered a settled ryot. The village, even in Bengal, still preserves some sort of solidarity; the estate has none, and it would certainly be unfair to allow a ryot to acquire a right of occupancy in a plot of land which he has held only for one year, in a

village in which he is, to all intents and purposes, an outsider and a stranger, simply on the ground that he has held land for twelve years in other disconnected parts of the same estate. Such a concession as this is not looked for by the cultivating class, is opposed to their own views and to the custom of the country, and would operate very hardly on the zemindars.

37. The illustration to Section 4 of the Bill recognises the custom that under-ryots may acquire a right of occupancy, but leaves the conditions under which such a right may be acquired undefined, and the under-ryots consequently unprotected.

38. There are in Midnapore many thousands of these ryots whose forefathers have tilled the land they now occupy for many generations, and I agree with Mr. Wilson in thinking that there is no reason why they should be left unprotected.

41. Section 56 has given rise to much discussion.

42. Here there is some confusion in the laws. Section 47 provides that no occupancy rights shall accrue on land held by any person as owner. One would suppose that when a landlord exercised the right of pre-emption, and bought a ryot's holding, he would thenceforth hold it as owner.

43. Yet the sections on pre-emption and Section 56 speak of the ryot selling his "occupancy right" and the landlord purchasing the same. What is this but selling and purchasing the land itself? I do not see why, if the landlord thus purchased the land, it should not be open to him to extinguish the occupancy right. In fact, under Section 47, that right should be extinguished by the mere fact that he, the owner, purchases it. But, to prevent this consequence, the fine distinction is introduced that he, the owner, holds it not as owner, but as an occupancy ryot under himself.

45. Moreover, as pointed out by Mr. Reynolds in his speech in Council, the landlord will, by this provision, be led to keep the land in his own hands, thus virtually turning it into *khamar*. The whole section seems to me to involve an erroneous idea. It is not the land that acquires rights, but the man who holds it. If he holds it for a certain term of years, equity and custom demand that he should acquire occupancy rights in it. But one fails to see why the land itself should carry those rights with it when it passes into the hands of a man who has done nothing to earn or merit those rights.

79. Section 151.—The procedure of Chapter XI. virtually amounts to making a regular settlement of part or the whole of a permanently-settled estate. It involves not merely the settlement of rents, but the preparation of a *jummabundi*; in fact all the proceedings of an ordinary settlement, excepting only the fixing of the revenue. And in some respects this procedure gives more power to revenue officers than do the existing Settlement Laws. This is stated to be intentional, and the procedure has been invented with a view to removing from the Civil Courts the power they now exercise in reversing the decision of revenue officers on many points in a settlement; accordingly, Bengal Act VIII. of 1869 is repealed.

80. The revenue officers will, under such a provision, pursue their course in settling an estate in peace without having the fear of interference by the civil court constantly before their eyes.

81. All this is very pleasant and gratifying for us revenue officers. I do not, however, quite see how it is to be reconciled with the remarks in the preamble to Regulation II. of 1793, which, after stating that "all questions between Government and the landholders respecting the assessment and collection of the land revenue, &c. &c., have hitherto been cognizable in the courts of *mal adalat* or revenue courts," goes

on to say that, "the proprietors can never consider the privileges which have been conferred upon them as secure while the revenue officers are vested with these judicial powers." This is not forgotten by the zemindars in the present day, and it is to be feared that the provision of this chapter is, by many zemindars, looked upon as an infringement of the principle laid down in the above Regulation, which has, for nearly a century, been one of the fundamental principles of British rule.

85. It is no light thing to enter on to a permanently settled estate and turn it upside down, with the result, perhaps, of crippling the land-lord's resources for one lifetime or more.

From E. E. Lewis, Esq., Commissioner of the Chittagong Division.

30th June 1883.

3. The introduction of this measure is viewed by all whom I have consulted on the subject with the gravest apprehensions, as tending to embitter the relations between landlord and tenant, and likely to lead to a great amount of litigation with its accompanying fraud and chicanery, which must in the end injure, and not benefit the ryot. These views are based on the conviction that the provisions of the Bill do not deal with facts as they really exist, but seek to evolve and insist on theoretical privileges as appertaining to the ryots, which that class never enjoyed, and which they are for the future to enjoy at the expense of the landlord.

4. These apprehensions are not allayed by the remark contained in the *Statement of Objects and Reasons*, that the present Bill is a mere prelude to what may be expected to follow when the whole law on the subject comes to be codified; and it is urged that, if this measure is not to be considered in itself as complete, it is hardly worth while introducing it, seeing that the effect will most inevitably be a crop of litigation and general disturbance of the agricultural community.

5. I most certainly concur in the opinion that its provisions are quite inapplicable to the condition of things and the system of land tenure existing in this division.

6. I feel sure that any change in the existing law is not urgently called for.

8. The essence of the Bill is the protection of the ryot; and though no definition of a ryot has been given, it is plain that, in the proposed law, the term is almost synonymous with cultivator.

(The intervening paragraphs endeavour to show the inapplicability of the provisions of the Bill to the condition of things existing in the Chittagong division in particular.)

31. As to the voidance of contracts, the proposed law appears to introduce a dangerous precedent. In certain cases the provisions of the law are to be held to over-ride contracts entered into with deliberation; and this without any inquiry whether the contract was voluntary or not. So far as my experience goes, the ryots are very well able to look after their own interests, and hardly require to be thus hedged round with protective enactments, as appears to be thought necessary; they are only too ready to evade their contracts, if it is to their interests to do so, and are quite prepared to support such evasion by every artifice that the law renders possible, as well as by means not strictly lawful; it seems hardly expedient, therefore, to teach such men that the law does not recognise the keeping of contract, and that self-interest can be held to be a valid excuse for contravening the terms of an agreement. Cases may arise where it is

evident that an unjust and one-sided contract has been entered into, as the result of deception or force; but surely such cases may be left to be dealt with by the application of the law of equity.

Clause 2, Section 73, says that a contract, in a certain case, made in favour of a ryot must be enforced, while *Section 50* protects him from contracts which are against him. *Clause 2, Section 74*, enforces a contract which is against a zemindar, while *Sections 87 and 90* repudiate contracts which are in his favour. These instances will teach the ryots that there is no moral obligation in promises, and that he must always consider his own convenience in dealing with others. This is a dangerous doctrine to teach. If ninety per cent of the tenantry have been able to acquire tenant rights under a system when contracts have been held valid, there is no need to make them now invalid.

34 When the whole set of tradition and custom in a tract of country is against the fundamental principle of the proposed law, it seems to me inadvisable to extend such law to that tract

From R. TOWERS, Esq, District Judge of Tipperah.

12th May 1883.

2. The tenant acquires (under this Bill) advantages at the landlord's expense, which, in many cases, exceed the tenant's demands, which are entirely novel in their character, and appear to be derived rather from a consideration of what has been found expedient in foreign countries than Indian law or custom.

3. Among those I would class :—

- (1.) The easy terms on which occupancy rights are conferred.
- (2.) The confiscation of the landlord's right to deal as he chooses with land that has once been ryoti, when it reverts to his private possession.
- (3.) The almost entire abolition of the right of private contract between parties.
- (4.) Compensation for disturbance.
- (5.) The power given to ryots to make improvements against the landlord's wish.

I admit the difficulty of conceding to the zemindar his demand for greater facility in the realisation of his dues, but I am not prepared to say that it could not be satisfied to a certain extent. There is, however, hardly any attempt made to do so in the Bill.

4. The next general observation which occurs to me is that litigation will be enormously fostered by the Bill. The parties are driven into Court or before the Revenue authorities at every step.

5. Then, not a few of the provisions of the Bill seem unsuited to practical working. Among these I would instance the procedure regulating the transfer of occupancy rights, the preparation of tables of rates, the apportionment of expenses, the rules for enhancement which seem very intricate.

CHAPTER II.—The survey and register under *Section 7* will, I believe, be a work of enormous difficulty. Every plot will be disputed, and there will be in effect a civil suit contested in every stage, before the Survey officer, the Commissioner, the Board, and the Government. It seems to me to be more expedient to allow each case to be settled by the Courts on its own merits in case of dispute, than to cause a widespread discord by sending a roving Commission about the country to agitate questions on which the parties concerned are themselves quiescent. I believe there is no injustice felt in this part of the country.

CHAPTER V.—The two chief points open to criticism in this chapter seem to be (1) the definition of occupancy ryots, and (2) the provision that any ryot taking land from a landlord, of which the latter has himself acquired the occupancy right, shall have a right of occupancy in it.

With regard to the first of these, extreme care has been taken that, under the Bill, a ryot that held two cottahs of land in a village A for twelve years, may acquire rights of occupancy in 200 beegahs in villages B, C and D, though he may have had possession of the same land for only three or four months. The necessity of the provision has been maintained on the ground that otherwise the landlord, by shifting the ryot from one plot to another, might prevent the acquirement of the right in any one plot. There may be parts of the country where this is done, but I do not believe in the existence of the practice in Bengal.

I have received some strong representations as to the delay which will be caused to the landlord by his not being allowed to eject any occupancy ryot for arrears of rent, his remedy under the Bill being the sale of the holding. This is one of the points when the zemindar asking for bread (i.e. greater faculty for realising his rents) has been given a stone.

Then with regard to Section 56, except in the very rare cases of ejectment and lapse, the only way in which the landlord can acquire the right is by purchase. But if he is compelled to treat any person to whom he subsequently lets the land as an occupancy ryot, what consideration has he had for his purchase money? In my opinion there is an economic mistake, as well as a serious injustice in the provisions of this section.

CHAPTER VI. Section 58, 61.—Here, I think, there is too much interference with private contract, and that Section 61 is not defensible. Why should a settled ryot, who wishes to take on more land than that in respect of which he has acquired his status, be allowed to hold any further land he may take from the zemindar on privileged terms?

The preparation of rates will be practically impossible in most places.

From J. MONRO, Esq., Commissioner of the Presidency Division.

2nd July 1883.

3. I have had many conversations on the subject with officials, zemindars, and others, and have omitted no opportunity of ascertaining the feeling of the people generally in connection with this important measure.

4. The landholding class is most strenuously opposed to the Bill, and there is no doubt that a most uncompromising resistance to its provisions will be manifested. There is a general feeling amongst the members of the landholding class that zemindars will practically be effaced and reduced to the position of annuitants, and that the Bill constitutes a distinct infringement of the rights which they conceive were guaranteed under the terms of the permanent settlement, and which they have certainly exercised for nearly a century.

6. The ryots are ignorantly apathetic on the subject. They have heard rumours of some impending changes, and, in some instances, agitators have made them believe that the millennium of the ryots is at hand, when they will pay only nominal rents for, and reap all the benefits from the land; but, as a rule, they have no intelligent idea on the subject, and it is difficult to define any feeling they may have in the matter.

7. Upon the question of the rights of the zemindars under the permanent settlement, I have already expressed an opinion, and after the authoritative declaration of the Government of India of their views upon that point, it is not for me to reopen the discussion . . . The Bill is framed for the purpose of carrying out a pledge given by the Government with regard to the rights of ryots at the time of the permanent settlement. And in pursuance of the effort to fulfil this pledge, it is now proposed to give the ryots fixity of tenure, fair rent, and freedom of sale of their holdings.

8. How far these privileges or rights were guaranteed under the terms of the settlement has been disputed; how far the ryot requires fixity of tenure which he has in Lower Bengal practically got, is also a question upon which there have been differences of opinion; whether freedom of sale will, in reality, confer on the ryots the boon which it is intended to give them, is also an open question; but there is and can be no difference of opinion as to the ryot being required to pay a fair rent for any holding which he possesses.

16. Holding the views which I have on another occasion expressed, I cannot consider many of the provisions of the Bill as fair to the zemindar with reference to the rights which they have enjoyed for a century; and yet I am precluded from calling into question the principles upon which the Bill is founded.

27. With reference to the provisions of the Bill regarding occupancy ryots, I object to the extension of the provisions of Act X. of 1859, specially with reference to—

1. The definition of a settled ryot in Section 45.
2. What seems to me the unjust provision of Section 47
3. Transferability of the tenure.
4. Sub-letting.
5. The abolition of freedom of contract.
6. The Provisions of Sections 59 and 61.

28. I have nothing new to add to the arguments of those who object to the extension of occupancy rights proposed by the Bill. It seems to me as to them unjust that the element of residence should not be an essential feature of the status of a settled ryot. I see no reason why a settled ryot, having a right of occupancy in certain lands, should, as a matter of right, have the same status in lands which may be miles away from his village, although within the same estate; and the accrual of the rights of occupancy to a settled ryot in any lands subsequently acquired by virtue of his tenancy of lands at the time of his becoming a settled ryot, seems to me an unjust extension of occupancy right.

29. There is no doubt that the unfettered power of transfer will encourage disputes and faction quarrels, which have already been a prominent feature in native families; and if, in addition to this power of transfer, is given the privilege of sub-letting without the consent of the landlord, the latter will very soon find his estate full of occupancy ryots or their dependents, in the shape of his bitterest enemies.

31. If the tenure is allowed to be transferable, I would on no account permit sub-letting, which will simply encourage ryots to let out their tenures and prey upon the sub-tenants. Such a system will, in the end, lead to sub-tenants or ordinary ryots (*i.e.* the cultivators) under occupancy holders being much more rack-rented than they are now.

32. As to the abolition of freedom of contract, I altogether fail to see the justice of the provision. I do not find anything of the kind in any of the Settlement Regulations, and I fail to see how the ryot is ever to learn how to stand alone if he is to be rigidly protected against himself. The ryot is to be allowed freedom in every respect, except

when he enters into an agreement with his landlord. If this is not setting class against class, and teaching the ryot to look upon his landlord as his natural enemy, words have no meaning. I would certainly leave parties to contract as they please, and the Courts should not, in my opinion, refuse to recognise such contracts. Denial of the ryot of contract has a distinct tendency to make the landlord resort to illegal cesses, and the ryots acquiesce in such improper exactions. . . . I must confess that, according to my experience, the ryot of Lower Bengal is not such a down-trodden or helpless creature, with reference to his own interests, as he is represented to be. . . . I can point to the majority of ryots having occupancy rights in Dacca, Tipperah, Chittagong, Jessore, Noakhaly, and other districts, as being men who are eminently calculated to look after their interests. It seems hardly consistent to inculcate upon the people by one enactment their fitness to govern themselves, and in another to provide them with a means of protection against their own acts: to give them power to vote with reference to matters about which they express little concern, and to deny them a right to contract with regard to their rent, about which they are supremely interested.

34. I am not of opinion that it will be practicable to frame tables of rates such as are proposed, without an amount of harassment and expense to both landlords and tenants which would be ruinous to them; and, even when prepared, I question very much whether it would be fair to either party to keep them in force even for ten years.

36. With regard to the ordinary ryots, the provisions of the Bill militate against all previous practice, at which a tenant-at-will was allowed to hold in accordance with agreement entered into between him and his landlord. I think it unwise that such a practice should be disturbed, and am not prepared to support those provisions which fix a maximum of rent to be demanded, and which introduce the entirely new system of compensation for disturbance of the tenancy of a man who has no right to such tenancy, except under an agreement with his landlord.

37. Throughout Lower Bengal there is no necessity for recognising any other principle than that of mutual interest between landlords and tenants in determining the relations which should exist on the part of the landlords to tenants-at-will. No landholder in his senses will now aim at extravagant enhancements, for such a policy will very soon relieve him of his ryots. Most landlords are now anxious to get ryots to settle; and evictions, even of tenants-at-will, is a procedure, I imagine, more sparingly resorted to in Lower Bengal than in any country that I know of. The relations, therefore, between landlords and tenants-at-will may safely be left to determine themselves according to the economic laws of supply and demand.

41. The chapter upon compensation for improvement seems based upon an entirely mistaken theory.

42. There have been for centuries, and are now, millions of ryots who have had fixity of tenure. Have these ryots shown any inclination to invest capital in improving their land; have they evinced any desire to increase the productive powers of the land, even by the elementary process of manuring it? Have they done anything under the influence of fixity of tenure in the way of constructing for the benefit of their lands any of the numerous works specified in Section 26 as agricultural improvements?

43. In Lower Bengal the ryots with rights of occupancy have done nothing to improve their lands. Any such improvements as have been made have, so far as my experience goes, been carried out by landlords, and not by ryots; and I see no reason to believe that the ryots, when

they have more capital, will change their nature or their habits as regards expenditure which they think ought to be incurred by the zemindar.

45. The ryot, so far as my experience goes, does not want to improve his land (which has for ages yielded crops without expenditure on his part on agricultural improvements), nor does he want to be improved himself; he wants to be let alone, and this Chapter on agricultural improvements introduces a system which is perfectly new in the bucolic history of Bengal. it is certainly not needed with reference to the acts or wants of ryots at present, and will infallibly lead to litigation and false claims of every description. Such a system will also most certainly lead to landlords declining to undertake, or give any assistance to villagers in undertaking, village improvements; and when villagers with opposing interests are left to themselves, to carry such improvements, the result may easily be imagined.

46. I do not object to seeing the whole chapter excised from the Bill.

50. I am quite prepared to admit that if the provisions of Chapters XI and XII. can be successfully carried out, and if we can have a record of rights made out and rents ascertained, great progress will have been made in reaching a solution of many vexed questions at issue between landlords and tenants. The expense of such proceedings as are contemplated under these two chapters will be enormous, and, I suspect, ruinous to both parties. Before making these provisions of universal application Government should, in my opinion, try the experiment thoroughly in Crown estates. We have not yet, in the similar operations which have been carried on in settlements, sufficient data to work upon, and I much fear that the amount of litigation which would be at once excited by the application of these provisions generally, would be very injurious to both ryots and landlords.

51. As to the provisions for the recovery of rents, which was the beginning of the legislation which has found its outcome in the present Bill, I am afraid that the landlords will hardly be satisfied with the relief which has been given them.

53. *On the principle on which this Bill is drawn* the zemindars could not expect further relief. I suspect, however, that they expected, and I am not prepared to say that they had not a good right to expect, very much more substantial relief, as the outcome of their application for a summary method of realising rents preferred during the last twelve years.

55. Under such circumstances I cannot convince myself that the Bill, if passed into law, will render practicable a satisfactory solution of the difficulties attending the disposal of the questions at issue; on the contrary, I feel constrained to believe that the application of the various provisions of the Bill must result in endless litigation, active hostility between landlords and tenants, and injury to the property of both.

From J. F. STEVENS, Esq., District Judge of Sâran.

14th May 1883.

CHAPTER I.—I think that an attempt should be made to define the terms “tenure” and “under-tenure.” In Chapter III. we find important provisions on the subject of tenures; but when we turn to the definition in order to ascertain what a tenure is, we only find that it includes an under-tenure (which term is left altogether undefined) and the interest of every tenant of the class referred to in Section 14.

CHAPTER II.—I do not see why a landlord should be prevented from acquiring, as *khamar*, uncultivated land which he brings under cultivation by hired labourers.

CHAPTER V.—The term “estimated value” in Sections 51 and 54 is not perfectly clear. By whom is the value to be estimated, and how are the parties to be bound by the estimate?

Section 56 appears to me exceedingly hard upon the landlord. . . . If he is allowed to buy the occupancy right, he is fairly entitled to obtain by his purchase the full advantages that would be obtained by any other purchaser.

CHAPTER VI.—There should be some attempt to define the term “staple crops,” as a good deal may turn on its precise meaning. The table of rates would be of great utility; it will be for the Revenue authorities to ascertain how far its preparation is possible.

CHAPTER VII., Section 86.—I doubt the justice of giving compensation in the case of the ejection of a ryot through his own fault.

CHAPTER VIII.—I should like to see it stated what are the rights of an ordinary ryot as to the use of the land. An occupancy ryot may, under Section 50, use it in any manner which does not render it unfit for the purposes of the tenancy. Is it intended to be implied, from the absence of such an express provision in the case of the ordinary ryot, that his right to use the land is more restricted?

Section 90.—It appears to me that the ordinary ryot under the Bill acquires something very like a right of occupancy. Is a landlord never to let to an ordinary ryot for a fixed time? and if he is to have that power, is not the ryot to be liable to ejection, on the ground that the lease has expired? There is no provision, apparently, for such a case in Section 90. Again, it seems to me only equitable that the landlord should have the power of ejecting an ordinary ryot, after due notice, on paying compensation for improvements.

CHAPTER IX., Section 125 (2).—The difficulty is, how the landlord is to know when the tenant's right, title, and interest is brought to sale. Ought not a notice to be served upon him? There is the same difficulty as to Section 52.

From F. M. HALLIDAY, Esq., Commissioner of the Patna Division,
in Conference with Six Collectors.

7th to 13th July 1833.

Sections 43, 45, and 47.—We were unanimously and decidedly of opinion that the extension of the right of occupancy to all lands held in the same village or estate should be conditional on residence; and I would submit that the distinction which exists according to the custom of the country between a resident and a non-resident ryot, and which has constantly been affirmed and re-affirmed by subsequent Regulations and Acts, has been entirely lost sight of in the Bill. The definition of estate in Section 3 should be adhered to, and hence Section 43 (b) should be expunged. In Behar the retention of this clause would lead to endless confusion and complication.

Section 48 has already been noticed by Mr. Reynolds in his speech in Council, where he speaks of it as practically an admission of the vicious principle that the occupancy right may be made a matter of bargain. This section appears altogether unnecessary. A proprietor, before his estate was sold for arrears of revenue, might go about granting occupancy rights all round, and thereby diminish the value of the estate, occupancy rights not being voidable under the sale law. As Mr. Reynolds remarked, the occupancy right is not the landlord's to grant; it is essentially inherent to the status of the resident cultivator. We would, therefore, record our protest against this section.

Section 50.—The Collector of Durbhunga states: “I think the subletting power given to occupancy ryots the most doubtful and only

dangerous part of the Bill." A long string of rentpayers and receivers must be bad. As far as an occupancy ryot is a rent-receiver, he is one of the objectional class of land-jobbers. His under-ryot is the important man. It is as a cultivator we wish to protect the ryot; not as a land-jobber.

The Collector of Mozufferpore has recorded that he cannot admit the necessity or advisability of framing the Bill in such a manner as to lead to consequences such as Clause 41 of the *Statement of Objects and Reasons* admits to be possible. It seems difficult to understand how such a result can be contemplated with equanimity, or how an intention can be deliberately expressed of encouraging the growth of another class of idle annutants upon the land in addition to those who already cumber it. The Bill will undoubtedly enhance the value of occupancy rights, which will naturally be bought up right and left by the money-lending class. The net result of the Bill will, therefore, be the extinction of the present class of occupancy ryots and the transfer of their rights to money-lenders.

Section 62—We were unanimous in thinking that the preparation of a table of rates was impracticable. These sections, on the preparation of a table of rates and produce, and of suits to enhance money-rents where such table is in force, contain a Procrustian scheme of enforcing uniformity in matters in which, from the nature of things, no uniformity exists. The rates in a village are about as numerous as the fields of the ryots, and cannot be classified without an arbitrary disregard of actual facts.

Section 90.—I express the unanimous opinion of the Conference in saying that the freedom of contract should not be withheld from a zemindar, giving land to a new, and possibly an unknown, ryot.

From J. F. BRADBURY, Esq., District Judge of Backergunge.

2nd June 1883.

The interpretation clauses are defective in that they do not include the definition of a tenure. The term "under-tenure" is misleading.

Section 6.—Why is land which is admittedly not *khamar*, but is comprehended in a permanent, heritable, and transferable tenure within an estate, and cultivated by the holder of such tenure, to be deemed *ryoti* land of such estate? The framers of the section seem to have ignored estates not consisting exclusively of *khamar* and *ryoti* land.

Section 20.—Who is an authority empowered by the Government to make settlements definitively? The Commissioners and the Board of Revenue confirm settlements, but make none. The collector and his subordinate makes them, but not definitively, for their orders are not final till confirmed.

Section 21—What is a "beneficial rent"? The term is novel in Indian law and requires explanation.

This report contains a large number of exceptions taken to the Bill chiefly on technical grounds, and terminates thus:

The Court will observe that I have abstained from discussing the policy of the Bill . . . I trust that some of my comments have revealed defects, the correction of which may hereafter prevent litigation.

From N. S. ALEXANDER, Esq., Commissioner of the Dacca Division.

23rd to 29th June 1883

The right of occupancy is for the protection of the cultivator of the land, and the land was originally let to the cultivator for cultivation;

it seems to be inequitable, therefore, to allow a non-cultivator to be thrust upon a zemindar as an occupancy ryot.

The Dacca zemindars say:—"If a ryot is evicted from a holding in default of payment of rent, there is nothing in this Section 129 that will prevent his demanding compensation from the landlord. This is very unfair; it is encouraging a defaulter, while it is the duty of the Government (considering the stringent sun-set law under which it claims the revenue from the zemindar) to afford every facility to the landlord in the realisation of rent."

From G. N. BARLOW, Esq., Commissioner of the Bhagulpore Division and Sonthal Pergunahs, in Conference with Four Collectors.

20th June 1883.

Section 56.—It was observed at the meeting that although at different times and by different objectors it had been urged that if an occupancy right were made transferable by law, zemindars, or planters, or mahajuns would buy up occupancy rights on a great scale; yet, on zemindars alone had been imposed the condition contained in this section. It appeared to the meeting that there was not sufficient reason for making such a distinction. Section 56 was unanimously condemned by the meeting.

CHAPTER VI., *Part B.*—It was agreed (Mr. Porch alone dissenting) that this part ought to be entirely omitted, owing to—

- (1.) The difficulty or impossibility of ascertaining the rates in the way proposed
- (2.) The necessity that would still exist, even if a table of rates were prepared and sanctioned for any area, of holding a local inquiry in each case for enhancement of rent in order to identify the class under which each field in the holding would fall.
- (3.) The want of proper establishments and experienced or scientific officers to classify the lands.
- (4.) The cost of making a local inquiry in each case,

CHAPTER XIV.—It was unanimously agreed that in suits for arrears of rent, which involve no questions of right or title, the procedure of the civil court in regard to the recording of evidence ought to be made as summary as is the procedure of magistrates in summary criminal trials.

The following passages occur in the Memorandum appended to the Commissioner's report by W. Hastings D'Oyly, Collector of Bhagulpore

Sections 76, 77, 78.—Some exception should be made in respect of recently reclaimed lands. A ryot has held such land, say, for five years, at first rent-free, latterly at a nominal rent of two annas per beegah, as a concession granted for the cost of clearance. Under Section 76 the enhanced rent cannot be more than four annas, and under Section 78 it cannot be raised for ten years. Supposing the land in 1884 to be equal to lands for which three rupees per beegah is paid as rent, the landlord will have to wait fifty years before he can legally recover a fair rent!!! These remarks also apply to the provisions of Section 59 (2).

Section 82.—I should be glad if occupancy rights could be restricted to the actual cultivators.

CHAPTER XIII.—It has been asserted that one of the objects of the present legislation is to afford facilities to the landlord for the settlement and recovery of his rent, whereas there can be but little doubt that the recovery of rent has been made more difficult than it previously was.

Memorandum of R. Porch, Esq., Collector of Maldah.

Section 50, when enacted, will lead to a very general loss of right of occupancy holdings by the present generation of ryots, whose holdings will be at once bought up by the money-lending classes, the ryots becoming rack-rented pauper cottiers or landless labourers.

From A. C. BRETT, Esq., District Judge of Tirhoot.

14th May 1883.

Occupancy ryot.—The fundamental idea conveyed by the word *Khudkast* was permanence. The test in old days of permanence was residence.

Ordinary ryot.—To tell a zemindar that he cannot evict without paying ten times the increment of rent demanded, is to tell him he cannot evict at all. We are supposed to be interpreting the permanent settlement, not altering it.

Transferability of occupancy rights.—I think a zemindar has a right to be protected from the incoming of an objectionable tenant. The proposed right of pre-emption is saddled with the provision that the next tenant, whether a settled ryot or not, shall have a right of occupancy immediately. Therefore, unless the zemindar cultivates the land by his own ploughs, the only way he can secure himself from an objectionable tenant is to throw away his money; and the operation may be repeated *ad infinitum*.

Enhancement of rent.—The task of framing records of rights and tables of rates is, no doubt, a formidable one; but in the resolute facing of this difficulty lies the only chance of success for a rent law in this country, however equitable may be its spirit and however scientific its drafting.

From C. B. GARRET, Esq., Officiating District Judge, 24 Pergannahs.

18th May 1883.

Section 21, Sub-section 4, appears to press unfairly on the landlord. Surely in no conceivable case could it be fair that the whole net profits of a tenure, of which even the whole was unreclaimed when the tenure was created, should be perpetually enjoyed by the tenant. Surely the landlord who owned the land before it was reclaimed, is entitled to something for the use of what I may call the raw material on which the tenant has operated his reclamation.

Section 49, I think, is open to very serious objection. I have known in these districts many small proprietors whose sole wealth was their *khamar*. I have always understood *khamar* to be land which was admitted to be the peculium of the zemindar, and which he had every right to dispose of to the very best advantage that the state of the market allowed him to do. I do not think that we need be apprehensive that he will now-a-days be able to do more than this.

Section 50.—Does this mean simply that he may sublet a portion of his land, remaining liable to the landlord for the rent assessed on the whole, or he may, at his option, apportion his liability to his landlord? If the latter, I think it is a provision obviously unfair to the landlord.

Section 85.—A ryot should not be allowed to sell his arable land, and entirely abandon the occupation of husbandry, and still retain a permanent heritable and transferable right in his *bastu* in an agricultural village.

CHAPTER XIII.—I confess I should have been glad to see the power of distraint entirely abolished. I am convinced, however, that it

would be unjust to the landlords to do so at present. My experience is that it is a power very greatly abused. At the same time I admit that, when Collector and Manager of Wards' Estates, under Act XL of 1858, having had experience of villages from which I could never realise my rents except by distraint.

From BABOO RAJENDRA COOMAR SEAL, District Judge of Bankoora.

16th May 1883.

Section 3 (3).—Ryots of the class described in Section 14 ought not to be brought under the category of tenure-holders. Paragraph 13 of the *Statement of Objects and Reasons* explains that it is necessary to call them tenure-holders, simply because it is convenient to do so from the draftsman's point of view; but in course of time the ground on which they have been called tenure-holders would be lost sight of, and they themselves would lose the privileges of a ryot.

Section 15.—Throughout the Bill it is provided that a man should first go to the Revenue Court and then to the Civil Court. This procedure will not only be expensive but inconvenient. The best course would be at once to go to the Civil Court, where he will get the final relief.

Section 130.—The Bill itself ought to make provision for the appointment of assessors on the line of the Land Acquisition Act, and it ought not to be left to the local Government to do so.

From W. F. MERES, Esq., Judge, Midnapore.

26th May 1883.

Section 3.—It is to be regretted that the border-line between a ryot and a tenure-holder has not been drawn in the Bill. There is along the coast a large tract of land formerly occupied by Government for the manufacture of salt. On the abolition of the manufacture the land was surrendered to the zemindars in whose estates it lay, and who have let it to speculators. The lessee clears a portion, protects it by an embankment, and induces cultivators to take up small blocks and bring them under cultivation. These cultivators are fairly entitled to acquire occupancy rights against the speculators, but cannot do so (under the Bill) if he is classed as a ryot. The same thing occurs in the jungle mehals of this district.

The definition of a ryot should be so drawn as to include the case of a man who takes up land for cultivation by himself, or by his family or servants, and it should exclude the case of a man who takes land merely to sub-let as a speculation. A maximum limit of a ryot's holding is, therefore, necessary, and I may say that after eighteen years' service in the lower provinces, I have never met with an instance of a genuine cultivating tenant who held fifty beegahs of arable land.

CHAPTER VI. B.—The consequence of an error by the officer who prepares the table of rates, in over-estimating the normal produce of its average money value, or in fixing too high a minimum, will be nothing short of the ruin of the tenantry of the tract dealt with. The difficulty of collecting really accurate data for the table of rates will be found to be very great.

From C. A. SAMUELS, Esq., Collector of Bankoora.

21st June 1883.

Section 16 seems to go too far. A *bhag-jotedar* is only a labourer under another name. This means of cultivating land (giving a share of its

crop) is simply employed in lieu of wages, being preferable to wages in giving a man an interest in his work; and no one will be more surprised at the sudden change in his condition than the *bhag-jotedar* himself.

CHAPTER V.—The principle involved in Section 47 seems almost a ludicrous way of making out an occupancy right. There is to be a perfect transformation scene on a day yet to be fixed. In this draft it is the 3rd March 1883. On that day villagers, who may be mere tenants-at-will, and may never have held one piece of land for more than three days at a time, will suddenly become ryots with rights of occupancy in the plot last held, all contracts to the contrary notwithstanding. This is directly opposed to the law of 1869 (Act VIII. Section 7), and renders all contracts under that Act mere waste-paper. They would probably convert this right into cash at the first opportunity; but I cannot think the circumstances of the case will justify such flagrant infringement of the rights of the zemindars.

Section 49 appears to be the result of a confusion of ideas—a confounding a *khamar* land as it is and as it ought to be (*i.e. as it is desired to make it*). It is a contradiction of terms to speak of anyone holding *khamar* land as a ryot, unless a *bhag-jotedar* is considered such; and I have pointed out that he is not looked on as a ryot, but as another form of labourer.

Section 50 bestows a number of valuable privileges on the ryot: would it be too much to ask that one provision be added on behalf of the man at whose expense we are generous? viz. that the occupancy right be liable to be revoked for non-payment of the "fair and equitable rent" on the due date? We have taken great trouble to insure the ryot against exaction. We have gone so far as to interfere with the liberty of contract between him and his master, and it will surely be only just to the zemindar that we insist on punctual payment from the ryot, as we insist on his punctually paying the revenue. If the zemindar is liable to lose his estate for non-payment of revenue on a fixed date, there can be no injustice in holding this right and interest conferred on ryots liable to sale for the same reasons.

Section 61 is subversive of the laws of political economy and justice. If the land is capable of bearing a higher rent, why should the zemindar be compelled to let it at a lower rate (*to a middleman who may exact much more from the cultivating tenant*)?

B.—Admitting that rents are no longer to be fixed by consent, the next best thing is a table of rates. It is another question how such a table is to be prepared, and it pre-supposes a certain dead level in the out-turn of lands, as if improvement and industry were of no account.

Section 76.—I can see no reason for an arbitrary limit. The only recognised limit should be what is fair and equitable.

Section 89.—The ordinary ryot, who most requires protection, appears to get very little, and yet to be competent to make an agreement which his landlord will respect. Section 129 would be harmless as far as any class of improvements is concerned; but it will afford a spur to law-suits founded on imaginary improvements, and supported with all the wit and ingenuity shown on such occasions by a people prone to litigation.

CHAPTER XIII.—I think it must be allowed that the position of the zemindar under the Bill will be scarcely better than that of a mere rent-charger. Neither he nor his tenant could effect a compromise in future; they must be ranged in hostile camps, and the rules of the contest are rigidly fixed. A member of the Council has stated that 90 per cent. of the ryots in Bengal have occupancy rights. In another place I find it stated that "it is on all hands admitted to be the fact

that, with or without right, the great peasant population of Bengal has long held the land at very low rates, far below the market rack-rent": these are Sir G. Campbell's very words. If the above statements be correct, then the mere fact of a few disturbances in Pubna, due, perhaps, to an over-zealous officer, are not a sufficient plea for legislation.

I regard an Act which abolishes freedom of contract between landlord and tenant as a backward step in legislation.

I cannot help observing in conclusion that the zemindars suffer from a daily increasing difficulty in the collection of their rents and the Government cesses; and I think that it behoves us to strengthen their hands to the utmost.

Consider the large arrear in Government estates, where the manager is armed with an exceptional procedure and the whole power of the Government; what must be the difficulties of a private individual whose only remedy is a civil suit, which is worthless as a resource, if his ryots combine against him?

From HERBERT MOSLEY, Esq., Collector of Moorshedabad.

18th May 1833.

In my opinion, the new Rent Bill goes much too far, and will result in difficulties to zemindars, which may have a prejudicial effect on the Government revenue.

2. Generally, the effect left on my mind after reading the Bill is that it has been drawn up for the purpose of supporting an ignorant and easily-deluded peasantry against zemindars who are always trying to get the better of them. In some parts of the country it may be that the ryot is unable to look after himself, but it is certainly not the case everywhere. In this district, as in many others, the zemindars have by no means the best of it; and little more is wanted than a much cheaper and a very much more expeditious mode of deciding suits than exists at present.

4. CHAPTER I., Section 3 (5).—I would strike out the latter part of this clause. I do not see why, in a law for the protection of the cultivator, the same protection should be extended to him after he ceases to be one. He should, I think, cease to be a ryot when he ceases to cultivate, using the land for other purposes. In the same section, I would strike out everything relating to sub-letting, for reasons given further on.

17. There is, in Sections 45, 47 and 50, the same disabling of a certain class to make contracts which I think so objectionable throughout the Bill; this is likely often to inflict hardship. For instance, it is often highly advantageous to the ryot to hold certain lands for a year or two, and this may suit the zemindar too, except for this new law, which would void any contract to give it back after the term, and so the ryot will not get it.

18. Section 47 will cause injustice by handing over, as occupancy land, land which has expressly been let for a term only.

19. In Section 50 I would alter Clause A to one expressing that he may only use the land for cultivation, and Clause E I would eliminate. If, as I think is the case, this Bill is intended to protect ryots, I fail to see why it should allow sub-letting. A ryot ceases to be a ryot when he ceases to cultivate; and when he sub-lets he becomes the most oppressive of all landlords, a petty middleman. To protect the actual cultivator is well; to put a man between him and the zemindar can only injure one or the other. If the sub-tenant only pays a fair and equitable rent to the middleman, it is very evident that the latter pays

a less than fair and equitable rent to the zemindar, which would be contrary to Clause C; and if the ryot turned middleman does pay a fair and equitable rent to the zemindar, then it is evident that the sub-tenant, the actual cultivator, pays an unfair and inequitable rent, and how does this improve the condition of the cultivating class?

22. As regards the sections providing for tables of rates, I can only say that I do not believe that such tables could possibly be prepared accurately. My experience in settlements shows that no two villages are alike, or can fairly have one table of rates assigned to them, and the Special Officer who was sent up here to inquire about this matter told me that his inquiries led to exactly the same result.

23. I also doubt very much whether such a list (of the market prices at harvest time) as that contemplated in Section 83 can ever possibly be prepared with any accuracy; and without accuracy the provision would be very mischievous.

24. Turning now to ordinary ryots, I see, by Section 90, that a zemindar cannot let land for a term at all, and Section 95 will effectually stop a zemindar from spending money on improvements whenever rents have been enhanced a short time previously.

25. And letting for a short term at a nominal rent to improve the land will be put a stop to, for the ryot, when he is called on for an enhanced rent, will refuse, and then, by Section 93, the landlord may have to pay compensation for improvements, and must have to pay compensation for disturbance, though all this was allowed for in the shape of nominal rent.

29. I think Section 171 (on the right to reap during distraint) should specifically declare how the cost of cutting, &c. (Clause 2) is to be met, and, as I remarked at the commencement of this letter, I should prefer to see a simpler and quicker procedure for suits. And I cannot but again say that I am afraid the Bill, if passed, will result in ruin to many zemindars, and I may add that the agitation among the ryots that, you may remember, occurred to the south of this district some time ago, when a Bill was being prepared, shadows forth pretty distinctly what may be expected if this Bill passes.

From E. J. BARTON, Esq., Collector of Jessore.

31st May 1883.

3. I have doubts if it would be expedient to pass the Bill in its present shape. I think that a more speedy and cheaper means of realising rent is desirable, and that the Bill which secures this would do all that is necessary.

4. The parts of the Bill which are open to objection are those which introduce changes in the respective rights of landlord and tenant, and raise the tenant into the position of a co-partner at the expense of the landlord, without giving the latter any compensation for the property of which he is deprived.

5. Constant changes in legislation are greatly to be deprecated in this country, and should only be made when a clear and undoubted necessity arises. In the present case I do not think that any such necessity has arisen. I here speak of Lower Bengal. . . . The Bill, in important matters, deprives a landlord of liberty to contract with his ryots. I consider that some of its provisions, instead of conferring a benefit upon the cultivating ryots, as they seem intended to do, will injure them. I consider that the Legislature should interfere with the liberty of contract only in cases of most pressing necessity, and that no case of this kind has been established, so far as the landlords and tenants of Lower Bengal are concerned. In my opinion, the Bill will not improve

matters as regards the condition of the ryots, and there is grave reason to fear that it will aggravate the evils which it professes to remedy.

From F. WYER, Esq., Collector of Hooghly.

26th June 1883.

8. It seems to me that the right of occupancy should be acquired only by the actual cultivator, and that it should not be transferable; otherwise the right will, in all probability, pass in a few years into the hands of the money-lenders.

11. It is the general opinion that the table of rates cannot be prepared, and in that opinion I agree.

16. Sections 93 and 94, Clauses A and B, and Sub-section 2 should, I think, be struck out. If (under them) the ryot does not choose to pay a fair and equitable rent, the landlord has to suffer. He has to pay compensation for disturbance. Does he disturb when the ryot refuses to pay his just rent?

19. *Section 166.*—If the power of distraining crops for current arrears is continued the procedure should be very much less complex than that proposed in the Bill. The costs (under the Bill) would be very heavy, and would ultimately fall on the ryot.

22. The Bill excites great apprehensions in the minds of the zemindars, and will, I think, not effect any permanent settlement of the rent question.

From E. V. WESTMACOTT, Esq., Collector of Dacca.

23rd July 1883.

5. The action of the proposed law will only be to make the occupancy ryot the rack-renter instead of the present landlord, and the actual cultivator will not be the better for it.

9. I do not believe that the proposed law will have any effect whatever in raising the condition of the masses.

11. To speak of the wretchedness of Bengal ryots as notorious argues absolute ignorance of the facts of the case, and can only excite ridicule in those who know anything of the ryots of Dinagepore, Backergunge, Noakhaly, to say nothing of other Bengal districts.

27. *Section 50 (a)* appears to open the door to endless litigation.

35. *Section 79 (c).*—Why should a ryot be allowed to apply for a reduction year after year when a landlord cannot apply for enhancement, even on proved increase of area, oftener than once in ten years?

38. *Section 91.*—Any law fixing the rent of a ryot without a right of occupancy, will always be a dead letter.

40. *Section 93 (b).*—I think this compensation to a ryot, who has no right of occupancy, is iniquitous. If the ryot does not agree to pay the enhanced rent, and does not give up his holding, he is considered liable to pay the enhanced rent for the next year. I do not see why the law should change this.

45. *Section 119.*—I think it objectionable to pass a law which will, in practice, be evaded, as will certainly be the case with the limitation of the rent to $\frac{1}{8}$ of the gross produce. In Noakhaly there is a quantity of land which remains uncultivated for years, and is only taken up when the price of rice is exceptionally high. I think it impossible to interfere with the free contracts which they make. I have never had any trouble in the settlement of any question arising from such free contract. I think that any attempt at legislative interference with free contract in these cases will hinder cultivation, if not practically evaded.

48. If the zemindar has power enough to compel the ryot to pay illegal cesses against his will, I do not object to the interference of the State, but where both landlord and tenant are content with the indefinite relations between them, understood and freely accepted by both parties, but indefinite when brought before the tribunal of the moonsif, I think that very serious economic evils are likely to ensue from any attempt at legal definition or limitation, however attractive to a theoretic and sentimental statesman. The result of such an attempt will be to set class against class where relations are now friendly, as following the cherished customs of the country and the natural economic laws.

55. I think the proposed Act will do generally more harm than good in the Bengal districts, with which I am well acquainted.

From W. V. G. TAYLOR, Esq., Collector of Nuddea.

7th June 1883.

Among all whom I have consulted, the consensus of opinion is against the Bill as being one-sided and tending to lower the status of the zemindar.

2. I consider that portions of it are unsuited to this district, that they would unnecessarily deprive zemindars of privileges which they have long enjoyed and to which they are entitled, without conferring on the old ryots any corresponding advantage, and only benefiting new comers who have no claims on the estate. On the other hand, some of the benefits conferred on the ryots appear to me of a very doubtful nature, notably the transfer of occupancy rights by sale.

3. *Sections 5 and 6* appear to me to be inapplicable to this district, in which the *utbandi* system prevails to a very great extent. Lands let out on this system have hitherto been considered to belong to the landlords as their private property. Under the Bill such lands will become ryot; and it seems questionable whether privileges so long enjoyed, and from which no injury to the ryots accrued, should be taken away.

Section 45.—The *utbandi* system will make almost every ryot a settled ryot, with a right of occupancy in the lands he may be holding since March. It cannot be the intention of the Bill to take advantage of a special system such as this.

Section 93.—I presume the Court has to decide whether the claim for enhancement is just and fair and in accordance to the law, before ejecting the ryot. In that case it seems hard that the landlord should have to grant compensation for disturbance which would never have occurred but for the obstinate rejection of such just claim by the ryot.

From Lord H. ULICK BROWN, Commissioner of the Rajshahye and Cooch Behar Division.

22nd September 1883.

9. The Bill proposes to effect a violent revolution in the ownership of landed property, and to change the landed system over a large and important tract of country, affecting one way or the other the interests of above fifty-five millions of people. The magnitude and importance of the measure can hardly be over-rated.

10. I think that such important changes, affecting detrimentally the rights and interests of a large and important class, should only be made on very strong grounds; such as, for instance, the grounds advanced by Mr. Gladstone when introducing a somewhat similar measure for Ireland in 1870. . . . The result of such a measure as this in that case might well make thinking men pause before introducing it into another

country, even if the circumstances under which the Irish measure was applied existed here . . . The result of a similar measure in Ireland was almost disastrous, but it was tried to meet circumstances which seemed to the Government to require special treatment.

11 What are the circumstances under which it is proposed to introduce the present measure? They are about as different to those found in Ireland as it is possible to conceive. No special and strong grounds, political or other, exist in the present case, nor have any been asserted in support of this Bill . . . It is well known that in Eastern Bengal the ryots are very much the stronger, and that if protection or assistance is required there, it is required by the zemindar.

In 1877, so far from any measure to assist the ryots being thought necessary or advisable, the Lieut.-Governor thought special legislation necessary to enable the zemindars all over Bengal to recover their rents in cases where there was no dispute, combinations among some ryots and a general disinclination to meet their undisputed liabilities having called for such legislation in aid of the weaker party—the zemindars. . . . Matters have in no way changed since then. There has been no general feeling of discontent among the ryots of the country as a body. I am sure that all Government officers will agree in this, and in thinking that the ryots of Bengal are, as a body, in a contented prosperous condition, nor will it be denied that there has been no general request on the part of the ryots for such legislation as is now proposed.

12. It is clear, then, that the present measure is proposed, not because it is necessary, but because, in the opinion of the Government, the land system of the Bill is preferable to the existing one. It seems to me that the passing of such a Bill would not be justified by the circumstances under which it is proposed, and that, even if there were no other objections, it would not be right to pass it.

13 But there are other, and, in my opinion, serious objections to the Bill. There is, first, the one, argued so universally and strongly by the zemindars, that it is an infringement of the rights guaranteed to them by the permanent settlement.

The representations of the zemindars on this point seem to me to be most reasonable, and entitled to the fullest consideration. I have always thought that the quotations from the writings of Mr. Francis, Sir John Shore, Lord Cornwallis, and others, as to whether the zemindars had proprietary rights or not before the permanent settlement, which quotations have been so often brought forward by both sides when discussing the question of the infringement of the permanent settlement by the passing of Act X. of 1859, and such Bills as this one, are not really much to the point, as the case of the zemindars rests on a much stronger ground, viz. the declaration of the Permanent Settlement Regulation that they are proprietors of their estates.

The zemindars do not stand alone in thinking that Act X. of 1859, and such bills as this are breaches of the conditions of the permanent settlement. The English barrister-judges of the High Court, and especially the chief justice of the year when Act X of 1859 was passed, and the present chief justice, are entirely in accord on that question.

I do not deny that on grave grounds of public necessity, such as apprehensions of general disturbances, it may be necessary to depart from even such engagements as the permanent settlement; but no one says that they exist in the present case. Nor do I forget that the permanent settlement allows Government to interfere for the welfare and protection of the ryot. But if it had been intended that such interference could amount to the destruction of the proprietary rights then conferred, such rights would never have been conferred, and

then I request reference to paragraph 11 of this letter, as it can scarcely be alleged that interference is necessary in the very slightest degree for the protection of the ryots who are in Bengal proper stronger than the zemindars.

14. Next, we have for ninety years treated the zemindars as real proprietors, making them discharge the duties of proprietors as regards matters connected with police, crime, furnishing, supplies to troops on the march, and, above all, the collection of public demands. Is it fair or just to deprive them now of several of the most important rights of a proprietor?

15. In what I have said as to the ryots being stronger than the zemindars, as to the former not requiring assistance against the latter, and as to the latter (as admitted by the Governments of Bengal and India in 1877) requiring assistance against the former, I have had principally in view the ryots of Bengal Proper. I know that in Behar the zemindars are, generally speaking, the stronger; but if any measures nearly approaching those in the Bill had been necessary in that province, some measure or other would assuredly have been proposed by Sir Richard Temple or Sir Ashley Eden in 1876 and 1877 to assist the ryots of Behar, who have not asked for this Bill any more than have the ryots of Bengal.

16. Another objection is, that it is a serious thing to create among the nobility and gentry of a population of fifty-five millions, a feeling that the Government have injured such an important class, and that without nearly sufficient cause, and without any demand for it on the part of the classes for whose sake the injury is done.

17. Another objection is the possibly disturbing effect the Bill might have on the ryots throughout the country. Though, happily, they are of a very different mould to the Irish, still when the ryots of Bengal and Behar see that, without any general representation on their part—without, so far as they know, any reason at all for the action of the Government—the zemindars are deprived of rights, while others are at the same time conferred on the ryots, I think it very possible that the idea may occur to the latter, that, as they have got so much without asking for it, Government must be actuated by a great desire to please them and to injure the zemindars who are sacrificed for their sake, and that by agitation further concessions may be obtained. Such agitation might before long grow and gain strength till it became a source of much trouble to the Government.

18. For these reasons I am opposed to the most important provisions of the Bill, and think that none of them should be applied to Bengal proper. But provisions for facilitating the recovery of rent should be enacted.

23 In conclusion, I hope that, after all that was said and done in 1877, and the unchanged circumstances since then, a provision will be made for the recovery of undisputed rents. It seems to me very unjust to omit such a provision in favour of the zemindar from a Bill which proposes to deprive him of so much. In 1877 the zemindar asked for bread, his claim to it was admitted by the Governments of Bengal and India; in 1883 he is refused a crumb and given a very large stone.

THE LATEST MEETING OF THE ZEMINDARS.

ONE of the largest meetings yet held in India, to express dissatisfaction with the Bengal Tenancy Bill, was held in the Town Hall of Calcutta on the 29th December 1883.

The chair was taken by the MAHARAJAH OF DUREBHUNGA, and the MAHARAJAH OF DOOMROAN moved the first Resolution, to the effect that *the Government has entirely failed to show that any grounds exist for introducing into the Bengal Tenancy Bill revolutionary provisions which are a novel departure from the ancient custom and the existing law relating to landlord and tenant, and which will most injuriously affect all classes of the community who are in any way interested in land.*

The Maharajah, addressing the meeting in Urdu, made the following remarks: "You are aware of the revolutionary provisions embodied in the Bill. Nothing has been so clearly made out in recent discussions than that these revolutionary provisions are a departure from the ancient custom of the land. Under the worst of the Moguls your proprietary rights were always respected: he was extortionate, but never confiscated your proprietary rights. It has been said that the zemindars were then mere collectors of Government revenue. The histories of many of the families, whose representatives I see around me, give a flat contradiction to that statement. The zemindaries which have descended to me from a long line of ancestors, existed, as I learn from my family records, from a long time anterior to the Mahomedan conquest of the country, and my ancestors possessed greater rights and privileges than I have come to enjoy under the permanent settlement. The rights recognized by that settlement have never, before this, been questioned by the Government or the Courts of Law.

"Gentlemen, it has been said that the tenants under you had greater rights before the introduction of the permanent settlement than they enjoy at present; and that it is the duty of the Legislature to rehabilitate them in their old rights. The assertion as to such rights having existed, is refuted by the two highest judicial authorities in the land.

"The advocates of the Bill admit that its provisions will sweep away your vested rights guaranteed under the permanent settlement; but they add that the Government reserved the power to enact laws for the protection and welfare of your ryots, and that the Legislature is simply exercising that power. It cannot be denied that, in certain contingencies, under certain political necessities, the Government of a country would be justified in trenching on vested rights. But no such grave political necessity exists in the present instance. If the reservation is held to justify the Government in taking away your proprietary rights guaranteed by the permanent settlement, then that settlement would have no meaning.

"It has been said, Gentlemen, that you, zemindars in Bengal Proper, are weak and your ryots are strong; and that we in Behar are strong and our ryots are low and depressed. Why is then the same nostrum prescribed for two evils which are so entirely opposed to each other in their nature? The provision intended to make the Behar ryots strong would necessarily, if also applied to ryots of Bengal, aggravate the evil, by making the strength of the latter excessive. But what is the actual condition of things in our much-maligned province of Behar? I need only quote in answer what the Lieut.-Governor said on the subject."

The Maharajah, after citing passages in Sir Ashley Eden's speeches

in 1881 and 1882 testifying to the growing prosperity of the cultivators, said: "This opinion must have been available to the Government when it indited its despatch to the Secretary of State on the Rent Bill in March 1882, and to the members of the Legislative Council when they made their furious denunciations of our zemindari system, in March 1883. But it did not suit their purpose to give place, in their speeches, to Sir Ashley Eden's publicly-expressed opinions on the question.

"You have heard it said that a drowning man catches at a straw, and you may, therefore, understand why our mighty legislators caught at a straw like the opinion of a Government pleader at Gya, in defence of the position they had taken up in the Council. They could find nothing better. Why was not an inquiry instituted before we were so ruthlessly denounced in Council? The Government despatch relies on certain figures taken from the Road Cess returns. Those figures go on the assumption that all lands in a district are equally cultivated. This is an error; besides, the figures do not show that higher rents prevail in Behar than in Bengal. The despatch quotes the opinions of Messrs Metcalfe, Geddes and McDonnell; but it forgets that these opinions, which, as far as I know, never before were deemed worthy of facing the light, were followed by the Behar Rent Commission; and that that body, composed of experienced officials and non-officials, never recommended the violent and radical changes which have been embodied in the Bengal Tenancy Bill. Then, two officers, Messrs. Tobin and Finucane, were appointed to determine what was called equitable rents, the former being deputed to Shahabad and the latter to a selected tract in the North Gangetic districts. What was the result of the inquiry? Mr. Tobin found that the rents had not been changed for the last forty years and were exceptionally low. When this result was made known to the authorities, the inquiry in the Southern districts was immediately stopped, because the result militated against opinions pronounced in certain quarters. Mr. Finucane's report, on the other hand, was extensively quoted in Council. The rent-rates found by Mr. Finucane in the Mozufferpore district, are not, however, higher than those found to prevail in Bengal Proper, as will appear when the larger size and the greater productiveness of the tract selected for Mr. Finucane's examination is considered. These, Gentlemen, are the sum and substance of the evidence on which a whole class of zemindars has been condemned. A great portion of Behar consists of lands occupied by indigo-planters, of Crown estates and of escheated estates. If you compare the position and condition of our ryots with those of the ryots in the Crown and escheated estates, you will find, as you well know, that our ryots are far better off. The reason is obvious. The ryots belong to the same castes as the zemindars; they are Brahmins, Rajputs, Pahluns, Kaysts, Gowalas and Kurmis; and Mahomedans likewise are represented in both classes. Indeed, zemindars have often many of their own kith and kin among their ryots. Woe, therefore, to the zemindars who would disregard the voice of the community among whom they live, and try to play the part of the rapacious or tyrannical landlord. All these are facts which a little inquiry would have brought out; but no inquiry was instituted, we were condemned unheard, and it is now proposed to confiscate our rights by this revolutionary measure. I ask you, Gentlemen, to record your emphatic opinion that the measure has no justification in the actual condition of things. A common danger has brought us together from distant parts of the country. We have come, respectfully and loyally, to submit this our last appeal to the Government, in the metropolis of India. We have come to ask the Government to have regard for its pledged faith, and to protect the vested rights of an important section of its subjects; to show to the Government that the

revolutionary changes, which it proposes to effect by the Bengal Tenancy Bill, have neither been asked for by the ryots nor are calculated to do them good. The alarm and consternation that have come on the zemindars throughout the country can hardly be described. Our mighty Government may afford to disregard that alarm and consternation, but it should not forget that the foundation of the British rule in India is justice—justice to all alike; and that all cases of injustice, of broken faith, tend directly or indirectly to sap that foundation. It is the duty of all loyal subjects to speak out on an occasion like this; and I would deem myself unworthy of that character of loyalty which has always distinguished the family to which I have the honour to belong, if I had not spoken out as I have done.”

Mr. J. J. J. KESWICK, in seconding the Resolution, said: “Maharajahs, Rajahs, and Gentlemen,—It is unnecessary for me to trouble you with a speech, as I spoke on the subject on a former occasion, and my views against the Bill are well known. I would much rather listen to those gentlemen who have not spoken before, and I am glad to see this great meeting of influential zemindars, as it shows the earnestness of your protest against this uncalled-for and unnecessary measure.”

Baboo DWARKANATH CHUCKERBUTTY supported the Resolution, and observed, in the course of his speech, that the Government of the late Viceroy had been taunted for his aggressive policy. “We have been told,” he said, “of the wickedness and folly of the wars it carried on, and of the perpetual unrest in which it kept the Empire; but the Government of the present Viceroy seems actuated by the same spirit, only the scene is changed: we had war with foreign nations, and now we have a war of races at home. Lord Lytton fought with gunpowder and cannon. Lord Ripon delights in legislative explosives, and, if this Bill becomes law, it will cause a fearful upheaval of society.”

THE MAHARAJAH OF DINAGEPORE moved the second Resolution to the effect that *the Bill, if passed into law, will be detrimental to the peace and tranquillity of the country, by fostering disputes and litigation between all classes of the agricultural population, and thereby interfere with the general welfare of the community.*

Mr. BELL, in seconding the Resolution, made the following observations in a clear and forcible speech, which could not be condensed without detriment, and should, therefore, be read in a full report of the meeting: “I was struck with what my friend said when he contrasted the aggressive policy of Lord Ripon with the aggressive policy of Lord Lytton; but he omitted to say that Lord Lytton’s arms were directed against the enemies of his country, while Lord Ripon is attacking those who have always been the support of the British Government. . . . It is proposed in the Bill that no agreement between the landlord and his tenant shall be valid, unless it receives the sanction of a revenue officer. It seems to me that a landlord and his tenant can agree about the rates of rent, considering that they know the land and the produce that it grows, far better than any revenue officer can do. It is simply preposterous to press a proposition that no engagement shall be made between landlord and tenant except with the sanction of a Government officer.” Then, referring to the approval which the Bengal Tenancy Bill received from the Lieutenant-Governor, Mr. Bell said: “Although I am opposed to the Lieutenant-Governor on this Bill, he is a gentleman for whom I entertain profound respect, and whose opinion I would not oppose were I not supported by the almost unanimous opinion of the officials and non-officials throughout the country. . . . What I complain of and deeply deplore, is the injudicious indifference with which this unanimous consensus of opinion has been received. At the same time, though the odds are against us, I do not despair, for I feel we are

fighting a righteous cause. I feel that it is impossible for Lord Ripon, if he regards his reputation as a statesman, to turn a deaf ear to the almost unanimous voice—both official and non-official—of India. I myself have confidence that the settlement to which my friend, the Maharajah, alludes—of Lord Cornwallis—will not be permitted to be torn to shreds, and I am sure that you will agree with me that the name of Cornwallis ought never to be mentioned without exciting in your breasts the profoundest feelings of gratitude. I read the other day the epitaph on his monument, and I think that the words upon it correctly describe our feelings, that *after the monument is crumbled into dust, millions will still attest the wisdom of his conduct and the virtue of his life.*"

RAJAH HURBULLUB NARAINSING moved the third Resolution to the effect that *if the deprivation of the landlords of their just rights, inherited from generation to generation, confirmed by the permanent settlement and consecrated by a century of British rule, be deemed essential to the welfare of the tenantry, the Government be solicited to consider the justice of allowing the zemindars to surrender their estates on receiving such compensation in money as will, when invested in Government securities, produce a permanent return equal to their present income.*

MR. GREGOR GRANT, from whose speech a passage has already been quoted, made also the following statement: "About nine years ago, Sir George Campbell, for the sake of peace and good government of the Sonthal Pergunnahs, deprived the zemindars of the power to settle their own lands with the ryots, and appointed Government officials to grant leases to them instead. The effect has been that, whereas suits for the recovery of rent were formerly almost unknown when the zemindar made his own settlement, they have, under the Government settlements, multiplied a hundredfold."

The HONOURABLE HARBANS SAHAI, in supporting the Resolution, said: "There can be no two opinions as to the justice of our demand. There is no revolution in the land; and if unfortunately there were one, a settled Government would confiscate the rights only of the guilty; and if it became necessary to trench on the vested rights of the innocent, it would, in honour and justice, deem itself bound to offer compensation. The state of things in Ireland does not exist in India; your ryots have not complained of you, have not sought relief against you, nor have they asked for additional rights. You have heard from preceding speakers the overwhelming testimony there is, that the condition of our tenantry is improving from year to year under the existing conditions. Were the Bill to become law, your zemindari office would have to be transferred to the Revenue officer's *cutcherry* or to the Civil Court, with, at every step, a law-suit or some legal proceeding, fines, harassment from surveys, records of rights, settlements, and the like. You know what law-suits mean—simply run to those engaged in them. The visit of a Common Court peon to a village is justly dreaded by those on whom it is inflicted: under the Tenancy Bill you will have no end of such visits."

RAJAH SHYAMA SUNKER RAI CHOWDHREE, in moving the fourth Resolution, went into the origin and history of the rights of the zemindars, and added the following remarks: "Among the fifty thousand or more proprietors of land in Bengal and Behar, about a thousand are descendants of persons who were proprietors at the time of the permanent settlement; the rest derive their title from purchase at Government revenue sales, or at other public or private sales. The one thousand original proprietors and their descendants have spent a large amount of capital on their estates since 1793: therefore, the whole of the fifty thousand proprietors have invested capital in land, in good faith and perfect reliance on the guarantee of rights afforded by the

permanent settlement Regulations. Surely they are entitled to compensation for any of those rights which may be taken from them." The resolution was to the effect that, *as thousand of estates have been made of waste and other lands upon the faith of the zemindars being entitled to their present rights, suitable clauses may be introduced into the Bill for providing compensation to the zemindars for the loss of their rights.*

Mr. J. G. APCAR, in seconding the Resolution, made the following observations in the course of his speech: "When an injustice is perpetrated to any class, it is an injury to the whole State; and the Tenancy Bill is a measure that certainly calls for the active sympathy with the zemindars of all who are interested in the welfare of India. The zemindars are a class on whom the stability of the Empire greatly rests; and when we find legislation proposed that has offended the officials, angered the European community, and is beginning to alienate the zemindars, I think it is time for us to take alarm. In what manner has this Bill come before us? It has been brought forward, not merely on insufficient evidence, but on no evidence at all. It has been framed upon assumption: it is pressed forward by men selected for the purpose. I would ask, why is it and how is it that those who have ripe experience, and could form a correct judgment on the subject, have been studiously kept from dealing with it? Why has the assistance of Mr. Dampier, of Mr. Monro, and of our learned Advocate-General not been called in? In our opposition to this measure there is no question of party politics. Liberals oppose it. I would instance my friend, Mr. Keswick, who is a strong Liberal, or at least was so, until the definition of that term came to be a person who is generous at other persons' expense. But this is not all; there have been reasonable representations made, and they have been treated with contempt; there have been opinions given—official opinions—and I would ask the Government how it is that that most able minute of our honoured Chief Justice has not had place given to it in the opinions published by the Government?"

"Is it for the sake of the ryot that this measure has been brought out? We shall find that, if passed into law, it will reduce him to a worse state than that which he now occupies. For whose good, then, is the measure proposed? Government takes no heed that the value of property is being reduced thirty per cent.; it ignores the fact that people have been dealing with the property in the belief that it had been permanently settled, and on the faith of the British Government. Is it not paying too heavy a price for a policy by which the Government forfeits the confidence of all who have anything to lose, and imperils the peace and prosperity of the country? I ask you, Gentlemen, is not that too heavy a cost?"

Baboo SOORJ NARAIN SING, of Bhargulpore, in a long speech supporting the Resolution, observed: "Government has, for a long series of years, from the Permanent Settlement to the present day, sold estates on the understanding that the purchasers would have in them the rights which the existing law gives to landed proprietors. I have seen documents in which the authorised officers of the Government stated that certain zemindaris purchased from the State were free from *mourosi* and other tenant rights. Is it just that those who have invested their capital in such estates should be deprived of the rights they bought, without receiving any compensation for the same?"

Nawab VELAYET ALI KHAN, who spoke in Urdu, proposed the fifth Resolution, to the effect that *in view of the provisions of the Bengal Tenancy Bill, which will deprive the landlords of their legitimate prestige and influence, and reduce them to a state of helplessness, the Government should be requested to relieve the zemindars of the duty of collecting the road*

and public works cesses, and of such other services and obligations as are now cast upon them by law or custom.

Baboo SALIGRAM SING, in seconding the Resolution, referred to the many important duties which now devolve upon zemindars, such as aiding in the demarcation of land, assisting the police in the apprehension of offenders, supplying provisions to the troops that pass through their lands, collecting the Government cesses, and furnishing information on various matters. He also recalled the eminent services which the zemindars had rendered to the Government in critical times, and argued that their altered position under the Bill, and the loss of prestige which would ensue, would deprive them of the power of duly fulfilling such duties.

The MAHARAJAH OF GHIDORE moved the sixth Resolution, which was that *the Viceroy in Council be moved to publish for general information, in English and in the vernaculars, the Bengal Tenancy Bill as it may be amended by the Select Committee, and to grant sufficient time to the public for the consideration of the amended Bill.*

Baboo PROSONNO CHUNDER ROY, Zemindar of Nuddea, in seconding the Resolution, explained that, according to the custom prevailing in his district, lands were not let out on lease, but that the cultivators were each year allowed to plough and sow such lands as they pleased, the zemindar's agent being afterwards sent to see what land each had cultivated, and to compute the rent according to customary rules mutually accepted. The Bill would convert these casual cultivators, and even trespassers, into middlemen of the class it proposes to create, giving them the right to sub-let their zemindar's land, and to sell their new rights to outsiders.

Baboo TROYLUCKO NATH MITTER, in supporting the Resolution, observed that the changes which the Bill had undergone were so numerous, and some of them so important and so novel in their character, that, unless the Bill was before the public for a reasonable period, it would be impossible for those whose interests are affected by it, to consider its provisions and express their opinion on them. He added, "To justify hasty legislation, necessity for the same must be made out. It must be shown that the circumstances of the country had attained a critical position; that the relations of the different classes were strained; that their attitude was menacing, and that conflict and calamity would ensue without immediate legislative interference. But can this be said of the present relations between the rent-paying and the rent-receiving classes? Is it not a fact that, two months before the Bill was introduced, their relations were perfectly amicable? I may add, without fear of contradiction, that even its introduction has not yet excited any general bitterness of feeling between the two classes. Why, then, force this legislative measure with undue speed?"

Baboo SHEO PRATAB NARAIN, Delegate for the MAHARAJAH OF HURWA, who had been prevented from attending the meeting by a heavy domestic affliction, said, in supporting the sixth Resolution: "The history of the Bill shows what great changes it has undergone, not always at the hands of the Select Committee, but also at those of certain gentlemen who have been charged ever and anon with the making of the Bill; how, with its many revolutionary changes, we find in it but little of Sir Ashley Eden's original Bill for the speedy realisation of rents. The dwarf has grown into the monster which threatens to swallow up all our rights. In the Select Committee, Gentlemen, the public has no access, and its few members are left to re-arrange things according to their idiosyncrasies, without any light from outside. It is nothing but just, therefore, that the fullest opportunity of discussing its recommendations should be given to the public. But while those acquainted with

the English language will thus be in a position to know and discuss the changes recommended, there is an infinitely more numerous class who, on account of their ignorance of that language, will not be able to form any idea of those changes, and the ryots come in this category. We ask, therefore, the Government not to proceed with this Bill until accurate translations of it in the vernaculars, embodying the recommendations of the Select Committee, have been for some time before the public.

Baboo CHUCKEN LALL SING, Zemindar of Chuckdiggee, proposed, and Baboo HUROCHUNDER ROY CHOWDHREE, Zemindar of Mymensing, seconded the seventh Resolution, that *a memorial be presented to the Viceroy in Council embodying the Resolutions passed at the meeting, and that it be forwarded with the signature of the Chairman.*

A vote of thanks to His Highness the Chairman was proposed by Maharajah JOTENDRO MOHUN TAGORE, and seconded by Baboo JOY KISSEN MOOKERJEE, and unananimously carried, as were the seven preceding Resolutions.

The meeting then separated.

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NOTES

ON

The Assessment, Collection and Expenditure

OF

LAND REVENUE

In the United Provinces of Agra and Oudh

BY

The Hon'ble Rai NIHAL CHAND Bahadur

Member of the Legislative Council, United Provinces

of Agra and Oudh

and

Honorary Secretary to the Zemindar Association

MUZAFFARNAGAR

15th November 1904.

PART IV

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*In continuation of my notes on the Land Revenue Policy
in the United Provinces of Agra and Oudh.
dated April 1904*

Chapter XXI. Collection of Revenue.

190. The speeches of the Honourable Members of the Council of His Excellency the Governor-General of India as well as those of the Provincial Councils made at the time of the Budget debate are, as a matter of fact, more interesting and instructive than those made on other occasions, the reason being that the subject is so comprehensive that it affords an opportunity to the members to give vent to their views on various matters. These speeches can truly be said as an outcome of one year's experience, discussion and deliberation and therefore deserve full consideration. I think it will not be out of place here if in continuation of my notes already published on the Land Revenue Policy of the Government I make a reference to such portions of those speeches as concern the landholding classes and agricultural interests in the United Provinces of Agra and Oudh.

191. The Hon'ble Mr. Hardy, Senior Member of the Board of Revenue of these Provinces, dwelt upon the subject of the moderation of assessment of land revenue in his speech made in the Legislative Council on the 8th April 1904 in the following words :—

“I refer to the studious moderation which now characterises the policy of the Government when making its revision of assessments. We have not to go far for evidence to substantiate this assertion. As regards the Oudh settlements, I need refer only to the declaration of the taluqdars, who have stated publicly that the reassessments have been acceptable to them as a body. Turning to the Agra Province the statistics of the most recent settlements may be quoted to show the extreme consideration which the landlords receive. I can certify from my personal experience that the present system of assessment with its laborious inquiries into ascertained assets, and its careful adjustment of the burden to the back of the revenue-payer, is gratefully appreciated by the landlords of the Agra Province. I think the State, too, will have reason to congratulate itself on the moderation of its present demand. Without

entering into the thorny question of the influence of currency legislation on prices, we must note the fact that within the last 18 months a distinct fall in prices has taken place, and it is possible that the results of the restriction of the currency, which were obscured for a time by scarcity and famine, are beginning to assert themselves, and that a yet lower level of prices may be reached. It is well, if this be so, that our present assessments are framed on the basis of a moderate rental. Were further evidence needed of the general moderation of the present revenue demand, I would refer to the fact that despite low prices the revenue of the past year, 6½ crores, was collected practically in full. The fact that the revenue for the past year has been collected practically in full reflects credit on the tehsildars of the provinces, and it is a matter of satisfaction that as a result of the scheme for regrading Deputy Collectors it has been found possible to give them substantial promotion during the past year".

192. I know well that the Hon'ble member has much sympathy with the landholding classes and has sufficient regard for their rights and privileges, and I have no doubt that he has given a frank expression to his views on the subject. But with all due deference to the Hon'ble member I regret to say that I am unable to agree with his views and therefore I consider it my duty in the interest of the landlords to say a few words concerning the assertions made by him.

193. The chief points quoted by the Hon'ble member in support of his assertion regarding the moderation of assessment in the Agra Province are :—

1. That the statistics of the most recent settlements may be quoted to show the extreme consideration which the landlords receive ;

2. That from his personal experience he can certify that the present system of assessment is gratefully appreciated by the landlords of the Agra Province ;

3. That despite the fact that within the last 18 months a distinct fall in prices has taken place, the revenue of the past year 6½ crores was collected practically in full.

194. As regards the first point the statement of the Hon'ble member is most satisfactory and full of hopes for the future.

195. As regards the second point if the Hon'ble member's opinion is based upon the result of his interviews with the nobility of the province, I do not know how much weight can properly be attached to such declarations concerning such matters as the assessment of land revenue, considering the condition of the aristocracy of this backward province. Thier móto is what the illustrations poet Sadi says: "agar shah róz rá goyud shub ust én—bi báid guft éruk máh ó purveen." "If the king says in day time that it is night, the people must say that the moon and stars are visible.

196. The third and the last point is the punctual collection of the land revenue.

I admit that it is more easy for a landlord to pay a moderate revenue than an excessive one, but its collection in full does not necessarily mean that it is moderate. The following facts also lead to its prompt collection to a great extent :—

(a) When the landlords have got other subsidiary occupations like trade, money lending, service etc. they are in a better position to pay off the revenue at the proper time or when the estate is big enough or the year is prosperous or the landlord can easily borrow money little difficulty is experienced in payment of the revenue whether it is moderate or not. But in those cases where the landlord has to depend upon the collection of rents for the payment of revenue it can hardly be paid within the fixed time.

(b) The strict law and rules framed by the Government for the collection of revenue and the machinery employed to use them account to a large extent for the speedy collection of revenue than the moderation of assessment.

When the Tahsildars know that their promotion depends upon the collection and that they are sure to be condemned and to be degraded for bad collections, it will be surprising if the Government demand is not collected in full. The Hon'ble member himself in his speech appreciates their services in these words :—“ the fact that the revenue for the past year has been collected practically in full reflects credit on the Tahsildars of these Provinces and it is a matter of satisfaction that.....it has been found possible to give them substantial promotion during the past year.” This will naturally act as a stimulous to the Tahsildars to collect revenue in full, without paying any regard to the hardships felt by the landlords in paying it.

On referring to the Revenue Administration Report for 1903 I find that two Tehsildars have been condemned by the Board of Revenue for a delay in the collection of canal rates in these words:—“Owing to the want of energy displayed by the Tehsildars of Manjhanpur and Bhongans the amounts were not recovered till after the year had elapsed.” Is it not a sufficient warning to all other Tehsildars also ?

197. What extensive powers have been given to the Tehsildars for collection of revenue will appear from the following sections of Act III 1901 (Land Revenue Act)—

S. 146. An arrear of Revenue may be recovered by one or more of the following processes :—

- (a) by serving a writ of demand or a citation to appear on any of the defaulters ;
- (b) by arrest and detention of his person ;
- (c) by attachment and sale of his movable property ;
- (d) by attachment of the specific area, share, patti or mahal in respect of which the arrear is due ;
- (e) by transfer of such share or patti to a solvent co—sharer in the mahal ;
- (f) by annulment of the settlement of such patti or of the whole mahal ;
- (g) by sale of such specific area or patti or of the whole mahal ;
- (h) by sale of other immovable property of the defaulter.

(To be read on page 5 before para. 198)

Besides these methods of collecting the revenue there is one more which though illegal is occasionally used. I shall describe it in the words of the Advocate of Lucknow dated 4th September 1904:—

“The Benares correspondent of the Patrika says:—

“A sensational case occurred here some time ago. A respectable Zemindar went to a Tahsil in this district to pay up his income-tax. He happened to owe something on account of land revenue also, which was demanded from him by the peons, but he had not sufficient money at the time and promised to bring it afterwards. The Tahsildar had however left orders that every such defaulter should be brought before him; so this gentleman was also taken before him and shoe beaten. This atrocious act has filled the Zemindars with alarm. The aggrieved person went to submit his complaint to the Collector, and the Tahsildar also followed his steps to reach his official superior in good time, and put the best complexion on his action. An enquiry was made by the Collector, with the result that every word of the Zemindar's complaint was found to be true. But “conflicting interest,” had perhaps to be reconciled and the Collector endeavoured to bring about an amicable settlement. He exerted his powerful influence over the poor Zemindar, and promised to suitably punish his subordinate if he desisted from taking legal proceedings. The Zemindar had of course no choice but to yield to pressure, but just see what “suitable punishment” has been given to the Tahsildar. I do not know whether the matter was reported to higher authorities or not; but if it has been, who can doubt that the scandalous affair must have been made as mild as language could make it. This presumption is borne out by the punishment the Tahsildar has received. He has been transferred. Or rather will be transferred.”

If the facts mentioned above are true, the Tahsildar surely deserves severer punishment and we hope the Local Government will make an enquiry into the matter and will not allow the matter to be passed over. This is the second time that an assault on a respectable Zemindar by the Subordinate Executive Service has been brought to public notice within the last two years.”

S 148. The defaulter may be arrested and detained in custody for fifteen days, unless the arrear, and the costs of arrest and detention are sooner paid.

198 The payment of revenue by the landlords must follow the collection of rents and we must think over those methods also which the law provides for the collection of rents. When the tenant does not pay rent at his free will there are only two ways open to the landlord to recover the arrears viz he may bring a suit for arrears or may recover it by distress and sale of the produce of the land in respect of which the arrear is due. But both these proceedings are very complicated and require much time, trouble and expense. Notwithstanding this if the tenant does not like to satisfy the decree and chooses to be ejected it is very seldom that the arrears are recovered at all. It is in every way inferior to the decree of the Civil Courts because very few particulars belonging to the tenant can be attached and sold under the decree of the Revenue Court and because the former, if below Rs. 500 becomes null and void after three years if it remains unsatisfied, while it is not the case with the latter.

The ejectment for nonpayment of arrears is in most cases no doubt an effective means to recover them, provided the court is not unduly lenient to the tenant. I must respectfully express the gratitude of the landlords to the Government for views so kindly expressed in its Resolution on the Revenue Administration Report for 1903 :— “It is impossible to lay down any general rule as to the reasons which would justify a court in allowing further time for payment to a tenant ; but it must not be forgotten that the landlord is responsible for the payment of the revenue and he cannot be expected to discharge this obligation unless his tenants are reasonably punctual in paying their rents.”

199. I am sorry to note that although the collection of the revenue during the year was so much better yet the landlords had not less difficulty in

collecting their rents as appears from the Board of Revenues Administration Report para 3 "The suits for arrears of rent while in Oudh have fallen off, have increased in the Agra Districts from 102,647 in 1901-02 to 117095 in 1902-03 or no less than 13 p. c. The increase has occurred in almost every District of the Province and is proportionately much the same in every Division except Penares where it is only 7 p. c. and in Allahabad where it is insignificant." The amount of the arrears of rent covered by these 117095 cases is not mentioned in the Report but it may reasonably be presumed to be a very large amount and the landlords must have felt a great difficulty in paying the Government revenue and incurring the heavy expenses of litigation.

200. The difficulties of the landlords did not end here but they were obliged to have recourse to the ejectment proceedings for non-payment of the decrees as appears from Para 22 of the Revenue Administration Report "An examination of the applications under section 59 of the Tenancy Act, for ejectment on account of an unsatisfied decree for arrears of rent, throws some light on the increase in the number of suits for arrears of rent.....the percentage of increase for the Province as a whole, was 18 per cent compared with last year and 14 per cent compared with the average of 1895-96 to 1892-93". Does it not prove conclusively that the collection of rent was not so satisfactory as that of revenue and that the revenue was not as a rule paid by the landlords from the proceeds of rent.

This bad collection of rents is also a proof of the assessment not being moderate because if the assessment is moderate the rents also should necessarily be moderate and consequently there would be little difficulty in its payment.

Chapter XXII.—some other opinions.

201. I have already shown in the previous chapters of this note that generally speaking the revenue of these Provinces is not moderate as it is supposed by the Govern-

ment to be and have adduced facts and figures which led me to that conclusion. I will mention now what is said by some other eminent personages on the same subject.

202. In his admirable speech delivered in the Council of the Governor General of India on the 30th March 1904, the Hon'ble Mr. Gopal Krishna Gokhale made a reference to the increase of land revenue in these Provinces in the following words :—

“The third measure of relief which I would respectfully urge upon the attention of Government is a lowering of the land revenue demand, especially in North-West Provinces, Bombay and Madras. The most noticeable feature of this branch of Revenue is its large and almost continuous increase. In 1890-91 it stood at 24·04 crores. Its rise since then may be seen from the following figures:

1890-91	...	24 04	crores
1893-94	...	25 58	”
1895-96	...	26 20	”
1898-99	...	27 46	”
1901-02	...	27 432	”
1903-94 (revised)		28 89	”
1904-95 (Budget)		29 38	”

“An increase of over 22 per cent in fourteen years. On the other hand, the figures of cropped acreage are :—

			Millions of acres.
1890-91	...	194 41	”
1893-95	...	197 38	”
1895-96	...	188 92	”
1898-99	...	196 48	”
1900-01	...	198 31	”

“Or an increase of just 2 per cent in eleven years ! Coming to the three provinces that I have specially mentioned; we have the following interesting figures :—

North-Western Provinces.

Year.	Ordinary land revenue.	Cropped area.
1886-87	580 7 Lakhs	33 92 million acre
1902-03	636 0 ”	34 61 ” ”

“Or an increase of nearly 10 per cent in revenue on a practically stationary cropped acreage

“ My Lord, agriculture is the only surviving economic standard of the mass of the people, and yet no industry in the country is in deeper distress. The soil, under a system of generally unimproved cultivation, is undergoing steady exhaustion. The yield of crop per acre is falling, being now little more than 9 or 10 bushels as against 20 to 35 bushels in western countries with far less favorable agricultural conditions. And the Raiyat in most parts is a poor, struggling cultivator, with his resources all but exhausted and himself more or less involved in debt. In these circumstances, the increases of Land revenue—specially in the Provinces referred to above—are large, and weigh with undue pressure on the Land. And I submit that the question of granting relief to the hard-dressed cultivators by the lowering of the assessment is one which, in the present prosperous condition of the country's exchequer, deserves favourable consideration at the hands of Government ”

203. In his speech delivered in the Council of the Governor General of India on the 30th March 1904 our worthy representative, the Hon'ble Rai Sri Ram Bahadur discussed the question of cesses (referred to by me in Paras 47 to 51) in these words :—

“ But before I refer to those matters, I desire to offer a few remarks on one most essential aspect of the budget and will consider it in reference to the interests of the agricultural classes. It may be said without much exaggeration that the classes directly or indirectly dependent on cultivation in India virtually form the nation ; that increase of taxation imposed on these classes impoverishes the nation, and that any general relief given to these classes benefits the nation. Some relief to these classes has been afforded by lowering the tax on salt but as the consumption of salt in an agricultural family does not much exceed two seers in the month or at most a maund in the year, the relief, it must be admitted, is slight. On the other hand I have vainly watched, during recent years of surpluses, and prosperous Budgets for repeal of any of those heavy and onerous cesses which have been imposed on land—in addition to the land revenue : Since 1871. The revenues of India have gone up by leaps and bounds from under sixty five millions sterling in 1871-72 to over eighty millions, one great cause of this increase in revenues is the fixing of the value of the rupee at 1 s. 4 d. which is tantamount to an increase of taxation all round ; and yet there is no corresponding relief granted to agricultural classes of India. Those who have borne the principal share in the increase of taxation, those who have suffered most grievously from famine,

those who deserve relief most urgently when the financial condition of the Government makes it possible to afford relief.

“My Lord, within a few years after the administration of this country had passed from the East India Company to the Crown, the necessity was felt to increase the taxation of the country, because forty millions sterling, the cost of the mutiny wars, had been added to the Indian debt. One of the greatest of Indian Viceroy—the late Lord Lawrence—endeavoured to distribute this burden by imposing taxes on trade as well as on land; but traders are quite able to protect their own interest, and Lord Lawrence’s proposals to derive a moderate increase of revenue from trade was vetoed by the Secretary of State. “I cannot conceal from myself the conviction, wrote Lord Lawrence to the Secretary of State in 1867, that all taxation which can affect, in any material degree, the non-official European community will be impracticable. So far as their voices go they will approve of no tax of the kind. They desire that all taxation shall fall on the natives.” How far this policy has or has not been borne out by the history of subsequent years, firstly by repeal of all import-duties, and secondly by imposition of excise-duties on Indian mill manufactures, along with the re-imposition of import-duties, is a matter which I will not discuss. When Lord Lawrence’s successor looked around him for additional sources of revenue in India his eyes fell on land and agriculture. The land tax in northern India had been fixed in the last years of the Company’s rule at one-half of the actual rental, leaving aside some very insignificant rates then in vogue. Lord Mayo’s famous decentralization scheme of 1870 violated the half rental rule and was based on the imposition of fresh cesses on land in addition to the land revenue. My Lord, we in the Provinces of Agra and Oudh now pay cesses, not only for village watch but also for roads, for schools and dispensaries, for post office, for patwaris and for famine insurance, and these cesses have been imposed on land in addition to the land revenue. The allotments made to the different provinces of India out of the revenues under Lord Mayo’s decentralization scheme were less than the estimated provincial expenditure and provincial Governments were openly told to make up the difference by imposition of new cesses on land in addition to the land revenue. This will appear from the official correspondence of the day and also from the evidence given before Select Committees of the House of Commons on Indian finance, which sat in the years 1871, 1872, 1873 and 1874. My Lord, the entire question came up for the consideration of the late Marquis of Salisbury, who was Secretary of State for India in 1875. And that distinguished and large minded statesman recorded his views on the subject in words

which are as true today as they were thirty years ago.

'So far as it is possible to change the Indian fiscal system,' he said, '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 the 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.'

"This sound observation was accorded in 1875, but remained unheeded. The agricultural classes of India are voiceless; the landlords have lifted up their voices in vain; and every additional cess imposed on land since 1871 has remained unrepealed. My Lord, the financial history of the last thirty years of the nineteenth century can be told in a few words. In years of deficit fresh taxation has been imposed on land and agriculture in addition to the land revenue. In years of prosperous budgets these new cesses were not repealed—the surplus was spent in additional military and other expenditure. It is a melancholy history for the agricultural population in India.

"A fresh increase, in an indirect way, of taxation on land began from 1893, from the gradual raising of the value of the rupee. Rents and the land Revenue in India are not paid in kind but in Rupees; and the artificial raising of the value of the rupee resulted in a raising of the tax on the produce of the land. This will clearly appear from a table which appears at the end of the report of the Indian Currency Committee which sat in London under the Presidency of the Right Hon'ble Sir Henry Fowler. Comparing the prices of produce during the two years before the rise of the rupee with those of the two years immediately succeeding, the witness who furnished the table showed that there was a general fall in prices in the staple produce of every province and every division in India. This was not owing to abundant harvests, for the years taken were years of scarcity and poor harvests; but the prices in rupees had fallen because the rupee had been artificially raised in value. In other words, the agriculturists of India had to pay the same rents as before in rupees, while they obtained less from their fields, and this was an indirect but effective increase in taxation all round. I admit that the same increase took place in other sources of revenue from the same cause; but no class of tax payers felt this more severely than the agriculturists of India

“ My Lord, the question finally came up for your Lordship’s consideration in 1902, and Your Excellency gave us some hopes that some of the cesses imposed on land in addition to the land revenue, would be repealed, in course of time, by the Government of India. In paragraph 25 of Your Excellency’s Resolution on the Indian Land-revenue Policy, dated January 16th 1902, your Excellency, while denying that the Local cesses were either onerous or excessive, nevertheless was pleased to remark that ‘the question presents itself whether it is not better, as opportunities occur, to mitigate imposts which are made to press upon the cultivating classes more severely than the law intended. The Government of India would be glad to see their way to offer such relief’. Two years have elapsed since this was recorded, two years of surpluses and prosperous budgets, but the relief which we have all looked forward to has not come.

“ My Lord, Your Excellency’s administration in India will shortly come to a temporary close. Your Excellency’s fiscal administration has been marked by an act of real relief to the poor classes of income tax payers which we all appreciate. It has also been marked by a reduction of the salt-tax which has given some relief to all classes of people in India. It would have been a source of joy to the country at large if some special relief had also been given to the agricultural classes in India in respect of the numerous, irritating and burdensome cesses which have been imposed on them since 1871 in addition to the land revenue. It would have rejoiced my countrymen if in the changes which have been introduced in the present budget in the decentralisation scheme, a somewhat larger allotment had been made to each province, enabling it, to withdraw totally or partially some of the land cesses which sit so heavily on Indian agriculture, and it would have been gratefully remembered by my countrymen that among the many changes which have been introduced under your Excellency’s rule, the most important was one which afforded relief and comfort and joy to the voiceless millions of India in their remote villages and rustic homes. The Indian cultivator would have remembered that your Excellency at last withdrew some of the heavy burdens which were imposed on their fathers after the mutiny wars, and the loyal landed classes of India would have felt that some endeavour was made after the lapse of half a century to come back to the salutary rule prescribed by Lord Dalhousie in 1855, to limit the Government demand to one-half the rental, and I may add that all classes of people in India would have felt that landed and agricultural interests received the same watchful and humane care and attention which trading and commercial interests are able to secure for themselves.”

CHAPTER XXIII.

Expenditure of Land Revenue.

204. The assessment of land revenue and its collection has already been discussed in the preceding chapters, and I now propose to say a few words as to how that amount is spent. It must be remembered that this important head of land revenue contributes something about half of the total Provincial revenues, and that last year it amounted to about $6\frac{1}{2}$ crores of rupees. The source of this enormous revenue is the agriculture upon which 80 per cent. of the population depend, and which is the chief source of prosperity of the country at large. Therefore the question of agricultural development is specially connected with that of land revenue, and it is desirable to examine what amount of the $6\frac{1}{2}$ crores of land revenue is spent on Agricultural Improvements. The whole cost of experimental cultivation paid from the Local and Provincial funds is Rs. 53,000 and the cost of purchasing, housing and feeding, &c., of the bulls is Rs. 33,000 the total being Rs. 86,000, as shown in the Civil Estimates for 1904-1905. Presuming some other items of expenditure the whole amount may be taken as one lakh of rupees. The following statement will show at a glance how the land revenue amounting to Rs. 63,499,000 for 1903-1904 was spent :—

1. On military and Home charges and on superior supervision by Imperial Government	Rs. A.	
...	75	0 per cent
2. On the collection of Land Revenue, Survey, Settlement, Land Records and other expenses directly connected with the Land Revenue by Provincial Government	9	0 "
3. On other Provincial expenditures other than agriculture by Provincial Government	15	$13\frac{1}{2}$ "

4. On Agricultural Developments and breeding of agricultural bullocks by Provincial Government	...	0	2½	„only
Total	...	100	0	

The Government having recognised the need, a Department of Agriculture and Commerce was established in these Provinces about 30 years ago, to devise means for agricultural improvement, but unfortunately its functions have been confined for the most part, to maintaining the land records up to date for the sake of revising settlements of land revenue and eventually its name also was appropriately changed to the "Department of Land Records and Agriculture."

That Department is doing for agriculture as much as it can, with the time and money at its disposal, but as a matter of fact very little has been done for the agricultural advancement during the past years of its existence. To tell the truth it has not been able to do for agriculture even as much as has been done by Messrs Thomas, Millen & Co. of Behea by their invention of the sugarcane mill.

Some efforts have been made by the Department in the direction of improving the breeding of bullocks upon which the improvement of agriculture so much depends, by means of selling or distributing good bulls but no appreciable result has come out. One naturally asks why the breeding of horses has so much improved during the last 30 years while that of the bullocks has not? The only answer that can be given is that the former are wanted for military purposes and therefore every effort is made and no money is spared to improve them, while the latter are required only by the poor tenants for agricultural purposes and none cares so much for their improvement.

205. In his speech delivered in the Council of the Governor General of India on the 30th March the Hon'ble

Mr. Hamilton discussed the question of Agricultural improvements. The following extract, though long, is worth perusal :—

“ To one like myself who takes a general interest in the problems connected with agriculture it is gratifying to find the Finance Minister devoting so large a portion of his statement to the claims of this all important branch of the business of the Empire, and, as your Excellency and the Hon'ble Member in charge of the Revenue and Agricultural Department are equally interested in the same subject, it may be taken for granted that we shall soon be able to record as marked a development in agricultural affairs as is possible in a country where progress must inevitably be slow.

“ From the tone of his remarks, I take it that the Finance Minister is eager to devote all the money he possibly can to the cause of agriculture, and the recent Government Resolutions on education and the Pusa Farm may be taken as assurances to the same effect. As a guide to what is required in this direction, I may here refer, to what is considered necessary in the United States of America, my authority being the Official Agricultural Year Book for 1900 which traces the History of Agriculture in that country during the previous century. The annual income of the land grant colleges and other institutions in which agriculture is taught is 6½ millions dollars or Rs. 2,01,00,000. On the 54 Agricultural experiment stations the sum annually spent by the National Government is \$ 720,000 or Rs. 21,60,000, besides an additional Rs. 9,00,000 contributed by the provincial State Funds. The number of Agricultural Colleges and other institutions in which agriculture is taught is 64, including the 54 experiment stations referred to. The staff of all the experiment stations numbers 685, of whom 308 are scientific teachers. In this connection it would be interesting, for purposes of comparison, to know what the staff consists of which is now engaged in supervising and encouraging agricultural operations in India, and what are the qualifications of that staff for the work of supervision.

“ The Hon'ble Sir Edward Law has mentioned the fact that in the Central Provinces there are now 1,800 subscribers to a monthly agricultural magazine, and that 1,800 copies of a pamphlet in the vernacular have lately been sold to cultivators. The number of publications issued annually by the American Board of Agriculture is 6 millions, besides numerous bulletins issued by the various States.

“While on the subject of Agricultural education, might I, in view of the recent debate in this Council, quote the following words of the Director of the American experiment stations, viz:—

“Along with the improvement of the college courses in agriculture has come the realization of the true function of these courses. It is understood that they are for the training of the leaders in agricultural progress, and not for the general education of the agricultural masses. For this purpose they are to be made as thorough and complete internally and externally as the manifold needs of American agriculture for well trained and intelligent leadership may require. Their success is to be judged by the same standard that is applied to other college courses, and the number of students is not of so much importance as their quality.”

“My Lord, the figures I have quoted may send a shiver of despair through the Hon'ble members in charge of the Finance and Agricultural Departments, but a Finance Minister who can spend 15 crores on a famine and shortly after come forward with handsome surpluses may be trusted to find the money.

“Rupees 30,60,000 is the sum annually required to run 54 agricultural experiment stations on the American scale, but four or five such institutions, or the equivalent of Rs. 3 lakhs, will, for some years to come, suffice for India, and the paltry sum named will not upset either the Finance Minister or his budget. It need not even come out of the tax payer, for less than one million of the ten and-a-half million sovereigns now lying fallow in the gold reserve, if invested in three and a half per cent. paper, would yield sufficient to run half a dozen experiment institutions, and would at the same time reduce the national debt.

“My Lord, is it too much to ask that the farms which it is proposed to attach to the experimental institutions should be large enough to serve as commercial object lessons? Your Excellency has on several occasions expressed surprise that capital does not flow more freely from Europe into India; the reason, My Lord, is simple; capital does not see the dividends. Surrounding the American experiment stations are a great body of intelligent farmers with some capital at their command who eagerly co-operate with the stations and give practical effect to their teaching. In this country there is no such medium, and a bridge is therefore necessary to cross the gulf which separates the proposed institutions from the practice of the people; and it is here that a great opening may be found for European capital and enterprise. My Lord

when the institutions believe they have got hold of a good thing, let them plant out 500 acres and publish the financial results ; if these are satisfactory, Government will be in pocket by the experiment, and capital will at once begin to flow."

The Hon'ble member has mentioned that "in the Central Provinces there are now 1,800 subscribers to a monthly agricultural magazine, and that 1,800 copies of a pamphlet in the vernacular have lately been sold to cultivators, while the number of publications issued annually by the American Board of Agriculture is six million (*viz.* 60 lakhs) besides numerous bulletins issued by the various States." It will be interesting to compare this with the condition of the United Provinces of Agra and Oudh. The report of the Department of Land Records and Agriculture for 1903 shows :—

"The only departmental publication of the year was the Assistant Director's Monograph on the sugar industry of the Provinces." (para. 64.)

"The circulation of the Agricultural Journal, published in Urdu, has risen considerably, close on 600 copies being issued monthly as against 427 at the end of last year" (para. 66.)

As to the encouragement of cattle breeding that can truly be said to be the corner-stone of the agricultural improvements, it is mentioned in the same report that "seven bulls were issued during the year (3 sold and 4 on loan) while 3 bulls were kept at the Cawnpore experimental station for the use of the public."

On comparing the Central Provinces with America, the Hon'ble member thought that the figures may send a shiver of despair through the Hon'ble members in charge of the Finance and Agricultural departments and it remains to be seen what his verdict will be when he will for the first time compare the figures of these Provinces with those for the Central Provinces, America and Germany.

206. The same Hon'ble member further said :—

"The Hon'ble Sir Edward Law describes the additional Army expenditure as 'regretable' but 'inevitable', My Lord, if Indian agriculture is to hold its own, further expenditure in that Department is also inevitable and would not be regrettable, for the welfare of India is inseparably bound up with agriculture. The Raiyat pays the land revenue and the bulk of the salt tax, the raiyats labour yields the opium revenue. The raiyat pays the best part of the excise income, and all the other branches of revenue are more or less dependent on his labours. The raiyat fills the railway wag-gons and loads the steamers ; the raiyat grows the jute and fills the gunny bags. The raiyat grows the cotton and wears the manu-factured cloth. In short, to quote the ancient sage, "the profit of the earth is for all the king himself is served by the field". My Lord, while the Empire rests as much on the raiyat as it does on the sword, the claims of agriculture must have a first place in the Budget. I might go even further and base these claims on military as well as on agricultural grounds, for in an Empire like India which is subject to fears within as well as to fightings without, what better protection against both could there be than a great army of well fed and contented peasantry ? with the Himalayas in front of him and an army composed of millions of the peasantry of northern India at his back, His Excellency the Commander-in-Chief might safely 'hang the trumpet in the hall and study war no more.'

The last words of the Hon'ble member deserve to be engraved in golden letters and I take the liberty to add a few words. If the soldiers are selected from among the agricultural classes taking one man from each village it will serve many purposes ; during the term of their service their savings will help their families in maintaining themselves, and making agricultural improvements, and after retiring from service they will pass a happy life at home, being ever ready to assist the Government with all their military experience and skill. At times of need this single man will, by his influence, be able to prepare all the villa-gers to fight for the Government.

On the contrary the European soldiers come to India like birds of passage, receive high remuneration during the term of their service and after a few years retire with large pensions, leaving India to its fate.

The annual military charges amounting to about Rs- 24 crores are equal to 30 p.c. on the gross revenues of British India, excluding Railways and Irrigation receipts; and the major portion of this heavy military expenditure is swallowed up by the British troops. History tells us that the British Government in India was built up by the help of Indian troops, and the experience of the last 150 years has conclusively shown that the Indians are as loyal to the British Crown and as good soldiers as the Europeans are. There is no good reason why the number of the European troops should be increasing at the expense of the Indian.

As an illustration I quote here a passage from the speech of Colonel T. C. Pears, the Resident, delivered on the 2nd September 1904 at the Darbar held at Jeypur to celebrate the appointment of His Highness the Maharaja of Jeypur to the Honorary Colonelcy of the 13th Rajputs (Shekhawati Regiment) :—

“Colonel Fairbrother has kindly lent me a history of the Shekhawati Regiment, and I will very briefly quote a few facts in connection with the raising of the regiment and the campaigns in which it has served. The nucleus of the 13th was a small force of Jeypore troops handed over to Lieutenant Forster, who was entrusted with the duty of forming a Brigade, afterwards known as the Shekhawati Brigade, for the suppression of lawless bands of dacoits who were overrunning Jeypore and adjacent States in Rajputana. The temporary appointment of Lieutenant Forster to the command of the Contingent was confirmed in a Government Order, dated the 23rd January, 1835. The Brigade consisted of Cavalry, Artillery and Infantry, and had its headquarters at Jhunjhunu, about 90 miles north of Jeypore, where the lines the troops occupied are still called Forsterganj. For the next ten years Lieutenant Forster and his Brigade were constantly engaged in suppressing the forays of the powerful Shekhawat chieftains, whose troops were for ever making raids either into other States or into the territories of their brother chieftains in Jeypore. Lieutenant Forster's name is a household word throughout Shekhawati, and many are the stories told of his

bravery and of the absolute security to life and property which he and his Brigade eventually maintained in the country. In 1845 the Brigade took part in the First Sikh war, and distinguished itself at the battle of Aliwal. In the Regimental History I find an extract from a debate which took place in the House of Lords on the 2nd April, 1846, on a vote of thanks to Sir Harry George Smith, K. C. B. and to the troops for the victories of Aliwal and Sobraon. In the course of the debate the Duke of Wellington said, "My Lords, before I conclude, I must advert to a particular corps composed of Rajputs, one of the principal castes of India, and commanded by a father and two sons. It is impossible that any corps whatever, however formed and organised, could have rendered more services or have conducted itself better than that corps did on this occasion." Lieutenant Forster was promoted to the rank of Major and made a C.B. for his services in this campaign. In 1847, the Cavalry and Artillery of the Shekhawati Brigade were disbanded, and the Infantry became part of the regular army with the designation of the Shekhawati Battalion. Throughout the Mutiny the regiment remained loyal, and rendered excellent service, and in 1858 Forster, who had meanwhile been promoted to the rank of Colonel, and who had commanded the Brigade and the regiment with such success and distinction, retired from the service. The regiment went on foreign service in Malta and Cyprus in 1878, and on its return to India took part in the Afghan Campaign in 1879-80, in the Sikkim and Manipur expeditions in 1888 and 1891, and in the Relief of Chitral in 1895, in the Punjab Frontier and Mahsud Waziri expeditions in 1897 and 1902. By an order passed in 1893 the regiment is composed wholly of Rajputana Rajputs."

So long as the landholding and agricultural classes of India are satisfied with the British Government there can be no Military power in the world which can conquer India. This very principle was kept in view of the statesmen who built up the British Empire in this country. They at once granted the permanent settlement in Bengal by which the fame of good wishes and liberal mindedness of the British Government spread through the length and breadth of the country, like oil on the ocean, and the whole country came under the British rule. The landholders and the peasants gave conclusive testimony of their loyalty at the critical time of

the mutiny of 1857, and their services should no longer be ill rewarded.

207. In the same meeting The Hon'ble Dr. Asutosh Mukhopadhia said :—

“My Lord, from this subject of the effect of famines upon our agricultural population I may be permitted to pass on for a moment to the subject of agricultural instruction, and the development of agriculture and agricultural industries. No one will doubt for a moment in the beginning of the twentieth century that the most vital relations subsist between agricultural instruction on the one hand, and the development of agriculture and agricultural industries on the other ; and I would suggest, for the consideration of the Government, whether systematic arrangements should not be made with a view to impart agricultural instruction throughout the Empire. I am encouraged to make this suggestion here, because I believe that no Government of India has ever been more profoundly impressed with the importance of encouraging agricultural instruction than the one over which your Excellency presides. What is required is not merely a Department of Agriculture of the Government of India under the expert direction of an able and experienced Officer, but also schools and facilities for elementary, secondary and advanced agricultural instruction,

We might perhaps take as an example the rapid and solid progress made in agricultural instruction in Germany, where the foundation was laid by Dr. Thaer only so far back as 1882, and the country is now covered with high schools, institutes and rural schools for imparting instruction in agriculture; there are even agricultural institutes at the Universities. The principal object aimed at by the agricultural high schools and institutes in Germany is the theoretical, and practical instruction of owners of estates, tenants and farmers and even of professors, lecturers and teachers in the science of agriculture.

“This is supplemented by the training of future officials of the land administrative departments and of scientific research for the furtherance of agricultural progress and knowledge. My Lord, it has been stated on the highest authority that in Germany agricultural science and its practical application have resulted in an important

increase of agricultural and agricultural-industrial products, and it is noteworthy that this has resulted principally from funds furnished by the State. At the present moment, there is no branch of agricultural management, no branch of special agricultural production for which special facilities for instruction are not provided in Germany. The expenditure of the German States for agricultural instruction in its three stages—elementary, secondary and advanced—is considerable; for Prussia, alone, I find it is £75,000 annually. But this State expenditure for the furtherance of agricultural instruction has proved a profitable investment, and I have little doubt that the same will be our experience here, for there is no country more likely to be benefited than India by the application of agricultural science to practical agriculture. My Lord, I may refer, for a moment, to one practical illustration of the agricultural instruction given in Germany. The discovery of the presence of sugar in beet-root, and the experiments for its production were first made in Germany during the latter half of the 18th century, and to day Germany is the greatest sugar producing country in the world. The bounty system has, of course, materially assisted the growth of the industry; but this does not detract from the value of the chemical-agricultural co-operation. In 1836 the number of sugar works was 147, which had risen to 400 in 1899. In 1836 the yield of raw sugar was only 5 per cent, upon the quantity of beet treated; in 1899 the percentage of the yield of raw sugar upon the quantity of beet had increased to 13 per cent, proving conclusively, that the gradual and steady rise in the percentage yield of sugar was due mainly to the researches of agricultural-chemical science. The consequence was, that, whereas in 1836 the yield of raw sugar in Germany was 8,000 tons, in 1899 it was 1,600,000 tons; in about 60 years the industry had increased two hundred fold. My Lord, these are startling figures, and they would have startled Dr. Thaer the founder of agricultural instruction in Germany, and Dr. Leibig the founder of agricultural chemistry; 'they have truly sown a seed which after their death has brought forth fruit a hundred fold, because the chemistry, the youngest of the sciences of their day, has been summoned to the aid of the oldest of all human occupations, the tilling of the soil.' I earnestly trust My Lord, that agricultural instruction may under Your Excellency's Government, be placed on a wide and enduring foundation, so that it may confer even higher benefits on this country than it has done on Germany. We all recognize with gratitude that an excellent beginning has been made by the establishment of the experimental farm and agricultural College at Pusa, which has been materially aided by the munificent donation of Mr. Henry Phipps. I hope the time is

not far distant when some wealthy country-men of mine may realise the importance of the institution and fittingly supplement the princely donation of a foreigner in aid of this noble institution."

208 In the same meeting the Hon'ble Mr E.Cable said:—

"On the question of Agriculture, I desire to associate myself, if he will permit me to do so, with the remarks which have fallen from the Hon'ble Mr Hamilton, who has made the subject his own by great study and personal interest. I feel tempted to cap his quotation by one from a more modern authority : it was the Right Hon'ble Mr Jesse Collings who said that the true position of agriculture in the world's industries is manifest, when it is considered that all manufacture is only the manipulation of produce and all commerce is merely its distribution. The question is not only of paramount importance to India, but has become of Imperial concern, the tendency of modern political efforts being entirely in the direction of the absolute independence of the whole British Empire in the matter of food stuffs and raw produce. Now that the Government of India are paying such great attention and upon such wise lines to the development on a commercial basis, of the agriculture of India, I am inclined to think that difficulties may arise unless the principle is thoroughly understood and accepted that commerce and agriculture are in this country mutually interdependent. It appears to me to be unfortunate that in the existing organisation of Government these closely connected subjects are represented in different Departments. For to my mind the trade prospects in any particular product should always be permanently in the thoughts of those who are concerned with its cultivation, in order that its development may bear some relation to the possible demand for it. I merely venture to make these observations for your Lordships consideration, as I am convinced of the truth of the apt remark of the Hon'ble member that "the trader can make no profit which is not shared by the agriculturist: under present conditions in this country their interdependence is absolute". Both departments will be engaged on a mission having the same ends in view, and means should be taken to ensure that they should see eye to eye and work hand in hand".

These remarks are very true. The very principles enunciated by the Hon'ble member were kept in view when

the "Department of Agriculture and Commerce" was established in these Provinces, but anyhow, its aims and objects were changed and even the last word of its name—Commerce—was omitted.

209. In the same meeting The Hon'ble Sir Denzil Ibbetson said:—

"In the Budget Debate of last year I said that I hoped that the Pusa Scheme, which has been fully described in a recently published Resolution, would prove to be the corner-stone of agricultural progress in India. But we must lay the corner-stone before we proceed to the superstructure. I would ask those who are impressed with the infinite importance of the subject to the future of India, to believe that the Government realise it no less fully than they do; that they are conscious of their responsibility in the matter; but that they believe that ultimate success will be best assured by beginning at the right end, and by laying a sound foundation for future progress, even though to do so may involve a certain postponement of visible results,"

210. In the same meeting His Honor Sir A. W. L. Fraser, Lieutenant Governor of Bengal said:—

"The second point on which I should like to say a word is the question of agriculture. I think it must be very gratifying to your Excellency's Government to find that a matter which occupies so large a place in the financial statement has also occupied so large a place in the discussion to-day, and that the policy which has been inaugurated, or at all events pushed forward to so great an extent as to be practically a new policy under your Excellency's Government, is one which commends itself so much to the critical Members of this Council. I have myself visited the Pusa Estate and discussed with my friend Mr. Mollison the object which the work at Pusa has before it, and I am fully satisfied that the advantage to our Province of Bengal from the work which is going to be carried out at Pusa will be of the very highest. But I am very strongly of opinion, with my Hon'ble friend Sir Denzil

Ibbetson, that it would be absolute madness to push on agricultural experiment and agricultural instruction until we have the men to conduct the experiments and to give the instructions. That is the very first work which the Pusa establishment will have to do : to furnish us with the men that will be able to carry on our demonstration farms and to give the instruction that is required in agriculture. There is, however, another point to which I should like to refer in regard to agriculture. I feel very gratified indeed to think that the Central Provinces and its agricultural work should receive such honourable mention as it has from my Hon'ble friend Sir Edward Law in the Budget Statement ; and I feel very strongly that no recognition of that kind could be too high for the excellent work that has been done by my friend and late colleague Mr. Sly. One great feature of that work, however, is one which I should like to see carried out here. We have had valuable hints to-day from the Hon'ble Mr. Hamilton in regard to agriculture ; and we have also had valuable statements from the Hon'ble Mr. Cable about the connection between agriculture and commerce in this country. What I should like to see would be an association, not a great, big, unwieldy, uninterested association—but a good sound, working association such as we have in the Central Provinces—composed of agriculturists and of commercial men and of manufacturers, to criticise our experiments, suggest experiments and help us in our work. Now I shall be very glad if, when they have leisure, my Hon'ble colleagues Mr. Hamilton and Mr. Cable will give me some hints in regard to the formation of such an association."

I quite agree with the Hon'ble Sir D. Ibbetson and Sir A. Fraser that the Pusa scheme will prove to be "the corner stone of agricultural progress in India", and the Government is going to lay the corner stone before proceeding to the superstructure, and that "it would be absolute madness to push on agricultural experiments and agricultural instruction until we have the men to conduct the experiment and to give the instruction." But, may I be allowed to ask, that when the need of agricultural improvement has been felt and the foundation of the Pusa scheme laid after 150 years of the existence of British rule in India, how many more centuries will it take to complete the structure. Thanks to

Mr. Henry Phipps who without any selfish motive, helped the Government of India in this matter, by his princely donation of 4½ Lakhs of rupees. If I am not mistaken no nobleman of England ever thought of putting his hand in his pocket to help his poor brethren of India in such a liberal way as this American gentleman has done.

CHAPTER XXIV—The Village Bankers.

211. In the agricultural machine, the village banker or bania as he is commonly called, is an important factor, but it has been an impression in some quarters that he is the principal cause of the ruin of the tenants. To protect the cultivators from his presumed high handedness, legislation like the Land Alienation Acts of the Punjab and Bundelkhand and the Encumbered Estates Act of Bundelkhand have been passed, and even the Contract Act has been altered. It will be interesting to know what was said by the Hon'ble Sir Denzil Ibbetson and the Hon'ble Mr. Roberts, late member of the Board of Revenue of the United Provinces of Agra and Oudh about them.

212. In the meeting of the Supreme Council held on 30th March 1904 the Honorable Sir Denzil Ibbetson, K. C. S. I. said:—

“Another remark of the Hon'ble Mr. Hamiltons affords me an opportunity that I have for sometime past desired, of saying a few words regarding the popular conception of the Indian Bania. He told us that he accepted the Punjab Alienation and Co-operative Credit Societies Acts as “an earnest of the fact that Government has decided to clear the path of progress of the pests which now suck the life of the people.” I understand these words of his to refer to the Bania class; and I have noticed in various quarters, and especially of late, a tendency to speak and write of the Bania of India as if he was, if not always, at any rate generally, a dishonest scoundrel, and the inveterate foe of the Indian cultivator. In my opinion nothing could be more untrue, nothing more unjust; and I wish that people would

accustom themselves to think and speak of the Bania as a banker, rather than as a money lender, for to call a man a money lender is to condemn him by an epithet.

“There are, indeed, parts of the country where the Bania comes as a foreigner to settle temporarily among an ignorant people, upon whom he fastens like a leech, only to drop off when full, and return to his own home. In such parts I believe that his procedure is often of a nature that it would be difficult to characterise too harshly. There are, again, other parts, such as the Punjab, where the desire of the Bania to acquire property in land has led to evils so grave that we have felt compelled to guard against their further growth by legislation of a very special character. But even in the Punjab, it is too often the cultivator who is himself his own worst enemy. There are bad Banias of course, and when they are bad, they are very bad. But the character of such men is perfectly well known throughout the country-side; and only those persons deal with them whose credit is so hopelessly broken that they can find no one else to deal with. At the other end of the scale there are Banias, and not a few of them, who pride themselves upon never taking a case into court. Between these two extremes lie the great mass of the class; and my experience is, that, so long as they keep out of court, their dealings with their clients are, speaking generally, characterised by honesty and good faith, and by a very considerable amount of liberality. When they are driven into court, I am afraid that this cannot always be said of them, but in such cases it is not the Bania alone who sins. In the parts of India that I know best, and under existing conditions, the Bania is the mainstay of the agriculturist. He fulfils the function which the air chamber fulfils in a fire engine, and converts the intermittent income which accrues to the cultivator only at harvest time, into the continuous supply which is necessary for the support of his family.”

213. When the Encumbered Estates Bill and the Land Alienation Bill for Bundelkhand were under consideration of the Legislative Council on the 17th April 1903, the Hon'ble Mr. Roberts, late member of the Board of Revenue said :—

“The danger that under the existing state of things the pro-

prietary interests in Bundelkhand will fall into the hands of money-lenders seems to me to be much exaggerated. Moneylenders, no doubt, desire to become to a certain extent landed proprietors, and they do not make worse proprietors than thriftless zamindars, but this is far from being the same thing as supposing that all loans upon the security of lauded property are made with a view of acquiring that property. It would be more correct to assert, the contrary. "What the money-lender least of all desires is that he should be forced to bring the land to sale in order to recover his loan. This is the last resort in the case of an insolvent debtor. There are no statistics before us to show that an excessive amount of land has passed into the proprietorship of professional money-lending classes in Bundelkhand or elsewhere, and it is not the case in any district with which I am acquainted. The ultimate transferees in the case of proprietary rights inland are other zamindars in the majority of cases."

Chapter XXV Taxation and Representation

214. Some of my friends are so much disheartened and disappointed in the matter of assessment of land revenue, that they think that all my labour in protesting against it has been of no use, and believe that the Government would not accept any prayer however reasonable it may be, if it would touch their purse. But I do not agree with them, on the strength of my past experience.

I am an old man of about 60, and from my youth have been accustomed to move in the society of English gentlemen. I have found many of them to be perfect gentlemen, straightforward, upright and ready to remedy an evil as soon as they are convinced of its existence. I believe that common sense, proper representation and perseverance on the part of the people cannot fail to persuade our benign government and their representatives, to do full justice to them. But in a matter of so much importance strong representation and patient perseverance are essential to achieve success.

I am frequently asked if any good has come out of the representations made by me from time to time. Without self praise I can safely say how far I have been successful in my work, and this, not for the sake of obtaining any credit for myself but simply to make manifest the kind consideration of our benign Government to the wishes of the people. As I believe it is my duty to represent the grievances of the people to the Government, so I deem it even more to assure the people of the good intentions of Government towards them. The fact that many times the Government has been graciously pleased to grant my requests either wholly or partially in connection with the Owner's Rate, Canal Water Rates, Bills of the Land Acquisition Act and the Village Sanitation Act, and othersimilar questions, must be still fresh in the minds of many of my friends. Should further evidence be required to substantiate the advantages of proper representations, I shall call their attention to the present Tenancy Act. Was it not due to the representation made on behalf of the landlords, that the Bill proposed by Sir Antony MacDonnell was remodelled and so many injurious provisions were eliminated from it, till it finally assumed its present form? God knows what would have been the fate of the landlords if this Bill had been allowed to pass in its original form. Moreover I take the liberty to make a reference here to certain requests contained in my pamphlets published only last year.

215. The first pamphlet on the Land Revenue Policy in the United Provinces of Agra and Oudh was published in January 1903, in which I mentioned some facts and figures to show that the assessment of Government revenue was not moderate in many instances, as it was supposed by the Government to be, and suggested that in view of the inevitable evils of periodical settlements, Permanent Settlement should be extended to these Provinces, as had been repeatedly promised by the higher authorities. I believe it was

for the first time during the last century, that a landlord publicly demanded the extension of the Permanent Settlement.

I rejoice to say that my labour has been crowned with success beyond my expectations. I understand that the Government has been convinced of the old settlements of some districts, being not moderate, and have determined to adopt measures to make the future settlements agreeable to the landlords. I have reason to believe also that my views on the Permanent Settlement are regarded with favour by some high authorities of the present day and I trust that future generations will enjoy the benefits of it, should honest efforts on the part of the landlords continue to convince the Government of the defects of Periodical Settlements. It will be interesting to know what was said on the moderation of assessment by the Honourable Mr. Hardy on the 8th April 1904, from his seat in the Legislative Council :—

“ It may come as a surprise to Hon'ble Members who have followed the financial statement accompanying the budget to find that the important head of land revenue which contributes something less than half of the total Provincial revenue, is not expected to yield any appreciable increase in the immediate future. This is, no doubt, partly due to the fact that in many districts, including all the Oudh districts, settlement operations have come to a close within the last ten years, and that comparatively few districts are under settlement now, or, excluding the Bundelkhand districts which are under a special system controlled by Mr. Hooper, will come under ordinary settlement in the next decade. But a further reason exists which deserves special note. I refer to the studious moderation which now characterises the policy of the Government when making its revisional assessments.”

What can be more satisfactory than the above assurance of the senior member of the Board of Revenue who further said that—

“ the statistics of the most recent settlements may be quoted to show the extreme consideration which the landlords receive.”

It is the moderation of assessment that will lead to the Permanent Settlement because when it will be found that the revision of settlements does not yield an enormous increase of revenue as was the case in the past, we are sure that the Government will not insist upon the revision of settlements any longer and will finally remove the everlasting anxiety and discontent of both the landlords and tenants by granting them a Permanent Settlement.

216. In continuation of my above notes on the Land Revenue policy I wrote another Pamphlet in April 1904. On reviewing the Report of the Court of Wards for 1902 the Government was pleased to remark “taking the two provinces together, the Government demand with cesses and rates, actually paid amounted to 50·5 only of the collections—an indication of the general moderation of the assessment in force.” I took exception to this conclusion and gave my reasons as to why it was not accurate and submitted the pamphlet to the Government.

The Report of the Court of Wards for the succeeding year viz., 1903 was reviewed on the 16th July 1904 and I am glad to say that this time the Government did not make any mention of moderation of assessment on the basis of the percentage of Government Revenue on the collections, though this year it was only 48·5 instead of 50·5 in the previous year.

Am I not bound to thank the Government for this generous consideration given to my humble views ?

217. Another pamphlet “ Shearing the Provincial Sheep” was published in July 1903, and it is very gratifying to find that the Government have been pleased to consider it very favourably and condescended to accede to some of my proposals.

I will confine myself here mainly to those proposals which were made in connection with the Land Revenue; out of three suggestions contained in paragraph 14 the following two were approved of.

(1) Since the introduction of the decentralization scheme a long time ago, the provincial contracts (or settlements as they are now termed) have been in force for a period of five years only. I suggested that "Having regard to the average collection of land revenue for the last seven or twelve years the amount to be annually taken by the Imperial Government should be fixed permanently or at least for a period of 30 years which is the usual term of periodical settlements."

I am glad to say that the Government has been pleased to grant this request. I will mention it in the words of the Hon'ble Mr. Holms, the Financial Secretary:— "The Government of India have decided that, in order to secure to Local Governments the fruits of economy and good management for a period approaching permanency instead of for a short term of years in future the financial arrangements come to should not be limited in duration. They are to be so far permanent that the power of revision by the Government of India will be exercised only when the variations from the initial relative standard of revenue and expenditure have, over a substantial term of years, been so great as to result in unfairness either to the province or to the Government of India; or in the event of the Government of India being confronted with the alternatives either of imposing additional taxation or of seeking assistance from the province."

What decision could be more fair and liberal than the above and I feel a thrill of pride at my success in this matter which fills my heart with gratitude towards the

Government. I advocated the extension of the Permanent Settlement of the Land Revenue on the one hand and of the permanent settlement of the Imperial share in the revenues of these Provinces on the other. My latter prayer has been granted and I believe that the former will meet with the same approval in due course.

(2) Out of the receipts of the land revenue which yields about one half of the total of all the heads of revenue of these Provinces, the Government of India used to take 75 per cent and leave to the Provincial Government 25 per cent only while on the expenditure side the former did not pay any share of the expenditure connected with the administration and collection of the land revenue, the result being that the Provincial Government did as a matter of fact, get 16 per cent or $\frac{1}{6}$ share only to meet the numerous and urgent charges. My suggestion was that "the Government of India should pay a share in the expenditure connected with land revenue in the same proportion as it shared the receipts under this head." This suggestion has been accepted so far that the Government of India will, in future, bear half the burden of the expenditure under land revenue. Although my request has not been fully granted, yet it is a matter of great satisfaction to note that the principle advocated by me has been accepted to such an appreciable extent, that the Government of India have for the first time agreed to pay the significant amount of 23½ lakhs a year for the Provincial expenditure.

218. I must not, however, conceal the fact that some of my proposals were not approved of by the Government and the financial contract as a whole is not, in my humble opinion, as satisfactory as it ought to have been. For the sake of easy reference I give the sum and substance of my final proposals as follows :—

" I give a statement which will show at a glance what will be

the effect of the above proposals on the Imperial share of the finances in the United Provinces of Agra and Oudh. It will show that according to the budget for 1903-04 the Imperial Government was expected to save Rs. 67,735,000 *viz.*, 55 per cent. of the total Government revenue (amounting to Rs. 122,842,000) while according to these proposals it will save only Rs. 4,414,800 *viz.*, 36 per cent. In other words the Imperial Government will have to pay a further amount of Rs. 23,620,200 for Provincial expenditure. Apparently it is an enormous sum, but I venture to make this appeal to the Government of India on behalf of the people of these Provinces, in the hope that the questions raised by me will be dealt with in a just and impartial manner, and that the interests of the inhabitants of these Provinces will be no longer overlooked." Para. 29.

"The burden of Imperial expenditure, whatever it may be should be distributed among different provinces on some fixed principle. I fail to understand the reasons which justify the Government of India in taking 55 per cent. from one province and 28 per cent. from another."

"A statement is attached herewith to show the percentage of what is saved by the Imperial Government in different provinces, and it proves that my proposals are quite reasonable when I ask the Government of India to take 36 per cent. of the revenue from these provinces, because with the exception of Bengal which has the peculiar boon of the Permanent Settlement, all the other provinces *viz.*, the Punjab, Central Provinces, Bombay and Madras have to pay almost at the aforesaid rate."

219 His honour the Lieutenant Governor was pleased to make a reference to the above points in his speech delivered at the Budget debate in April last; he said:

"My own opinion is that on our present standard of expenditure the settlement is satisfactory, and that the local Government is in a distinctly better position than before to carry out the common aim of the Imperial and Local Governments, *viz.*, the promotion of the welfare of the people of this province. It is impracticable to discuss what could be done if our income was six crores instead of four crores. The principles that govern the relation of the Imperial and Local Governments did not permit the Government of

India to entertain the proposal that the standard of Provincial expenditure should be revised on a consideration of the revenue raised in the province, and of the scale of expenditure in more highly developed provinces. Nor could they take up at the time of settlement the question of reducing local taxation."

220. As to His Honour's remark that "it is impracticable to discuss what could be done if our income was six crores instead of four crores," I take the liberty to say a few words. It has been an everlasting complaint in these Provinces that sufficient money was not granted to carry out the administration efficiently and meet the provincial needs appropriately. The past proceedings of the Council are full of such admissions by the Financial Ministers as "in answering critics it is hardly necessary to do more than acknowledge the suggestions for a larger rate of expenditure what the speakers find fault with is not the intention of the Government, but its means. We must cut our coat according to our cloth". Does it not mean that the present grant of less than 4 crores of Rupees is quite insufficient to meet the requirements of these provinces

Recently the Government order in connection with plague administration has been published in the Government Gazette of the 27th August 1904. It is full of sympathy with the people and ensures them that "the Government is ready and anxious to help those who are ready to help themselves". The Commissioners and the district officers are required "to pay the whole or part of the cost of hutting for Government servants, whose pay does not exceed Rs- 30 per mensem, to spend money on any object which would benefit the poor classes or alleviate the dangers and sufferings of the people" and "to aid any local organization in aid of persons rendered widows and orphans by the pestilence and of destitute persons who require medical comforts". The amount of Rs- 78,000 has been allotted for the purpose. Is it sufficient to meet all these

heavy charges, and is it not merely a drop in the ocean. The only reason that so trifling an amount has been provided for is that the Provincial Government cannot afford to pay more money. The prime duty of a Government has always been to protect the life and property of the people, but this principle has not received full attention in the case of plague stricken people. The residents in health camps are left to themselves "to provide for their watch and ward either by paying for chaukidars or doing watch and ward themselves," because "the Government has not the means to enrol large numbers of temporary policemen". Is it not unfortunate for the people that these provinces having a population of 476 lakhs scattered over an area of 107,164 square miles and paying a tax of Rs- 136000000 a year are unable to receive more pecuniary help than Rs- 178,000 (including one lakh for sanitary objects) *i. e.* about $\frac{3}{4}$ of a pie per head, to save them from the ravages of plague? Is it not surprising that the Government could not see its way to help the people by a contribution of even Rs- 13 lakhs which is the amount collected from the landholders for famines. It is due only to the reason that the Government of India leave so small an amount in the hands of the Provincial Government that the latter cannot properly discharge their duty however willing they may be to do so.

These Provinces are at present evidently far inferior to other Provinces in education and other points, while for hundreds and thousands of years in the times of the Hindu and Mohammedan rule they were the most prominent in the Empire. Is not that state of affairs due to the fact that these provinces are not allowed to turn to their advantage the resources raised by them to the extent that other provinces are?

It will be interesting to refer here to some historical facts with regard to the condition of these Provinces in past times :—

If we look back to the Hindu times we find that Ajodhia, Muthra, Hustinapur, Inderprusth and Kanauj were the rajdhanis or capitals of the Hindu Rajas and shined in their full grandeur.

Delhi and Agra were the capitals of all the Mohamedan kings. Lucknow also was the capital of the Kings of Oudh. Sadát-bárás among whom were Sayed Husain Khán and Abdulla Khan, the king-makers, lived in Mu-zaffarnagar district in these provinces.

The grand and stately buildings of temples, mosques, forts and tombs at Muthra, Bindraban, Ajodhia and Benares, Delhi, Agra, Seekri, Allahabad, Lucknow, are everlasting monuments of the grandeur of those days.

Almost all the Hindu scholars, poets and philosophers like Byas, Basisht, Balmike, Tulsidass and others whose philosophical works and researches are up to-day so much admired even by European scholars, were born, and lived in these Provinces. Benares was the seat of learning and is so up to this day. The Akash Juntre (observatory) of Benares still shows the depth of the learning of ancient times.

These Provinces are full of sacred places to visit which pilgrims from all parts of India rush in large numbers. The shrines of Badrinath, Hardwar, Muthra, Ajodhia, Benares, Nimsar, Prayag (Allahabad) are regarded as most sacred by the Hindus. Similarly, Ajmere and Pirankalyar are held sacred by the Mohamedans. Even at the present day these Provinces are supposed to be the centre of religion.

The reason of these Provinces being to-day so much backward in comparison with the Provinces of Bengal, Bombay and Madras can be summed up in a few words. The old

system of education was superseded by the European system which unfortunately could not be properly developed for want of funds. The whole picture of education which is the keystone of the progress of a nation is wonderfully drawn by our learned friend Mr. Lewis, the Director of Public Instruction in the following lines :—

“The reforms that have been initiated have been rendered possible only by the special and permanent annual grant of five lakhs assigned to the United Provinces by the Government of India, for education. While the gift has been welcome, some disappointment has been felt at the smallness of the amount in comparison with that given to other Provinces; and much regret that the opportunity was not taken to bring the most backward province more nearly abreast of the more fortunate parts of the country, in which greater liberality towards education has been customary. As a matter of fact the United Provinces show worse in comparison with the rest of India than they did before the special grants were distributed among the provinces. Already at the bottom of the list with regard to public expenditure on education per unit of population, the United Provinces have now received less in proportion to population than any other province. Hence other provinces have by the favour of the Government of India been allowed to increase their lead. It is therefore the misfortune rather than the fault of these provinces that they are last of all in educational progress, and there it seems they are destined to remain. There is little doubt that if money were spent as freely here as elsewhere on education, and largely devoted to the extension of primary education, there would be a large increase in the enrolment of scholars. There is a demand in perhaps all districts for more schools and more schools, but they cannot be opened because the funds are exhausted. When a people cries out for education and cannot get it, we may well, with Carlyle, count it a tragedy.”

It is unnecessary and immaterial here to discuss at any length the way in which the six crores should be spent in these Provinces, but I am sure that if the Local Government may be able to obtain the amount it may be spent more profitably on education, dispensaries, village sanitation, and in carrying out other improvements, and would undoubtedly prove more beneficial to the interests of the people,

than the way in which it is at present spent by the Government of India.

221 As remarked by His Honour there are certainly some principles which govern the relations of the Imperial and Local Governments. But the question is, why the tax payers are not allowed to know those principles that justify the Government of India in taking 55 per cent from one province and 28 from the other.

222. His Honour's next remark that the Government of India could not take up at the time of settlement the question of reducing local taxation, is quite true.

I take this opportunity to state that the matter of taxation in these provinces being excessive, and capable of reduction was admitted by the Government of India so far back as 1882. But was there any relief given to the people of these provinces by the reduction of taxation during the last 22 years? This can only be answered in the negative, though the past years were remarkable for prosperity and surpluses. In support of this view I will give here an extract from paragraph 58 of the Government of India Financial Statement.

"Sir E. Baring in 1882 pronounced as the result of enquiry made under his orders, that nowhere in India is a reduction of taxation more required than in the North Western Provinces and Oudh".

May I be allowed to pray that His Honour the Lieutenant Governor may now be pleased to undertake the question of reducing taxation and taking advantage of these surplus years persuade the Government of India to give some relief to the people of these Provinces.

223. I must mention also that the Provincial Government should not be left alone to look to the interests of the people, but the people also should adopt suitable

methods to persuade the Government by systematic representation and agitation the necessity of redressing their grievances. The Government has already given not less than eight seats to non-official gentlemen, to represent the people in the Legislative council. It is on the one hand the duty of the people to take full advantage of this concession, by electing well qualified members, giving them necessary instructions and urging upon them the necessity of representing their wants and grievances before the council, and on the other, of the members to devote sufficient time and attention to the adoption of such measures as will eradicate them. It is not enough for the representatives of the District Boards and the Municipal Boards to meet together once in two years to elect a member for the council but they must help their nominees in performing their duties for the interests of so many millions of people. At present the poor member is expected to work for himself just as a lawyer may be expected to conduct a case without being provided with necessary instructions and evidence by his client. The members also must adopt some systematic steps to ascertain their views and consult them from time to time and to hold consultations among themselves about the business to be brought before the council. It is not satisfactory that the members do not meet together before the council. They must concentrate their minds on certain important points connected with the welfare of the community at large, without wasting their energy on some local matters of secondary importance. It is also desirable that at least two or three days before the date appointed for the meetings of the council, the non-official members, their electors and other leading gentlemen should hold a conference to discuss such matters.

224 It is not desirable that the whole burden of representing the interests of more than $4\frac{3}{4}$ crores of people in these provinces should be placed on the shoulders of a few members, therefore it is urgently needed that some

properly organized associations should undertake the task of watching over the interests of the people.

223 The members of the council and the associations should devote their full attention to important points such as the following:—

1. The financial settlement between the Government of India and the Local Government should be arranged on some equitable footing, there being no reason why these provinces should be compelled to pay a tribute to the Imperial Government at the rate of 55 per cent, of the total Government revenues while the sister provinces pay much lower rates; Bengal at 52-7, Punjab 42-1, Madras 35-7, Central Provinces 30-8, and Bombay at 28. It does not seem justifiable that the more advanced province of Bombay should be allowed to spend 72 per cent of her revenues, while the most backward provinces of Agra and Oudh may not be allowed to spend more than 45 per cent. It is because there is a stronger public opinion in Bombay than in the United Provinces.

2. The numerous annoying and cumbersome cesses that have been imposed since 1855 when the Government demand was limited to one half of the net rental, should be reduced.

3. Is it justifiable that the whole burden of local expenditure should be laid on the shoulders of the landlords? In view of the repeated promises and the recognized custom and on the grounds of equity and justice the Government should pay one half of such expenditures.

4. The over assessment of Land Revenue and other evils of the periodical settlements should be constantly brought to the notice of the Government so long as the Permanent Settlement is not granted, and former pledges fulfilled.

5. Legislative Councils should be expanded.

6. The Government grant for education is quite inadequate inasmuch as it pays one-fifth of the whole expenditure, the remaining four-fifths being paid by the people. It is desirable that something about 50 lakhs more a year should be granted by the Government to raise the backward provinces to the level of other provinces. It may be profitably spent in providing a big University on the model of Oxford or Cambridge, in sending a sufficient number of scholars to foreign countries and in spreading general, technical and agricultural education.

7. Suitable measures should be adopted to revive, encourage and develop industry, manufactures, trade and agriculture

8. A proper share in the administration of the affairs of their own country should be given to the children of the soil.

9. Improvement of the village sanitation and path deserve serious attention.

10. Suitable measures to check the growth of the consumption of opium, English and Native liquors, charas and ganja should at once be adopted.

11. The operation of the laws and rules on the Municipal District Bords should be properly watched and criticized.

NIHAL CHAND

15th November 1904.

With the author's best Compliments

R. D. Seth

**SIR ANTONY P. MACDONNELL'S
FAMINE ADMINISTRATION**

*J
P 16*

BY

THE HON'BLE SETH RAGHUBAR DAYAL,

TALUKDAR MOIZ-UD-DINPUR,

DISTRICT SITAPUR,

HONORARY ASSTT. COMMISSIONER

AND THE

MEMBER OF THE LEGISLATIVE COUNCIL

N.-W. P. & Oudh.

LUCKNOW :

PRINTED AT THE "VIDYA VINODE" PRESS.

1898.

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SIR ANTONY PATRICK MACDONNELL'S FAMINE ADMINISTRATION.

Now that the great calamity which afflicted the country for about eighteen months has passed away and the winter sun smiles upon a golden harvest, the time seems to have come when the attention of the people may be invited to the statesmanship the large-hearted sympathy, the untiring zeal and energy, the promptitude, the stern resolution and the tender solicitude for the sufferings of the masses which have led to the devoutly wished for consummation, the grateful recollection of which can never pass away from our memories as long as we have anything to remember.

The history of the late famine is the history of the British Government engaged in the gigantic, but magnificent task of saving a vast continent from starvation and death, but even in this history noble as it is, the noblest chapter is one wherein is recorded the heroic and successful campaign which the Government has waged against Famine in the North-Western Provinces and Oudh. The work accomplished is so great, the highest qualities of statesmanship displayed are so splendid that the public at large can hardly do justice to them; but as the years roll by, the greatness of Sir Antony MacDonnell's Famine Administration will rise in public estimation and twenty years hence people will come to recognise in him the saviour, not only of these provinces which he administers, but, by inspiring other administrators with his zeal and promptitude, of all India.

Prompted by a sense of duty to my countrymen and of gratitude to my Government I have in the following pages attempted to give a brief account of the late Famine, the measures which were adopted to check its ravages and the degree of success which crowned them. I have borrowed much from an important

official paper entitled "Narrative and results of the measures adopted for the Relief of Famine during the years 1896 and 1897", and published in the Government Gazette of the N.-W.P. and Oudh dated the 27th November 1897, both because of the trustworthiness of its facts and figures, and because the whole narrative is so interesting, tells us in simple, quiet official language so many deeds of noble charity, tenderness and sympathy done by our rulers, and brings before our eyes so clearly the enormous difficulties with which the Government had to contend in its struggle with Famine of which the public can have no idea that it may be well to summarize them in popular language for the benefit of those who are not accustomed to read official papers.

India, though in many respects a splendid country, has always been subject to periodic famines of more or less severe type. In past times when the means of communication were so imperfect, when Government was unsettled, when there existed neither internal nor foreign trade worth speaking of, when agriculture was the only source of wealth, the failure of which meant the failure of every other resource, famine was a much more terrible calamity than now, there was nothing to check or mitigate its ravages, the parts of the country where it appeared it completely ruined and made desolate, while in other parts there may have been plenty of grain to feed the starving population. The rulers of the time did what individual effort could do to relieve the distress, but no Government could in those days render any appreciable help to the needy in the absence of facilities of inter-communication and of wide-spread organisation which presupposes a strong and vigilant central Government. History has preserved accounts of certain famines which occurred in India during the last two hundred years, and from them we learn the dreadful loss of life from which the famine-stricken provinces used to suffer. The British Government in its early struggles with Famines was hardly more successful than its predecessors, and even in what it attempted to do it was sometimes

much hampered by the policy of the East India Company. Ever since the Government of India passed from the Company to the Crown a new change came over its policy, a new spirit of charity and humanity began to guide its actions. The great Famine of 1877-78 occurred and the Government in combating it put forth their full resource. The railways, the canals, the foreign imports of grain and the Relief Works were resorted to and much was done to mitigate the worst effects of the dire calamity.

But at the same time the deficiency of the then existing resources was made patent and a loss of life occurred which nothing could prevent. The bitter experience of the great Famine was not lost upon the minds of our rulers who at once set about to look for its causes and their remedies. With this object a very strong and competent commission was appointed, including among others, Sir James Caird, a high authority on the subject of agriculture, and the Report drawn up by this commission is now the principal guide upon matters connected with Famines in India. The opening of new railways, the digging of new canals, the starting of the Famine Insurance Fund, were among the measures subsequently adopted by the Indian Government and the success of these measures has been tested and proved by the late Famine. The Government came to realize that Famine was a permanent source of anxiety and trouble to India, that the alleviation if not the cure of this evil lay not in spasmodic efforts when it actually occurred but in the general improvement of the country, in increasing the means of communication and transport, in developing the irrigation system, in the preservation of cattle, in helping to foster among the people those resources which may increase their staying power under the pressure of scarcity, and in keeping in their hands a fund to meet the emergencies of famine-relief whenever the opportunity arose. What other minor precautions have been taken by the Agriculture and Famine Department it is needless to detail here. Suffice it to say that we had all these resources at our command when there fell upon the country the shadow of the great famine from which we have

just emerged—a famine greater than that of 1874-75 which was confined to Orissa and that of 1878 in the Dekkan, while this has affected more or less the whole of India—a famine which I venture to think is perhaps the greatest which this century has seen. It is the greatest famine not in the actual loss of life and other evils it has caused (and herein lies the lasting glory of Sir Antony MacDonnell's part) but in the possibilities of evils with which it started, in the length of its duration, in the magnitude of the struggle which the Government have had to wage in order to check its destructive course.

Although "the proximate cause of the famine of 1897 was the premature cessation of the monsoon rains of 1896" yet a series of bad harvests between 1893 and 1895 were in no small measure responsible for the intensity with which it set in. Its seriousness may be imagined when we consider the fact that in the United Provinces containing a population of nearly 47 millions the Famine during 1896 and 1897 affected every part of this great territory. "In one-third of the area there was famine, in another third there was scarcity and in the remainder there was the pressure which famine prices cause." "This is the first occasion within historic memory" to use the words of the Government Gazette, "when the entire country has been directly or indirectly afflicted." The Punjab which had on previous occasions come to our succour had to struggle with its own misfortunes. Central Provinces, Bombay and Madras were afflicted and at one time there was cause for anxiety in Bengal. This time when the Famine came, the United Provinces could hardly expect much help from the other parts of India.

Sir Antony MacDonnell, who had assumed the reins of office in November 1895, had in course of a few months given such ample proof of strong popular instincts and of tendencies which showed that a new era had dawned upon these provinces that apart from the anxieties of the famine itself there was a wide-spread feeling of grief and disappointment that a ruler,

who intended to do so much for the reform of administration and the development of the educational system, was hampered almost at the very start in his course by a calamity against which he had to put forth all his resources, and which it is now gladly and gratefully admitted, he has completely overcome in a manner that throws undying lustre over his name. The story of the famine is the story of a governor of genius whose statesmanship has all along been inspired with the fervid charity and tender humanity of Clarkson and Wilberforce.

It was early in 1896 that Sir Antony MacDonnell had to deal with the Famine in Bundelkhand. Thoroughness and promptitude have been the key-notes of His Honor's Famine policy and they soon became clear to every one during the Bundelkhand famine. Test works were started; other preparatory and precautionary steps were taken to meet worse contingencies. "The executive staff of the various districts was strengthened; relief circles were formed, and the officers to take charge of them were nominated; sites were selected for poorhouses; the programme of relief works was revised and expanded." Sanitary arrangements were made, "provision was made for the relief at their homes of indigent persons enfeebled by age or disease or debarred by national custom from appearing in public; and the opening of the Government forest to pasturage and collection by the people of edible produce was arranged." Thus when the Famine actually burst upon Bundelkhand, the Government was quite ready to meet it. By means of public works, poorhouses, distribution of assistance to respectable but indigent people, advances of money granted under the Agriculturists' Loans Act, relief was afforded to thousands who otherwise would hardly have been able to tide over their misfortunes.

"The actual sum distributed by way of recoverable advances without interest was Rs. 185, 118; and the actual amount of revenue suspended by the Commissioner was Rs. 216,000 on account of the autumn instalment of 1895 and Rs. 878,000 on account of the spring instalment of 1896."

The following statement showing death rate during the Famine months as compared with the average death rate for previous decade in Bundelkhand is interesting in as much as it proves beyond the shadow of a doubt the efficiency and success of the Relief measures in regard to the first and fundamental object with which they were started, namely the prevention of death from starvation.

Statement showing Death-rate per thousand, month by month, in Bundelkhand during the Famine of 1896, with Average Death-rate for ten previous years :—

DISTRICT	JANY.	FEBY.	MARCH	APRIL.	MAY.	JUNE.	JULY.	AUGT.	SEPT.									
	1896. Average, 1886-95	1896. Average, 1886-95.	1896. Average, 1886-95.	1896. Average, 1886-95	1896. Average, 1886-95.	1896. Average, 1886-95	1896. Average, 1886-95.	1896. Average, 1886-95.	1896. Average, 1886-95.									
Hamirpur	2.64	2.72	2 15	2 40	1 98	2 20	2 08	2 09	4 35	2.64	3.91	3.53	3 91	4 44	5 38	4 39	6.78	4.31
Banda	2.19	2 52	1 85	2 24	1 89	2.09	1.94	1 81	7.09	2.24	4 12	3.34	2.53	2.38	3.23	3.47	3 84	2.84
Jalaun	3.15	2.70	3 20	2 39	3 46	2 24	2 90	3 23	3.72	2.81	3.69	3 37	3.10	3 44	3.83	3 60	3.05	3.93
Jhansi	3.50	2.54	3.48	2 27	3.48	2 52	5.42	2.44	5.02	2 78	7.77	3 27	5.59	3.31	7.53	3.87	7 09	3.78

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The rest of the other districts of the N.-W. P. and Oudh did not altogether escape the effect of the Famine which in Bundelkhand was most intense, and measures had to be adopted to alleviate their distress. "Throughout the provinces therefore, the total number of persons relieved was about 19½ millions and the total expenditure was Rs. 1,180,153."

Bad as the year 1896 was, a worse was yet to come. Gloomy symptoms appeared which made it quite clear that the calamity was inevitable. The early cessation of rains brought about a serious failure in the "*kharij*" or autumn harvest of 1896. In

an average year the *kharif* produce is estimated to be 5,370,000 tons. Last year "kharif" produce was about 2,055,000 tons. "The loss was therefore 3,315,000 tons, which at normal prices may be valued at not less than 16½ crores of rupees. If it be remembered that the coarse rice, the great and lesser millets, and the maize, all of which are autumn crop staples, furnish the ordinary food of the poorer classes, it will be at once perceived what a terrible disaster had overtaken the provinces." This disaster was made worse by failure of the *rabi* or spring harvest. In normal years the *rabi* harvest yields 7,468,700, tons of grains. In 1897, the produce was about 4,431,700, tons. "There was thus a deficiency of 3,037,000 tons valued at normal prices at 18 crores of rupees. Thus the failure in the autumn and spring harvests of food grains alone cost the provinces no less than 34½ crores of rupees."

The gravity of the situation is apparent from the facts just related, let us see how Sir Antony MacDonnell's Government faced it and with what amount of success. It is worth observing here that Sir Antony MacDonnell was the first to realise the seriousness of the situation and in planning his campaign against the coming Famine. This is no trifling proof of His Honor's keen-sighted statesmanship when we remember that just when he was preparing to face the inevitable calamity the Secretary of state was not quite sure whether there was any famine in India or not.

In August and September 1896, one of the first symptoms of impending famine, namely, the movements of hungry swarms of people from place to place in search of food commenced; symptoms of the spirit of disorder born of hunger and distress were also visible. The death rate in the affected districts went up; and Sir Antony MacDonnell at once saw that although no starvation deaths were reported and "that special diseases, such as a peculiar form of fever affecting poor and rich alike accounted for many deaths; but there still remained reason to apprehend that where the crops had failed, scanty or unsuitable nutriment

had rendered a portion of the population unusually susceptible to disease or had weakened their power of resistance." Reading between the lines it is quite clear from the words just quoted that His Honor was more anxious than most of his colleagues and advisers about what was going on in the provinces and understood the people's trouble better.

On the 21st September His Honor addressed an important letter to the Commissioners in which the local officers were directed to take the following steps.

"Firstly, they were directed to make a complete survey of the agricultural condition of each district, which the fiscal organisation enabled them without difficulty to do; to ascertain the exact condition of the autumn crops and the prospects of the sowings for the ensuing spring harvest; to estimate the degree of the failure threatened and the extent to which relief would in each event be required.

"Secondly, the District Officers were directed, should their inquiries establish the imminence of serious distress, to begin without further orders to organise the agency and methods of relief which, following the general lines of the Famine Code, were specified in the letter; and where symptoms of distress might appear, to open test relief works. In conclusion it was pointed out by the Lieutenant Governor that in dealing with famine relief the all-important point to bear in mind was this—that the preparation should be well in advance of the pressure. "If pressure supervenes while preparations are incomplete, numberless embarrassments result. If, on the other hand, the executive is not surprised or overtaken by the famine, matters go as smoothly as in such cases they can go." It was pointed out that if rain were to fall before the end of the month, the situation might be saved, and there might be no necessity to undertake relief measures on a large scale; but the necessity is not increased by timely preparation; while the cost to the State is greatly lessened and

the advantages to the distressed population greatly enhanced by the existence beforehand of a settled programme and an organisation ready to be called into immediate activity." (Government Gazette Pt. VI 27th November 1897, Page 386).

"Experience of famine administration teaches no lesson more clearly than this—that in famine time acute distress appears with suddenness, and that confusion, loss, and suffering are certain to ensue unless an adequate organisation has been matured beforehand and made ready to meet pressure when it comes." The principle thus enunciated was acted upon by Sir Antony MacDonnell's Government with promptitude and vigour. By the end of September 1896 His Honor had laid before the Governor-General "a premonitory statement of the then existing condition of the Provinces, of the mischief already done by the drought, and steps taken to counteract it; of the extent of the calamity which might be anticipated if no rain should fall; and of the measures which would be adopted to relieve the severe distress which would then inevitably ensue. In particular the various large projects of railway and canal construction which might possibly be undertaken as relief works were arrayed, and the question of food supply and prices were considered."

When Sir Antony MacDonnell was doing all this, the Provincial Press and public bodies had also begun to give voice to the anxious feelings of the people, and those alone can form a just estimate of the rare statesmanship of the Lieutenant-Governor who have had an occasion to watch the manner in which he made himself accessible to his people, considered and profited by public representation, and while doing every thing to appease public fears and anxieties, stood firmly by his own well-considered plans amid all sorts of counsels and exhortations. He took the public into his confidence and while in this way he placed himself in touch with every phase of public opinion, he yet in no way allowed his policy to be influenced by alarm, or his far-reaching plans to be modified by temporary expedients of doubtful benefit. In the

autumn of 1896 the public mind was very much agitated and from more than one quarter the suggestion was offered on the basis of the precedent furnished by a previous famine, that the Government should intervene to stop exportation and to regulate prices. The Refah-i-Am Association of Lucknow submitted an able memorial to the Lieutenant-Governor upon the subject, in replying which His Honor's Government wrote an important document, part of which is worth reproducing here as showing the masterly grasp of the situation which characterised Sir Antony MacDonnell's Famine Administration from the very beginning.

"I am to say, with reference to the first of these proposals, that the Lieutenant Governor and Chief Commissioner is unable to assent to the proposition that Government should enter into competition with the grain-dealers of the country. So far from being beneficial, such competition would, in His Honor's opinion, be mischievous in the extreme. There is no reason for fearing that private trade will be unequal—while there is good reason for expecting that it will be more than equal—to the task of meeting the demand for grain. It must not be forgotten that the grain trade of the country is of enormous extent; that the free flow of this trade has been immensely facilitated in recent years by the construction of roads and railways (the product of a wise employment of the Famine Insurance Fund); that stocks from other countries are finding their way to remunerative markets here; and that, as the great economist Mr. Mill, said (in exposing the errors of the proposal which you renew) 'though a Government can do more than any one merchant, it can not do nearly so much as all merchants.' The intervention of Government, more specially at this early stage, would have the effect of crippling, discouraging and disorganizing the existing machinery of private trade for the supply and distribution of grain, without affording any adequate substitute." One can hardly fail to accept the soundness of the principle laid down in the above passage, so long as it is not absolute and of universal application,

because like every other economic principle it is liable to modifications according to the particular conditions of the society to which it may be applied. Happily in this country the need did not arise (for which full credit must be given to Sir Antony MacDonnell's far-sighted plans) to depart from Mr. Mill's principle, yet India is a country where the social conditions are such that as before so any time hereafter occasion may easily arise when Government intervention may become one of the most effective means of checking or averting the worst effects of Famine. In the present case, however, the wisdom of the Lieutenant-Governor's decision can hardly be doubted and it has been justified by subsequent events.

When the gloom was deepening and the prospects of crop becoming worse and worse, Sir Antony MacDonnell in the end of October 1896 commenced those tours which lasted till the end of July 1897, and in the first of which was planned and organised the whole machinery of the Relief System with which the Famine has been fought and overcome. The chief objects of the first tour were *first* the organisation of official action and *secondly*, the associating of the landlords of each district with Government in Relief Administration. In connection with the first object conferences on the spot with the officers of each division were held and all the important details of the Famine operations were discussed and settled. In connection with the second object informal *darbars* or conferences of landlords and other local influential residents were held at all divisional head-quarters. The notes of the conferences were from time to time published in the Government Gazette ; but though they are remarkable in the way of showing the energy and thoroughness with which His Honor was prepared to deal with the minutest details of the business in hand, yet even they don't give adequate idea of the sympathetic consideration which he was always ready to give to the suggestions of the landlord and other influential gentlemen and words of hope and encouragement with which he cheered the drooping spirits of his anxious *darbaris* and visitors.

The public was consulted at every turn during the hot and steamy months of the summer of 1897, His Honor was receiving formal deputations and informal visitors in connection with the Famine, every source of information was kept open and to this step as wise as it was popular must be ascribed in no small measure the success with which he grappled with every difficulty as it arose during the Famine Relief operations and the special attention which was paid to certain relief measures that are among the noblest features of his Famine administration and have touched the hearts of the teeming millions under his care. The generous statesmanship of Sir Antony MacDonnell is embodied in the following principle which is the key-note of his Famine administration :—"The only limitation to the relief to be given will be the necessities of the people" and it was upon this principle that he succeeded in getting for his provinces the lion's share of the assistance given to the country by the Imperial treasury and the Famine Relief Fund. How this money was spent will appear from a brief description of the Relief System which I have attempted to give in the following pages :—

"The Relief system prescribed by the Famine Code may be classified as follows :—

I.—Employment on large relief works entered on the administrative programme (article 17 of the Code) and controlled by the Department of Public Works.

II.—Employment on small relief works (article 65 of the Code) controlled by District officers.

III.—Employment at their homes for indigent respectable people who are incapable of labour on relief works or debarred by national custom from appearing in public.

IV.—Gratuitous distribution of relief in poorhouses, State kitchens and hospitals to the poor and infirm unable to labour, until they had become fit to labour, or to be sent back to their homes.

V.—Gratuitous distribution of relief at their homes to persons who are unable to labour and are reduced to distress.”

In accordance with the broad features of the system just described relief was administered to people by means of (1) Relief works (2) State kitchens (3) Relief works started by private individuals with Government aid (4) Home employment for respectable men and women (5) Gratuitous Relief (6) Casual Relief of homeless wanderers and (7) Relief for cattle. Now to take them in order.

Relief Works.—“ It was a cardinal principle of relief administration in the North-Western Provinces and Oudh that some labour should be exacted from every one seeking relief who was not incapacitated for work by age or infirmity, or in rare cases (chiefly in case of women) by social status. From the able-bodied a full task, from the weakly and from the children over 7 years of age a smaller task, graduated according to their various capacities, was required . . .

Relief works were divided into two classes : (1) Large projects of general utility affording employment to usually not less than 5,000 labourers, the bulk of whom were obliged to leave their homes and reside on or in the neighbourhood of the work, and (2) lesser projects, serving some local purpose and affording occupation to a smaller number of workers in the neighbourhood of their homes.”

Relief works executed by private persons.—These works were executed by private persons either in a purely charitable spirit at their own expense or with the assistance of subventions by Government. The cost of projects of the latter sort was advanced by Government and an engagement taken from the persons receiving it to repay within a certain time a fixed portion usually one half of the entire outlay.

State Kitchens.—In some places cooked food was distributed to very young children of the *work-people*. Experience showed that when the cash doles were given to children they

were appropriated by their parents, and therefore State kitchens were started to prevent this abuse.

Home Employment—“ Women of a respectable class accustomed to support themselves wholly or in part by needle-work, embroidery, and kindred occupations, men of good birth, unused to any form of labour, decayed families whose scanty means were outrun by famine prices—for such classes home work of a suitable character was provided without the loss of self-respect involved in the acceptance of charity. No class of the community demanded more commiseration than these patient sufferers, who would starve and die in silence rather than seek or accept alms. Such persons were sought out and relieved through the agency of private persons of their own community.” If there is one form of relief more than another which has deeply touched the heart of the people, which had never before been known on anything like its present scale, which saved the lives of thousands of respectable men and women and the honour and self-respect of many more, it was the one just noted. Of Sir Antony MacDonnell's insight into native character, keen sympathy with the suffering and sorrowful and enlightened charity which blesses him that gives and him that takes, there can be no proof greater and more conclusive.

Gratuitous Relief—During the Famine there were, as there always are in times of distress, multitudes of unfortunate people unfit through age or infirmity or owing to other moral and physical disability for work and depending on others for their livelihood. Their condition was most distressing and at one time caused the greatest anxiety. The pressure was heavy and the resources of the people so much crippled that many people thought it perfectly hopeless to do any substantial thing for this class of population and were certain that these must perish under the calamity. The private charity of India is proverbial and the care and maintenance of even the most distant relations is considered a religious duty by the Indian people. This Social piety is

infact as Sir Antony MacDonnell observes, the Indian substitute for the poor law of England. But the distress caused by the famine was too much even for this private charity to mitigate. The calamity was unprecedented and Sir Antony MacDonnell at once saw the urgent necessity of providing measures of relief for those who could not help themselves. Besides the grant of free doles to the dependants of labourers on relief works, gratuitous relief was provided for thousands of these unfortunate helpless men by means of (a) poor houses and (b) the distribution of outdoor or home relief.

Poor houses were established at all districts and subdivisional head-quarters where famine prevailed, and in some suitable centres of even such districts where it did not. No one can have any idea of the zealous, vigilant and humane administration of Famine Relief by the officers of the Government who has not seen the manner in which these poorhouses were managed.

Outdoor or home relief was even a more difficult work. "Its aim was to seek out in their own homes all those who had been deprived of their ordinary means of support and were unable to work for their living, to test the reality of their claims, to bring them on a free list, to arrange for the regular payment of the allowance which, according to the fixed scale, might be found necessary for their support, and to strike off their names as soon as they appeared in a position to earn their own support or to claim it from any one able and bound to maintain them." In the work Zemindars, village-headmen were associated with Kanooongs and Tahsildars and nothing was left to make the relief effective and far-reaching. The manner in which this work was done (and with what success it was done the results amply prove) may be described in the words of His Honor's Minute on the Famine.

" Briefly it may be stated that lists were primarily drawn up by circle officers with the assistance of the village accountant and head-man, the proprietor or his agent, and respectable inhabitants

of the place. These lists were made the basis of the subsequent procedure which was as follows. The whole population of each village in turn in the distressed districts was mustered excepting those whose sex and status forbade them to appear in public. Those who were absent from the village were first accounted for. Then those present who were fit objects for relief were sifted out, and after due inquiry placed on the free list either as permanent or temporary recipients of relief. A *panchayat* or the committee of the respectable inhabitants of the village was then formed, and the claims of the "*pardanashin*" women and others of that class were considered and allowances were allotted when observed and required. Thus the entire population of the village—men, women, and children—were passed under review, so that no individual might escape notice or suffer from want of food."

Casual Relief.—There were a number of destitute wanderers who also were not left uncared for. Police officers, headmen and officials were entrusted with money for the relief of this class of people and many were no doubt saved in this way from certain death.

Cattle Relief.—When it became apparent that the fodder crop also failed, the duty of saving the cattle as far as possible from its disastrous consequences became urgent. The Bundelkhand forests were thrown open in 1897 for free grazing and were fully utilized. "In the sub-Himalayan tracts it was found sufficient to encourage, by exemption from fees and in other ways, the passage of herds through the belt of reserved forests into the great grazing grounds of Nepal."

The relief of orphans, although not a new feature of the Famine Relief organised by Government, was yet a very remarkable one for its magnitude and the efficiency with which it was administered. Sir Antony MacDonnell realised at a very early stage of the Famine the necessity of making provision for orphans and in December 1896 the following order was issued.

"In the poor house at the head-quarters of each district a section should be reserved for orphans, male children being kept separate from female children if over ten years of age. A respectable matron should be appointed to the charge of the orphanage on suitable pay, and should live in the orphanage. Inquiries for the parents or friends of the children should be instituted immediately the children are found to be deserted and if the parents or friends are discovered, the children should be made over to them, the parents or friends being helped, if indigent, under the general system of the Famine Code. If the friends or parents are not discovered, and specially if there is reason to think that the parents are dead, the children may be disposed of in accordance with the provisions of article 130 of the Famine Code. Special care should be taken that in no instance is a Hindu child made over to a Mohamedan, or a Mohamedan child to a Hindu. Special care should also be taken with regard to female children, so that the danger of their getting into the hands of prostitutes may be avoided. The person to whom a child is thus made over should be placed under obligation to account for the child at any time until the child attains the age of 18 years. Before the children are thus given over for adoption, a sufficiently long period should be allowed to elapse, within which search will be made for children's parents or friends. The search should include a careful local enquiry in the village which the children may name as their home, and every obtainable clue must be followed up. In each case a written proceeding, stating the steps taken to trace the parents or friends, should be drawn up and recorded before a child is given over for adoption.

"A certain number of children will probably remain over in the orphanages after efforts to find the parents or relatives have been exhausted and after the option of adoption has been allowed to their co-religionists. The balance thus remaining over may be treated under article 131 of the Famine Code, the orphanages being chosen by reason of their known reputation as homes for deserted children."

“The number of children now remaining in the district orphanages is 1,668. No doubt most of these are true orphans, but some have probably been merely deserted by their parents. Efforts have been, and are still being, made to trace out their parents or friends. These efforts have in some cases been rewarded with success, and the children have been restored to their homes. In other cases there has not been success. If further efforts are unsuccessful, and if it is found impossible to induce respectable people of the same caste and religion, over whom the Local Government can exercise supervision, to adopt the children, they will be placed in orphanages controlled by the Bishops of the various Christian communities or in respectable orphanages controlled by substantial native Societies and Committees. It is understood that the Provincial Branch of the Indian Charitable Relief Fund intends to endow the various orphanages for the maintenance and education of these children. In any case this Government intends to exercise a control and supervision over the orphanages, in the interests of the children, until they attain an age when they may be trusted to take care of themselves.”

The public mind has been deeply touched by this measure of Famine Relief; and the keen regard which His Honor has shown throughout for the feelings and prejudices of the people in this delicate and humane work, affords a striking instance of his masterful statesmanship. The desire of a section of the people that an orphanage should be established at the cost of the public at large to commemorate the great work accomplished by Sir Antony MacDonnell is genuine and spontaneous and I trust the leading men of the United Provinces will not fail to give effect to this desire.

This is a brief review of the great achievement of the Lieutenant-Governor who in these provinces is the first statesman whom every one from the highest to the lowest looks upon as a personal friend and whose name as the taluqdars rightly said in their address is a house-hold word. This is the highest

praise which any Governor can earn and Sir Antony MacDonnell has earned it by the performance of a noble, but herculean task. Few men have any idea of the difficulties he had to contend against, the resolute firmness with which he faced them, the patience and forbearance with which he soothed and removed public fears and misapprehensions and the soundness of judgment which solved them to the satisfaction and admiration of all. In a country where ignorance prevails, where caste rules, where religious fanaticism smoulders, where so many social prejudices mark the life of the people, where the ruling class is so little understood by the ruled, it is difficult for the wisest and most benevolent ruler to undertake any great measure of public welfare without incurring the risk of rousing suspicion if not hostility from certain sections of the population. The Famine was a great calamity and calamitous times are most suited for the spread of all sorts of fears, rumours, and misapprehensions in India. This difficulty is so well and accurately described that I must be allowed to quote the following passage from His Honor's Famine Minute.

“ By the end of February the distress which prevailed was occasionally reflected in the condition not only of individuals, but even classes, of the community. Those who from motives of pride or indolence refrained from seeking the relief works or the poor house till no other resource was left, the wandering mendicants and the respectable poor on whom the dearness of provisions pressed heavily—such people showed in their appearance signs of the privations they had endured. It was noticed that the new applicants for employment or relief were often in an emaciated condition and compared unfavourably with those who had been prompter in seeking State support. In the earlier stages of the famine people were deterred from seeking or accepting relief from motives which lost force as time went on. Caste reasons were potent, and instances were brought to notice where money doles had been refused or actually returned by yillagers because the recipient had been threatened with expulsion from the brotherhood. Grotesque reports were current among the people

unaccustomed to such wide spread bounty and ever anxious to discover some hidden motive for it. Rumour had it that everyone who accepted relief was to be subjected to demoniacal influences ; or sent across the sea to labour islands or to people new countries which the *Sarcar* had conquered ; or made to apostatize ; or marked down for future sacrifices to the deities who are supposed to watch over the stability of great railway bridges. Instances, too, were not wanting of the struggle between natural affection and the love of life. A starving girl refused to take relief unless an undertaking were given that when she was sent away to the strange land, her old father should be cared for while alive and decently buried when dead. As time passed these absurd beliefs and restrictions wore themselves out. The people became familiarized with the system of State relief and ceased to look for any sinister motive. In the later stages of the famine persons who had refused proffered assistance came forward of themselves to claim it. The public faith was again tried when very large sums from the Indian Famine Charitable Relief Fund were distributed for purchase of seed grain and plough-cattle, and again fresh rumours were spread assigning strange motives for the charity. The Amir of Kabul was coming to conquer India and the British Government was anxious to arouse a popular feeling in its own favour. A rich Bombay merchant with all his kith and kin had died of plague, and Government, to whom his property had come, had decided to spend it in charity. But this time the stories gained little credence, and did not prevent the whole village population from flocking to share the bounty of the English-speaking public." (Government Gazette Pt. VI 27th November 1897, p. 424-25).

The most remarkable feature of the Famine Relief of this year was its generosity. But Sir Antony MacDonnell would hardly have been able to achieve his benevolent end to his satisfaction if his endeavours had not been supported and encouraged by the Government of India. Lord Elgin placed full confidence in the judgment and sagacity of his Lieutenant, and experience has justified the wisdom of the Viceroy's action. We can

hardly have an adequate idea of the liberality which has marked the Famine policy of Sir Antony MacDonnell without contrasting it with the Famine policy of Lord Lytton. [Trotter's India under Victoria Volume II P. 372-73,] "For the future" said Lord Lytton, "the efforts of the Governments to mitigate suffering must be tempered by a strict regard for the severest economy." To save life "irrespective of the cost" was a feat which the Government, in the present condition of its finances, could never hope to accomplish. On no account would Lord Lytton "attempt the task of preventing all suffering, and of giving general relief to the poorer classes of the community." Famine relief, in short, must be administered as cheaply as possible, on the narrowest possible scale. How to "provide efficient assistance without incurring disastrous expenditure" was the problem which Lord Lytton set his officers to solve as they best could. Applicants for State help were to undergo a strict labour test. The rate of wages on relief works should suffice only for a bare subsistence. Gratuitous relief was to be supplied only in cases of extreme necessity, and then chiefly in the shape of cooked food. Instead of small local works, good enough at the outset of seeming scarcity, large works on which large gangs of labourers could be employed under close supervision, should be opened in places where food was plentiful, and access easy from the suffering districts. And such works should always be of a permanently useful and remunerative kind." In these Provinces, Sir George Cooper had tried to meet the distress by liberal measures; but Lord Lytton's regard for strict economy prevailed, and Sir George had to narrow the scope of his relief measures. "In the course of 1878, nearly all the arrears of revenue were recovered by his unwilling Collectors from an impoverished peasantry. The relief works were closed with untoward haste, and before the year's end a million and a quarter of human beings had died from causes more or less due to want of nourishment. [Trotter's India under Victoria Vol. II P. 380].

We have only to contrast this with the policy based upon the noble and wise principle, "the only limitation to the relief to be

given will be the necessities of the people," in order to understand the termination of the greatest calamity of the century with the happiest results.

"The relief measures which had been carried on patiently and steadily for the past eight months, and in Bundelkhand for over a year, since famine that had first declared itself, now bore golden fruit. The peasantry had been maintained in health and strength, and were ready, with almost unimpaired vigour and in undiminished numbers, to commence the tillage of new crops whereon their fate depended. The resources of the Charitable Fund had been largely reserved to meet this crisis. By the splendid liberality of the English-speaking public over thirty lakhs of rupees were now distributed among the villagers to purchase seed grain and replace the plough cattle which they had lost. This munificent charity was liberally supplemented by advances of State funds to small proprietors and cultivators of the better class. There were some apprehensions that seed grain might not be forthcoming in the parts where famine had been most prolonged. But seeing the people generally possessed of the means to pay for it, the traders quickly solved the problem of supply. Assisted and encouraged in these ways, the agricultural community turned with cheerfulness and resolution to the congenial task before them."

It seems necessary in this place to give some account of the Indian Charitable Relief Fund which has been a great boon to these provinces. When there remained no doubt as to the severity of the Famine, His Excellency the Viceroy appealed to the public in this country while Lord George Hamilton the Secretary of State appealed to the English public in England. Following the lead of Lord Elgin, Sir Antony MacDonnell at a public meeting held in Lucknow on the 25th January 1897 made a similar appeal. The response to the appeal thus made was prompt and generous. In England handsome contributions poured in from all quarters; the British colonies came forward with generous help; and foreign

countries such as the American States contributed largely to the Relief Fund. The Indian mind has been deeply touched by this display of splendid charity which transcended all racial lines and which has gone far to forge new bonds of good-will and affection between India and England. In India the appeal made to the public was equally successful ; and when it is remembered that from the beginning of operations up to the 31st October 1897 the total receipts of the Committees of the Fund in these provinces amounted to Rs. 5143453, that out of this sum Rs. 4668763 was the contribution remitted by the central Committee and Rs. 471945 was the amount of the subscriptions raised in the provinces, the extent of relief administered by the Charitable Relief Fund becomes apparent. And when further we consider the principles laid down by the Government of India according to which this Fund was to be utilized, we are enabled to appreciate the wise statesmanship which has brought the country safe out of a most serious crisis.

“ Private contributions ” said the Government of India “ might usefully be expended on the following objects.”

Firstly, in supplementing the subsistence ration which alone is provided from public funds, by the addition of small comforts, whether of food or of clothing, for the aged or infirm, for the patients in hospitals, for children, and the like.

Secondly, in providing for the maintenance of orphans.

Thirdly, in relieving the numerous poor, but respectable, persons who will endure almost any privation rather than apply for Government relief, accompanied as it must be by official inquiry into, and by some kind of test of the reality of the destitution which is to be relieved.

Fourthly, in restoring to their original position, when acute distress is subsiding, those who have lost their all in the struggle, and in giving them a fresh start in life.”

“The efforts of the Provincial Executive Committees were carefully directed towards the accomplishment of these four objects. On the first three of these objects the total sums expended out of the Fund up to the 31st October 1897 amounted to Rs. 12,29,916, of which Rs. 9,07,157 was paid out in the N.-Western Provinces and Rs. 3,22,759 in Oudh. On the fourth object—which in the opinion of the Lieutenant Governor was from the beginning the most important, seeing that the Government had from the outset charged itself with the prevention of starvation—the sum spent was Rs. 35,38,403, of which Rs. 24,93,792, pertained to the North-Western Provinces and Rs. 10,44,611 to Oudh. Including a charge of Rs. 11,664 for the working expenses of the 46 Committees existing in the Provinces, the total sum expended by this great and bountiful organisation up to 31st October 1897 therefore amounted to Rs. 48,28,486.”

Immense good as the Charitable Relief Fund did to the suffering people and millions of lives as have without doubt been saved from death by the splendid and I might say unprecedented relief operations of the Government, still the Famine was so severe that its effects in crippling the resources of the country will be felt for some time to come. The Government did as no other Government would have done in the way of putting forth its full strength to combat the great calamity ; and if it failed in any degree, it failed only in those matters in which no human organisation could ever have succeeded. Sir Antony MacDonnell while he fought a brilliant and successful fight with the Famine and brought down by his philanthropic efforts the amount of popular distress to its minimum, has been equally careful as regards the after-effects of the last year's pressure and has made certain concessions to the land-owning classes in order to enable them to recoup themselves.

“Since the termination of the Famine the Lieutenant Governor has, in conference with the Board of Revenue and in the light of the most recent local information on the state of the

country and condition of the people, considered how far these suspensions should be entirely remitted and written off the Government accounts as irrecoverable. The country had passed through a trial of very great severity; and although wonderful recuperative power had been shown, there was no doubt that cultivation and industry would be depressed by the burden of debt, while it would be stimulated and encouraged by the reduction of the arrears within moderate limits. The conclusion arrived at was that, subject to the approval of the Government of India, offers should be made to the landlords to write off 60 lacs, or or about 42 per cent, of the arrears on condition that the remissions were passed on to their tenants in accordance with the relevant provisions of the law referred to above. The Governor-General in Council has now signified his approval of this liberal measure of remission. The balance of the arrears will be collected by instalments commencing from next spring and extending over two years. Thus the land-owning and cultivating classes of these provinces will be enabled to replenish their grain stores from the present abundant harvest and to face the future with cheerfulness."

The brilliant success of the Famine Administration is proved by observing the death-rate during the period of scarcity.

“An abstract of the monthly returns will show at a glance how far the mortality of the famine period rose above the ordinary death-rate in any month :—

	ENTIRE PROVINCE.		FAMINE DISTRICTS ONLY.		SCARCITY DISTRICTS ONLY.	
	Actual death-rate.	Normal death-rate.	Actual death-rate.	Normal death-rate.	Actual death-rate.	Normal death-rate.
October 1896 ..	3 09	3 56	2 74	3 49	3 81	3 69
November „ ..	2 70	3 34	2 52	3 23	3 12	3 49
December „ ..	3 01	3 10	3 06	2 86	3 12	3 31
January 1897 ..	3 07	2 37	3 49	2 25	2 93	2 44
February „ ..	2 68	1 97	3 14	1 91	2 62	1 97
March „ ..	3 11	2 13	3 60	2 13	3 07	2 14
April „ ..	3 19	2 62	3 52	2 57	3 33	2 77
May „ ..	2 89	3 04	3 05	3 01	2 97	3 10
June „ ..	2 58	2 72	2 84	2 79	2 38	2 56
July „ ..	2 78	2 45	3 20	2 61	2 52	2 23
August „ ..	3 34	2 73	3 96	2 92	3 02	2 55
September „ ..	3 86	3 01	4 42	3 03	3 64	3 01
Total ..	36 30	33 04	39 54	32 80	36 53	33 26

The death-rate, it will be seen, rose on the whole but little above the normal average in the famine months up to July, that is for 10 months it was only 29·10 per mille in the Provinces, or 1 80 per mille above the normal.”

When the rains of July 1897 came to arrest the progress of the Famine and the period of gloom seemed to be giving place to more cheering prospects the winding up of the Relief operations began, and the sagacity and charitable spirit with which this was done is so well illustrated by His Honor's orders dated the 4th August that I must be allowed to quote them in extenso.

“The Lieutenant-Governor and Chief Commissioner has now visited the chief centres of distress in the Provinces, and has concerted with the Divisional and District Officers the measures which have been rendered necessary by the advent of the rains,

and the policy which should be pursued, and the further measures which should be adopted, to finally wind up relief operations, provided the rains continue favourable for the remainder of the season. The results of these deliberations are embodied in the notes of conferences which accompany this letter.

“ In many districts relief works have been already closed, and in all they have been substantially reduced. The remaining works have been concentrated at as small a number of centres as possible, and works, such as stone and *kankar* quarrying which can be carried on during the rains, have been, so far as possible, substituted for the various forms of earthwork hitherto in operation. The Famine Code system of works has been everywhere abandoned, and the Intermediate system with full tasks introduced and the rates fixed at either the 12-seer or the 14-seer scale. Field work of various sorts has opened up with the progress of the rains, and in nearly every locality affords occupation for all the labour seeking employment. It is anticipated that all the works will be gradually deserted, and that few will remain open by the end of August. The early *khariif* crops may be expected to be ripe and coming into consumption by the 15th September, and the last of these Department of Public Works relief works must be finally closed on that date, and the labourers, if any remain, left to find employment in the usual pursuits which will then be open to them.

“ Poorhouses will remain open for the present for the reception of wanderers and of persons unable to labour. As already directed, poorhouse inmates who are able to work should be required to execute a suitable task, and work should be devised and provided for this purpose.

“ From the end of August or beginning of September steps should be taken to draft back from the poorhouses to their homes, and bring on the village lists, all persons unable to support themselves who have any fixed residence or whose village of origin can be discovered, excepting only those hospital patients who from

illness are unable to travel. This operation should be completed by the 15th or 20th September, and after that further admissions to the poorhouses should be refused, except in cases of obvious necessity. When the village relief is finally closed in any district, any remaining inmates of poorhouses must be paid off with a fortnight's subsistence dole, and be warned that they must thenceforth provide for themselves as they have been accustomed to do. Infirmity patients must be removed to the permanent district hospital or permanent poorhouse where such institution exists. The poorhouse will then be finally closed and the establishment dismissed.

“It remains to deal with persons in receipt of gratuitous relief in villages and cities (Chapters V and X, Famine Code). Commencing from the end of August, the lists should be carefully revised and superfluous names weeded out. These operations should be supervised, where possible, by European agency: at the same time, if prices have fallen, the rates may be reduced under orders of the Commissioner of the division.

“The next step will be to strike off whole villages from the relief lists. This process will begin when the early *kkharif* is ripe and the new grain in the market. In some places this will take place early in September; in some places by the middle of that month; in some places perhaps later. In a few localities where the early *kkharif* is inconsiderable and the harvest consists almost exclusively of the later staples, it may be necessary in special cases to retain villages on the lists as late as the middle of October. The decision of such cases is left to the discretion of Commissioners.

“Those tracts will be selected for reduction first where the *kkharif* is earliest, but it should be complete for every village with an early *kkharif* crop by the end of September. If in any village, owing to backwardness of crops or great preponderance of the later *kkharif*, it is necessary to postpone final closure, the list can be maintained till the middle of October. But if the rains

progress favourably, such cases should be exceptional. As each village is struck off, the recipients then on the list should receive a week's or a fortnight's dole at the Collector's discretion, and be warned that they must thenceforth provide for themselves. In this way the relief will carry on the recipients in some cases to the beginning of October, in most cases to the middle of that month, and in exceptional instances to the commencement of November. As the villages are struck off, relief measures will be finally wound up and the special establishments reduced.

"In cities relief, as a rule, will be closed at the end of September, the recipients then on the lists being paid off with a week's or a fortnight's dole. City relief committees should be given timely information.

"The arrangements above described will, His Honor believes, provide for the gradual reduction, and the final closure of relief in the manner calculated to cause the least suffering or inconvenience to those now dependent on State support, and I am to request that they may everywhere be followed, unless sanction is sought for any modification in any special case.

"It is impossible to expect that where people have for a considerable period been accustomed to receive gratuitous support at their own homes or in poorhouses, the discontinuance of such support can be effected without inconvenience and a certain degree of hardship to those who are again thrown on their own resources. The longer the relief is continued the greater this difficulty will become, and the Lieutenant-Governor and Chief Commissioner believes that in the end the most humane as well as the wisest course is to terminate at the earliest possible moment, after the ripening of the *kharij* harvest, of which the promise is now excellent, arrangements which cannot possibly be maintained in permanence. There is much danger that the continuance of State relief, after the imperative necessity for it had ceased, would tend to weaken the custom and the immemorial duty of private and domestic charity which has been up to the present the resource of the destitute and helpless. It is of the first importance that

no impediment should be placed in the way of the return of the community to its old customs and habits of life. Any unnecessary postponement would in the end prove an injury to the classes it aimed at assisting. "In this way the Lieutenant Governor trusts that relief operations of every kind may be brought to a close on the 15th October at latest."

By the end of October 1897 the greatest calamity of our generation was over and the Relief operations were closed. With a rare sagacity and splendid liberality Sir Antony MacDonnell accomplished a task the most difficult and critical with a measure of success that has surpassed the most sanguine expectation of the public. He has with a chivalrous regard for the work of his official and non-official co-workers, recorded a full and graceful recognition of their services but we all know that it was his genius that guided and inspired his colleagues ; it was the great general who led a brave and loyal army to victory. I have no hesitation in attributing this remarkable achievement to the prescient statesmanship of Sir Antony MacDonnell and the unprecedented liberality which marked his Famine Administration. In my humble opinion His Honor does not give himself full credit when he ascribes a large measure of the excess of his own schemes to the increased power of resistance shown by the people under the pressure of the last year's scarcity. "It has been stated in some quarters" says the Official Minute "that the condition of the cultivator has been, of recent years, changed for the worse by reason of excessive increases in the Government revenue, and that his power of resisting the pressure of adverse seasons has been proportionately diminished," but upon reasons based on the experience of the present and previous famine His Honor comes to the conclusion "that, generally speaking, in these provinces the cultivators' power of resistance has not decreased within recent years, but has improved. These reasons may be summarised as follows:—

“In the first place, this famine period was free from that general lawlessness and disorder which characterized the famines of the earlier part of the century. Without labouring a comparison or insisting on conclusions from statistics which are often too imperfect to admit positive conclusions, it may be said that the narratives which have been preserved of the earlier famines down to the famine of 1837-38,*—both before and immediately

* The Official record of this famine states as follows—
“The beginning of trouble in 1837-38 was marked by a spirit of lawlessness and freebooting throughout the country. Neither the stores of the merchant nor the grain in transit was safe from attack. The starving people forgot all rights of possession, and violently laid their hands on the neighbours' supplies. In almost every district a large police force had to be entertained, and this item added in no small degree to the burden of Government.”

after the introduction of British rule—leave no doubt as to the social conditions which prevailed at such times. Each story is one of rapine, plunder, and desolation: the strong preying on the weak, the effacement of law and order, and the wholesale abandonment by the people of the tracts of country in which famine existed. The contrast between the past and the present is wanting in minute detail; but the broad lines are clear and unmistakeable.”

Secondly “In strong contrast with this characteristic of previous famines was the entire absence during 1896-97 of any organised movement among the people, or even of desultory wandering on any noticeable scale.”

Thirdly, “The rapid recovery of agriculture, which characterises recent famines.”

In connection with this the following observations are interesting:—

“It would be too early to attempt an estimate of the future effects on the Provinces of the trial, the severest within the century, through which they have just passed; but it is possible to observe the unprecedented rapidity with which agriculture is recovering as soon as natural conditions permitted its resumption. The great failure of the autumn harvest of 1896—itself preceded by several bad years—was succeeded in 1897 by a *rabi* which gave only 60 per cent. of a normal outturn. Yet there is, throughout the Provinces generally, no trace of the desolation and loss or

deterioration of cultivation or exhaustion of agricultural labour which followed those earlier famines. On the contrary, the Director of Agriculture, reporting on the 9th November 1897, says—

“The area under the *khariif* (autumn) harvest is now calculated to be $3\frac{1}{3}$ per cent. above the normal, and there has been virtually no crop failure anywhere. The outturn is (with the exception of two doubtful districts) given as from 14 to 16 annas, and several District Officers go up to 17 and 18 annas. An exceptionally fine harvest has been secured over all the Provinces in an abnormally full area.

“The cane crop, as already mentioned, is above the average except in parts of Rohilkhand, where a 13 and 14-anna crop is estimated. For the *rabi* (spring) harvest it would be premature to make any forecast, though by all accounts a fully normal area is being sown.”

Fourthly, During the last famine the vast bulk of the recipient of relief consisted of the labouring classes and cultivators were fewer in number and scarcely ever entered the poor houses.

These are good reasons, and in the absence of any qualifying consideration conclusively prove a certain measure of advance in the material resources of the agricultural community. It is perfectly true if the peasantry is in good condition it can bear any amount of strain. France lightly bears a national debt far heavier than that of England, a taxation nearly double that of England with almost the same population—a permanent taxation greater than has ever been borne by any people. She lost over one war a sum equal to the whole national debt of England, and she easily bore the loss of 1,200,000,000 francs in the Panama canal affair. She is able to bear all this, because her peasantry is in a prosperous and flourishing condition, and I hope that similarly if the Famine has not yet been able to do its worst it may be because of some

general improvement in the material condition of the cultivating classes; but perfectly agreeing with the observation in the Official Minute that "It is constantly necessary, therefore, in comparing the condition of the period during and after the present and past famines, to remember that relief was, upon the present occasion, distributed in a complete and effective form, for which no previous parallel can be found in these provinces." I am inclined to think that the Famine Administration has been so perfect, Government relief so liberal and effective, the people's confidence in the bountiful resources of the Government from the beginning of the Famine so complete that it is difficult to tell at present how much of the successful ending of Relief operations is due to the improved condition of the cultivating classes and how much to the wise and charitable policy of Sir Antony MacDonnell. The most liberal scale upon which relief has been administered is clear from the fact, that "The number of persons who received support for one day amounted to 304 millions of people in round numbers, or if the relief given from the Indian Charitable Relief Fund be included to about 334 millions, a total which is nearly equal to the population of the United Kingdom, of India and the colonies. This is equivalent to a daily average of 1688000 persons supported for six months . . . The direct and indirect cost of the Famines of 1896 and 1897 to the Government of India may be put at something under three crores of rupees." In the face of this magnificent relief which was undoubtedly necessitated by the helplessness of the masses, it is difficult to form any accurate estimate of whatever increase may have taken place of late in the resources of the cultivating classes.

But there is one thing with regard to which there can be no doubt, and it is the most salutary political effect produced upon the Indian population by the measures of Government. There is an element of good in every evil, and the Famine was a blessing in disguise in so far as it furnished the occasion for the display of that liberality and that touching regard for the welfare of the teeming millions of India on the part of the British Go-

vernment, which have, for the first time, in any experience, impressed all classes of Indians with its really humane and benevolent nature, and evoked a powerful tide of gratitude all over the land. I entirely agree with the following observations in the Official Minute, because I believe that they represent most truly and accurately the sentiments of the Indian people:—

“It is, perhaps, too soon to make a proper estimate of the political effect of the measures by which Government exerted itself to save its subjects from the effects of this famine. Some officers report that there are no noticeable manifestations of gratitude. Other officers, and these the most observant, give an entirely different opinion, and say that the feeling of gratitude is deep and widespread among all classes. An observant European officer, noticing the confidence with which the children, at first timid, now meet advances, writes as follows: “The utter confidence of the children” (in the Government official) “is a curious and very touching thing to see. Young “lads and children have keen ears and close memories. Their “looks and manners are the surest indication of what “kind of pictures their parents paint in their home talk. The “pictures must be in warm and glowing colours.”

A most trustworthy native officer says that in his district the feeling of the people finds expression in the saying that the *Sarkar* has saved them from ruin like that of a *Bharat*. A *Bharat* is that war of universal desolation which is familiarized to the Hindu mind by the great Hindu epic.

It has already been noticed that the ballads of the *Holi* festival, last March, sang, in rude verse, the story of the bountiful charity that was being then dispensed. The songs of the people disclose their thoughts.

The Lieutenant-Governor believes that the relief operations now closed have inspired a feeling of gratitude and confidence; and his hope is that this feeling will grow and endure when the vicissitudes of the struggle are over and the return of prosperity allows the people to fully realize the nature and extent of the efforts made in their behalf during the time of the trial. Of all

the measures by which relief was conveyed to those who needed it, the one which most profoundly impressed the people was the system of gratuitous outdoor relief. Outdoor relief at the homes of the people did not merely preserve life and mitigate those material hardships which are inseparable from other forms of relief. It also respected those customs, feelings, and prejudices—half estimable, half pitiful—which are often dearer than life itself to those whom Government undertook to protect. The people were struck both by the benevolence of the motives which inspired this kind of relief, the generosity with which it sought no return, and the immense and elaborate organization created to administer it. They found in it a type and a proof both of the power and resources of the Government and of its humane care of even the feeblest of its subjects."

As I pass most of my time among the agricultural classes and know their wants and sentiments I may, I think, say without presumption, that the British rule which to the masses has hitherto been no better than an unintelligible abstraction is now felt by millions of them as a real personal influence working on the side of good—an incarnation of wisdom, justice, and generosity such as some of our legendary rulers are believed to have been.

This I believe is the happiest result of the Famine operations and the surest test of their success. The Government has not only been benevolent but the people see that it has been so, and for this their gratitude knows no bound. The *Sarkar* now is an object of affection and love in the humblest cottage, and the people talk of "*Jat Sahab*" as they talk of Akbar and Vikramaditya.

It is a most beautiful phase of public feeling and will long throw a halo of romance round the benign Administration which has given it birth. May the vast wave of gratitude rising all over the country, rise higher and higher, may England and India draw closer to each other; may the policy of Sir Antony Mac-Donnell be the policy of his successors, and may the motherly regard shown in our behalf by our beloved Queen-Empress, bind us in lasting allegiance to her August throne.

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W. Wedderburn
from the 312th
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THE CAUSES OF FAMINES IN INDIA

BY REV. J. T. SUNDERLAND, M.A.

THE famines of India are among the most startling phenomena of our time. They seem to be steadily increasing both in frequency and severity. During the last forty years of the nineteenth century—from 1860 to 1900—India was smitten by not fewer than ten famines of great magnitude, causing a loss of life that has been conservatively estimated at 15,000,000†. These figures are appalling. Such a condition of things naturally awakens the sympathy of the world. But it ought to do more. It ought to compel a far more careful inquiry than has yet been made into the causes of these famines, with a view to ascertaining whether the causes can be removed or not, and thus whether such scourges as now visit India with ever growing frequency are not preventable.

It is perhaps generally believed that famines in India are unavoidable, and that the causes which produce them are two, namely, failure of the periodic rains, and over-population. Let us see whether this belief is well founded.

RAIN-FAILURE.

How serious is the failure of rains in India? Need it bring famine?

India is a large country. Out of its vast area (if we include Burmah) thirty-six states as large as the great state of New York might be carved. Within this area there is a great variety of climate, of soil, of amount of rain-fall, and therefore of productivity. The great monsoon rains which supply most of the moisture for India vary greatly from year to year. These rains of course man cannot control. If they are abundant over the whole land, the whole land has abundant crops. If they fail in parts, those parts have agricultural scarcity.

Three things, however, should be remembered. One is, there is never failure of water everywhere. When drought is severest in certain

* A paper read before the Canadian Institute, December 3rd, 1904, and reprinted from its Transactions.

† This is the very careful and moderate estimate of Mr. R. C. Dutt, F.R.S.E., author of the "Economic History of India," based on the most exact records obtainable, official and other. (See his "Indian Famines, Their Causes and Cure") London, P. S. King & Co., 1901, pages 1-3. Also see his larger work, "Famines in India," Kegan Paul & Co., 1900. Other estimates are much higher than this of Mr. Dutt, rising to 25,000,000 and even to 30,000,000.

The Bombay correspondent of the London *Lancet*, the leading medical journal in Great Britain, estimates the number of deaths from famine in the last ten years of the century at 10,000,000 (*The Lancet*, June, 1901).

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sections, other sections have plenty. The second is, India is a land where there is much irrigation, and easily might be much more; and, wherever there is irrigation, failure of rain does not mean failure of crops. The third thing to be remembered is that transportation is easy between all parts of the land. On two sides is the sea. Navigable rivers and canals penetrate large sections. There is no extended area that does not have its railway. Thus food can readily be conveyed from areas of abundance to areas of scarcity. Under these circumstances it is easy to see that even if we admit to the fullest extent the uncertainty of rains in many large areas of India, it does not follow that there need be famine or loss of life in those areas.

It should not be forgotten that the aggregate of rainfall in India, taking the country as a whole, is large. The heaviest recorded precipitation in the world is found here. The only difficulties are those of storage and distribution. And even in the matter of distribution, India's mountains and rivers furnish such facilities as are seen in few other lands. Note her great mountain chains. Parallel with the coast of the Arabian Sea and the Bay of Bengal extend the Western and Eastern Ghats. Running across the peninsula are the Vindhya and the Satpura ranges. Stretching along the whole north for a distance of more than 1,500 miles are the mighty Himalayas, the highest mountain range, and perhaps the greatest reservoir of snow and rain, in the world. In the Himalayas rise the three great Indian rivers, the Indus, the Brahmaputra and the Ganges, each of which carries to the sea a volume of water that is enormous. All the other mountain ranges also give birth to important streams. Thus India has two sources of water supply on a large scale; one is her rains, which fall in abundance in most parts; the other her mountains, which send down numerous and in some cases vast rivers, to afford opportunities for almost limitless irrigation, as they travel on their long journeys to the sea. As a result the agricultural possibilities of India are greater than those of almost any other country in the world.

IRRIGATION.

Wherever in India water can be obtained for irrigation, whether from rivers or storage reservoirs or wells, there crops are certain. From time immemorial there has been much irrigation. Since India came under the control of the British, the government has interested itself considerably in promoting irrigation works. But unfortunately, it has also been guilty of much neglect. Not only have important new opportunities for supplying extensive areas with water for irrigation purposes been allowed to go unimproved, but irrigation canals and storage reservoirs which were

THE CAUSES OF FAMINES IN INDIA

constructed in earlier times have been permitted, in not a few cases, to fall into decay. Within recent years there has been a change for the better. Some extensive irrigation schemes have been carried out, as the Chenab Canal in the Punjab, which irrigates 2,000,000 acres, the Jhelum canal which irrigates 300,000, and the great Ganges canals. According to the Scott-Moncrieff Commission (Report of 1903) the government has irrigated in all some 21,500,000 acres.* But very large areas capable of irrigation still remain neglected. One wonders all the more at the slowness with which the government moves, when one bears in mind that most of the money which it has spent on its irrigation works pays an interest of fully seven per cent., besides accomplishing untold good in saving human life. It is difficult to avoid asking, why should so many other things be allowed to take precedence over irrigation? The amount of water going to waste every year which might be saved is enormous. Great numbers of new canals ought to be dug; old canals ought to be re-opened, canals now in use ought to be deepened and widened. In regions where water cannot be obtained for the supply of canals, thousands of new wells ought to be sunk, and many old wells ought to be deepened. Hundreds of new tanks and reservoirs and small lakes ought to be constructed, and hundreds of old ones enlarged, so as to store for use the vast quantities of surface water which now run to waste. It is generally supposed that famine years in India are always years of very light rain-fall. This is a great mistake, they are often years of very heavy rain-fall. The only trouble is the rain comes too early, too late, or too much at a time, and *is not stored*. Compare India with England. The greater part of England has an average annual rain-fall of under 40 inches. A large area in England, and all the more important agricultural districts in Scotland, have an average rain-fall not exceeding thirty inches. It is calculated that in any country an average of twenty inches properly distributed throughout the year, insures reliable agriculture without irrigation. But the rain-fall in India in many years when famine is severest, rises far above these figures. The trouble is, the water is allowed to go to waste for want of proper storage, hence there is disaster. The year of the great Madras famine of 1877 was one with the enormous rain-fall of sixty-six inches. In the year of the Orissa famine (1865-66) the rain fall was sixty inches. In the Bombay famine of 1876 the rain-fall of the year was fifty inches. In the famine of 1896-97 in the Central Provinces, the record of the two years was fifty-two inches and forty-two inches. In the great famine year, 1900, the average rain-fall record in the parts of India where the famine was most severe was (I omit fractions) North-Western Provinces, thirty-two inches; Punjab, eighteen inches; Central Provinces, fifty-two inches; Central

* The total irrigated area in India in 1900 was 31,544,000 acres

India, thirty-six inches, Rajputana, twenty inches, Berar, thirty-one inches, Bombay, forty inches. Thus we see that in most cases the real lack is not rain, it is *storage*. Says Major Philip B. Phipson (and few persons can speak with fuller knowledge): "The water supply of India is ample for all requirements, it only requiring to be diverted from her rivers, stored up from her rain-fall, and distributed over her fields, to secure such an abundance as shall leave no single human being wanting it."*

PLENTY OF FOOD EVEN IN FAMINE YEARS

But even under present conditions, with irrigation as imperfectly developed as it is now, and with so large a part of the water that falls wasted, India is one of the greatest of food-producing lands. No matter how severe the drought may be in some parts, there is never a time when India as a whole does not contain food enough for all her people. Indeed, in her worst famine years she exports food. In her worst famine years there is plenty of food to be obtained, and in the famine areas themselves, and generally at moderate prices, for those who have money to buy with. Thus the Famine Commissioners themselves have told us. To show that the starvation of the people is caused not by lack of food in the land, but by their own poverty, I need only point to the fact that a large part of the life-saving work carried on by the government in connection with the recent Indian famines, has taken the form, not of furnishing food (there was no need for that), but of supplying the starving people with a little money (a penny or so a day to each) wherewith to purchase the food, which was all the while offered in abundance by the dealers. Thus it becomes evident that if we would discover the causes of the periodic starvation of such vast numbers of the Indian people, we must look deeper than the mere failure of the rains.

THE THEORY OF OVER-POPULATION.

Are the famines of India produced by over-population?

A very little study of the facts furnishes an answer to this question. The population of India is not so dense as in a number of the States of Europe, which are prosperous, which have no difficulty in supporting their people, and in which famines are never dreamed of. Nor is the birth rate high in India. It is less than in England, and much less than in Germany and several other Continental countries. Indeed, it is seventy-five per 1,000 lower than the average birth-rate of all Europe. India is not over-populated. As already pointed out, even under present condi-

* "Indian Poverty and Indian Famines," p. 52. Republished from the *Asiatic Quarterly* by Wm. Hutchinson & Co., London, 1903.

tions she produces more than food enough for all her people. If her agricultural possibilities were properly developed, she could easily support a greatly increased population. There are enormous areas of waste land that ought to be subdued and brought under cultivation. In the Province of Assam alone there are several millions of acres of such land, now wholly unoccupied largely because of unfavourable health conditions. Sir Henry Cotton, late Chief Commissioner of Assam, who has made a careful study of the matter, urges that all that is necessary to make these great areas fit for habitation and cultivation, is proper drainage. Nor is Assam peculiar in possessing unoccupied lands. The Hon. D. M. Hamilton in his speech in the Viceroy's Council on the Indian Budget of 1904, declared that there are a hundred million acres of cultivable waste land still available in India.* In these very large reclaimable areas, and in the opportunities for the extension of irrigation already referred to, we have ample provision for any possible increase of population in India for a hundred years.

But beyond these there is another resource greater still. Indian agriculture is for the most part primitive and superficial. The Indian ryot, or small farmer, is industrious and faithful, but he tills his soil according to methods that are two or three thousand years old. The result is he raises crops which are only a fraction of what they might be under improved methods of tillage. Long ago Sir James Caird, urging upon the Indian government the importance of promoting improved methods of agriculture, called attention to the fact that a single additional bushel per acre raised by the ryot would mean food for another 22,000,000 of people. But the addition of a bushel an acre is only the mere beginning of what might be done. Mr. A. O. Hume, long connected officially with the agriculture of India, declared that "with proper manuring and proper tillage, every acre, broadly speaking, of the land in the country can be made to yield thirty, fifty or seventy per cent. more of every kind of crop than it at present produces." Here is a resource that is practically inexhaustible. Add this to the others named, and we see at once that the suggestion that population is outstripping agricultural possibilities, and therefore that famines are inevitable, becomes hardly better than ludicrous.

THE POVERTY OF THE PEOPLE

What then is the cause of the famines in India? The answer to this question has been already suggested, and it becomes increasingly clear the more we investigate. The real cause of Indian famines is the extreme poverty of the people,—a poverty so severe that it keeps a majority of

* Indian statistical tables of the year 1897-8 give the amount of cultivable land at present, waste or unused, as 106,539,103 acres.

all on the very verge of suffering even in years of plenty, and prevents them from laying up anything to tide them over years of scarcity. If their condition were such that in good years they could get a little ahead, then when the bad years came they could draw on that as a resource. This would not save them from hardship, but it would save them from starvation. But as things are, the vast majority have no such resource. Even in the best years they have all they can do to live and support their families in the barest possible way, without laying by a rupee for a rainy day. The result is, when their crops fail, they are helpless. For a while they manage to keep the wolf of famine from the door by selling their cow, if they have one, their plough bullock, and such bits of simple furniture from their poor dwellings, or such cooking utensils or such articles of clothing as they can find a purchaser for at any price. Then, when the last thing is gone that can be exchanged for even an anna or a handful of grain, there is nothing left for them except to sit down in their desolate homes, or wander out into the fields and die. This is the history of thousands and millions of the Indian people in times of famine. If the poor sufferers are so fortunate as to be received by the government at the famine relief works, where, in return for exacting labour in breaking stone or something of the kind, they are supplied with means to buy sufficient food to sustain life, then the hardiest of them survive until the rains come, when, with depleted strength, they go back to their stripped homes, and, bare-handed, begin as best they can the task of raising a new crop and supporting such members of their families as may be left. Here we have the real cause of famines in India. As an eminent writer on Indian economics has said, famines in India are "only the exceptional aggravation of a normal misery."

The truth is, the poverty of India is something that we can have little conception of, unless we have actually seen it, as alas! I have. Lest I should seem to exaggerate, let me cite some facts and figures from authorities that cannot be questioned.

Sir William Hunter, one of the most candid of writers, the distinguished historian of India, and for many years director-general of Indian statistics, declared that 40,000,000 of the people of India are in the condition seldom or never to be able fully to satisfy their cravings of hunger. Lord Lawrence, a Governor-General of India, said in 1864, that "the mass of the people were so miserably poor that they had barely the means of subsistence" even in years when there was no drought. Mr. A. O. Hume, Secretary to the Government of India in the Agricultural Department, wrote in 1880: "Except in very good seasons, multitudes, for months in every year, cannot get sufficient food for themselves and their families."

Sir Auckland Colvin, a Finance Minister of India, describes the tax-paying community as made up in the main of men "whose income at the best is barely sufficient to afford them the sustenance necessary to support life, living as they do upon the barest necessities of life." Sir Charles Elliott, Chief Commissioner of Assam, wrote in 1888, "I do not hesitate to say that half the agricultural population do not know from one year's end to another what it is to have a full meal"

AVERAGE INCOME OF THE PEOPLE

Says the *Indian Witness*: "It is safe to assume that 100,000,000 of the population of India have an annual income of not more than \$5 00 a head."

Writes an American missionary, located in southern India (1902): "I think the most trying experience I ever had was a three weeks' tour in September of last year (1901). My tent was surrounded day and night, and one sentence dinned in my ears perpetually—'We are dying for lack of food'. People are living on one meal every two or three days. As one of our Christians said, 'If we can eat food once in two days we will not ask for more.' In my own missionary experience I once carefully investigated the earnings of a congregation of 300, and found that the average amounted to less than a farthing a head per day. They did not live; they eked out an existence. I have been in huts where the people were living on carrion. Yet in all these cases there was no *recognized famine*." In Heaven's name, if this is not recognized as famine, what is it? Think of human beings compelled to live on a farthing a day! The missionary continues: "The extreme poverty of the poorer classes of India offers conditions which are altogether extraordinary. Life is the narrowest and hardest conceivable, with no earthly prospect of any improvement; the necessities of life have been so cut down on every hand that to a Western man, even though familiar with the poverty of the West, it never ceases to be a wonder how such a delicate and complex organism as that upon which human life is physically dependent can be kept running on the scanty supply afforded. For a family of, say six persons, there is many an outfit, which including house, utensils, furniture, clothing and all, is worth less than \$10 00. The average income for such a family will not exceed fifty cents per head per month, and will more frequently be found to be very little over half that. It may, therefore, be surmised that not much of this income is spent upon the cultivation of the mind, sanitation, or the appearance of the dwelling and surroundings. Even the luxury of a bit of soap, some clean water and a towel, is, on the cheapest possible scale, far beyond their means, as soap and towel would take, if regularly used, about ten per cent. of the entire income."*

* Quoted in "Condition of the People of India," by Wm. Digby, (1902) pp 14-15.

Let us turn to official estimates of income. In 1882 Major Evelyn Baring, Finance Minister to India (now Lord Cromer), made an estimate of the average income per head of the Indian people, and placed it at about twenty-seven rupees a year. In a speech delivered March 27, 1901, Lord Curzon, the present Viceroy, estimated the average income of the agricultural portion of the Indian population (85 per cent of the whole) to be twenty rupees per person. In his Budget speech of August 16, 1901, Lord George Hamilton, then Secretary of State for India, claimed that the average Indian income is thirty rupees. These are the most authoritative official estimates that we possess. On the other hand, Mr Wm. Digby, C.I.E., who had long experience in India, published in 1901, the most full and exhaustive study ever given to the world of the financial and industrial condition of the Indian people, in which he furnishes evidence which seems to be overwhelming and unanswerable (certainly it has not yet been answered) to show that the average annual income of the people is not higher than seventeen and a half rupees per head.* Mr. Digby's conclusions are probably as near the truth as it is possible under present conditions to attain.

However, even if we accept the higher estimates of Major Baring, Lord Curzon and Lord George Hamilton, we have a state of things that is quite startling enough. A rupee is equal to about thirty cents in Canadian or American money. Thus we see that the average sum upon which the people of India must subsist (according to estimates of these officials, whose interest it is of course to make the sum appear the highest possible), is not above from \$6 00 to \$9 00, per year, or about two cents a day for each person. The average annual income of the people of England is about £40 per person, or twenty-six times that of the people of India. The average annual expenditure on intoxicating drinks in Great Britain is about £4 per person, or two and a half times as much as the people of India have to expend upon food, drink, clothing, fuel for cooking and warmth (in many parts the winters are cold) education, recreation, religion, medicine, everything necessary for a civilized existence! Is it any wonder that the Indian peasant can lay up nothing for a time of need? Is it any wonder that when his crops fail for a single season he finds nothing between himself and starvation?†

In these figures, and these quotations from men who know whereof they speak, mostly Englishmen and many of them present or past high

* "'Prosperous' British India," London, T. Fisher Unwin, pp. 46 and 661.

† In this connection we may well bear in mind that it is the extreme destitution of the people of India that is principally responsible also for the devastations of the Plague. The loss of life from this terrible scourge is very startling. It reached 272,000 in 1901, 500,000 in 1902, 800,000 in 1903 and over 1,000,000 in 1904. The plague feeds upon those multitudes of the people whose physical vitality has been reduced by long semi-starvation. So long as the present destitution of India continues, there seems small ground for hope that the plague can be overcome.

officials of the Indian Government, it is plain that we have the real cause of famines in India. That cause is not lack of rain, and it is not over-population. It is the extreme, the abject, the awful poverty of the people

CAUSES OF THE IMPOVERISHMENT OF THE PEOPLE

And now we come to the deepest, the crucial question of all. Why does this terrible poverty exist? Is it necessary? Is there no remedy for it? India is a land rich in resources beyond most other lands in the world. It would seem as if her people ought to live in plenty, comfort and security, with ample and more than ample provision made in her many fat years against any possible lack in her few years of comparative leanness. Why does not the fatness of her fat years prevent suffering and starvation in the lean?

Fortunately, here too an answer is not difficult to find when once we begin really to look for it. The intelligent and educated classes among the Indian people all see it clearly. Many Englishmen see it, both in India and in England. It will throw light upon our inquiry if I quote some utterances from Englishmen best acquainted with the Indian situation

Said John Bright in 1858: "If a country be found possessing a most fertile soil, and capable of bearing every variety of production and that notwithstanding the people are in a state of extreme destitution and suffering, the chances are there is some fundamental error in the government of that country"

Much earlier still Edmund Burke declared that British friendship had brought greater ruin upon India than the hostility of invaders. Here are his strong words. "The Tartar invasion was mischievous, but it is our protection which destroys India"

Sir John Shore, who afterward became Governor-General of India, as long ago as 1787, made a careful study of the effects of foreign rule in India, and in an extended paper on the subject said "There is reason to conclude that the benefits are more than counterbalanced by evils inseparable from the system of a remote foreign dominion"

Bishop Heber, in March, 1826, writing of his experience in India, laid great stress upon the heavy taxation, and said "It is an effectual bar to everything like improvement; it keeps the people, even in favourable years, in a state of abject penury; and when the crop fails, in even a slight degree, it involves a necessity on the part of the government, of enormous outlays in the way of remission and distribution, which, after

all, do not prevent men, women and children dying in the streets in droves, and the roads being strewn with carcasses. I have met with very few public men who will not, in confidence, own their belief that the people are over-taxed, and that the country is in a gradual state of impoverishment"*

Mr Frederick John Shore, of the Bengal Civil Service, wrote in 1837 "The halcyon days of India are over; she has been drained of a large proportion of the wealth she once possessed, and her energies have been cramped by a sordid system of mis-rule, in which the interests of millions have been sacrificed to the benefits of the few"

Mr Montgomery Martin, a historian of the British Colonies and Dependencies, wrote in 1838 "So constant and accumulating a drain, even on England, would soon impoverish her, how severe, then, must be the effect on India, where the wages of a labourer is from two pence to three pence a day"†

Prof. H. H. Wilson, historian of India, says of the annual drain of wealth. "Its transference to England is an abstraction of Indian capital for which no equivalent is given, it is an exhausting drain upon the country, the issue of which is replaced by no reflux, it is an extraction of the life-blood from the veins of national industry which no subsequent introduction of nourishment is furnished to restore."‡

Mr A. J. Wilson, in an article in the *Fortnightly Review*, of March, 1884, wrote "In one form or another we draw fully £30,000,000 a year from that unhappy country (India), and there the average wages of the natives is about £5 per annum, less rather than more in many parts. Our Indian tribute, therefore, represents the entire earnings of upwards of six millions heads of families—say of 30,000,000 of the people. It means the abstraction of more than one tenth of the entire sustenance of India every year."

Mr Herbert Spencer gave much attention to Indian affairs, and again and again bore strong testimony against what he characterized as the "cunning despotism which uses native soldiers to maintain and extend native subjection," the "grievous salt-tax," "the pitiless taxation which wrings from the poor ryots nearly half the products of the soil," and that arrogant assumption which "tacitly assumes that Indians exist for the benefit of Anglo-Indians."

In January, 1902, Mr. Josiah Oldfield, D.C.L., said in a letter in the

* Bishop Heber's "Memoirs and Correspondence," by his widow Vol. II. p. 413

† History, etc., of Eastern India, Vol. II, p. 12.

‡ "History of British India," Ed. 1858, Vol. VI., p. 671

London Daily News. "I have just returned from a study of the Indian problems on the spot. I have seen brave, honest, hard-working, economical people, toiling on week after week, with only a piece of bajri or towar bread and a handful of pickles to keep it down, and a drink of buttermilk twice a day. There is no famine in India at the present time; but I have visited scores of villages and have entered many a house, and have found the corn bin already empty or nearly empty. Their scanty harvest has already been sold to pay the tax, and in another two months they will have nothing at all left. Their wives' ornaments were sold last year, and even their copper cooking pots had to go to the market, and now they have nothing to sell. Are we going to allow the present form of government to go on, which allows remediable evils to remain unremedied, which is taking taxes from people who are in a state of semi-starvation, and which is spending money so obtained on absentee landlordism?"*

Two or three years ago Mr. S. S. Thorburn, Ex-Financial Commissioner of the Punjab, a distinguished Indian administrator, declared that the present British system of government in India has resulted in reducing 70,000,000 of human beings, for whom Great Britain is responsible, to such a condition of hopeless penury that no reform can now do them any good.

Says Mr. R. C. Dutt, author of "The Economic History of India": "In India an amount equal to about one-half the net resources of the country is annually taken away from the country, and thus renders the people helplessly poor. It is a drain unexampled in any country on earth at the present day, and if England herself had to send out one-half of her annual resources to be spent in Germany or France, or Russia, there would be famines in England."

These utterances of English students of India, and of distinguished officials connected with the Indian Government, help us to see both how great is the impoverishment of the Indian people, and some of the causes which have produced it.

THE PEOPLE DEPRIVED OF THE POWER OF SELF-PROTECTION.

The causes of India's impoverishment are many. One, which in a sense is fundamental to all the rest, is the subject condition of the people. India has no self-government,—no voice whatever in making her own laws. She is ruled by aliens. This means that she has no power to guard her own interests, to shape her own industrial development

* Quoted by Mr. Wm. Digby in "The Ruining of India," 1902, p. 25

beyond certain very narrow limits, or to protect her sources of wealth from spoliation. This is an evil situation for any nation. What country in the world would not become impoverished by a century and a half or two centuries of foreign rule and foreign exploitation such as India has been subjected to, with all power of self-protection denied her people? Not that the rule has been bad because it has been British, but because it has been *foreign*. Any other foreign rule would have been as bad—probably worse. Not that the exploitation has been bad because it has been British, but because it has been *exploitation*,—exploitation of a subject people who had no power, by a dominant people who had all power. As Macauléy said: "The heaviest of all yokes is the yoke of the stranger."

HEAVY TAXATION.

An important cause of India's impoverishment is heavy taxation. That taxes in India are heavy has sometimes been denied. But here is an easy test. Turn to England and Scotland. Scotchmen and Englishmen groan under the weight of their taxes; but the taxation of the people of India is three times as great according to their income as that of the people of England, and four times as great as that of the people of Scotland. And this means very much more than three or four times as great hardship, because the income of the Indian people is so much more meagre and inadequate to begin with.

Take a single item of taxation, that on salt. Salt is a necessity to the people, even to the very poorest. They must have it or suffer the most serious physical consequences. What is the tax which for many years has been imposed on salt? Two thousand per cent. on its value! That is to say, for every cent's worth of salt the poor Indian labourer has eaten he has had to pay the government twenty cents for permission to eat it! Of course such a tax has been well nigh prohibitory to millions of the people. They have been compelled to reduce the amount they have consumed to the very lowest minimum; and as a result serious diseases have often been entailed. Recently the tax has been slightly reduced, but it still remains so high as to be a severe hardship to the poor and a menace to their health.

The attention of the government has been called again and again to the very heavy taxation of the people, and every possible means has been tried to secure amelioration, but without result. For many years the settled policy has been, not to lessen the burden of taxation upon the peasant except under the most extraordinary circumstances, but constantly to seek opportunities for increasing it.

In justification of the present high rates of taxation, we are sometimes told that under their former rulers, the great Mogul Emperors, the people were taxed more heavily than they are now. But how does that help the present situation? Is it enough for an enlightened Christian power of the twentieth century to be as good as, or only a little better than, a cruel and tyrannical Mohammedan power of the sixteenth century? As a fact, however, it is probable that the taxes of the Mogul Emperors were not so burdensome upon the people as the present taxes are, for three reasons. First, the Mogul taxes were not collected nearly so rigidly as are the taxes of the present time. Second, the Mogul land taxes were collected from the ryots, or small farmers, in *kind*, in *produce*, whereas the present taxes are collected in *money*. But it is the requirement that the taxes must be paid in money that makes the hardship so great in an agricultural land like India. Third, the taxes of the Mogul Emperors were spent at home, in India, they were not sent away to a foreign land, as so much of the present Indian revenue is, to the steady depletion of India's resources.

A GOVERNMENT BY FOREIGNERS

It has often been pointed out that the British Government in India is the most expensive government in the world. And of course the expense all has to be borne by the Indian people. The reason of the great expense is, the government is carried on, not by the people themselves, but by men from a distant country. These foreigners, having it in their power to fix their own salaries, naturally do not err on the side of making them too low. Having, as they say, to "exile themselves from their native land," they want plenty of pay for it. Nearly all the higher officials in India are British. To be sure the Civil Service is nominally open to Indians, but it is hedged about with so many restrictions (among others, Indian young men being required to make the long journey from India to London to take their examinations) that for the most part they are able to secure only the lowest and poorest places. The government excludes the people of India from eighty per cent of all salaries and pensions of £100 and upwards, reserving them, as a distinguished Indian civilian says, "for English boys wishing for a wealthy career among the starved people of India."

It is not strange that the Indian service is popular with Englishmen. Those who enter it are required to spend in it only twenty-five years (indeed only twenty-one years actually in India, since four years are allowed for furloughs), and then they are permitted to return to England when little past middle age, and spend the rest of their lives there, living in ease and luxury on their rich pensions and the money which they have

been able to save from their large Indian salaries. In the Indian Civil Service there are 130,000 Indians, whose average salary is £36 a year, and 8,000 Europeans, whose average salary is £607 a year, or seventeen times that of the Indians. A Parliamentary Return, submitted in 1892, gives £13,930,554 and £3,284,163 as the sums paid respectively to the Europeans and to the Indians on appointments in India of the annual value of £100 and upwards.

These figures help us to appreciate the force of the declaration of Mr. R. N. Cust, a retired Indian civilian, living in England on Indian money: "Englishmen grow fat on accumulations made in India, while the Indian remains as lean as ever. Every post of dignity and high emolument, civil and military, is held by a stranger and a foreigner."*

Is it said that the higher positions must be reserved for the English because they alone are able to fill them? No mistake could be greater. There are thousands and thousands of Indians capable of filling these positions well, far better than, in too many cases, they are now filled by the utterly inexperienced young Englishmen (often scarcely more than boys) who know nothing about the country or its people, but who, because they are Englishmen, are often given precedence over Indians of the largest experience and knowledge.

It should not be forgotten that the Indians are a civilized and gifted people—probably the most gifted in Asia—not stupid semi-barbarians as many seem to think. They have had a great history, they possess a great literature, they have given to the world two of its greatest religions. The higher caste Hindus of the north of India are related racially with ourselves, they are Aryans, belonging to the same ethnic family with the leading peoples of Europe. Lord Curzon, the present Viceroy, reminded his brother Englishmen a year or two ago that India was a highly civilized land, with arts, letters and profound philosophical systems at a time when the ancestors of the English were painted savages running wild in the woods. Should such a people be excluded not only from all part in their own government, but from nearly all positions of honour and emolument under the government? Thousands have equipped themselves with the best education that the best colleges and universities of India and Great Britain can afford. Should that education count for nothing? A few of the higher positions in different departments of the Civil Service (none in the military service) have been given them, and they have proved not only their intelligence, but their integrity and ability in all offices which they have been permitted to hold. Said Sir Thomas Munro, Gov-

* "Linguistic and Oriental Essays," Part II., chapter 7. (Trübner & Co.).

ernor of Madras: "they are better accountants than Europeans, more patient and laborious, more intimately acquainted with the state of the country and the manners and customs of the inhabitants, and are altogether more efficient men of business." Why then are they not allowed an equal chance with Europeans?

Only the blind can fail to see how great a burden upon the people of India is their present government by foreigners,—who pay themselves such enormously high salaries and pensions, and who remain in the country the shortest time possible, never identifying themselves permanently with its interests, but quitting its shores as soon as possible after their prescribed term of service expires, and carrying away their wealth to spend it in a distant land.

UNNECESSARILY HEAVY MILITARY EXPENDITURE.

Another heavy, unnecessarily heavy, burden upon the Indian people, is the large and ever growing expenditure of the government upon the army. In India the military element is strong, and has great influence with the government, and it always clamors for more and more money. Within the past twenty years, in a time of profound peace, when no new dangers threatened in any quarter, the military expenditure has nearly doubled, and we are told that still larger expenditures are ahead. I am not complaining of the support of such an army as may be necessary for safety. My complaint is—and this is the complaint of millions of the loyal Indian people—that the country is taxed to maintain an army far larger than is needed. The truth of this claim is seen in the fact that with perfect safety to India, the government was able to withdraw from Indian garrisons and camps and send to South Africa, at the time of the Boer war, 13,200 men, and to China during the Boxer rebellion, 21,300 men (These are Lord Curzon's figures). Why should the Indian people be taxed to maintain troops that they do not require—to make their country a rendezvous for military forces to be used for imperial purposes in distant parts of the world?

A still more serious ground for complaint is that the Indian people have had to pay vast sums for wars and military campaigns entirely outside of India, of no benefit to India, and against which they have protested, for example, in Afghanistan, Beluchistan, Burmah, the Soudan, and Egypt. The expenditures for outside wars during the nineteenth century, which Indian taxpayers were compelled to meet, reached the enormous sum of \$450,000,000. Could anything be more unjust? How much of this kind of thing could any land endure without impoverishment?

Attempts have been made to justify these wars and these expenditures on the ground that they were necessary for the defence of India. No such justification is possible. In nearly every case they have been wars of pure aggression and conquest, waged for the purpose of extending the boundaries of the British Empire. The latest illustration is the recent military campaign in Tibet, disguised under the name of a "peaceful mission," but an act of aggression both in its inception and its execution, costing \$5,000,000 and several thousand lives. If the Empire is going to carry on wars for the purpose of extending its territory and power, at least let it pay the expenses, and not lay them as new burdens on the back of poor India!

THE TRUE DEFENCE AGAINST RUSSIA.

Attempts have been made to justify India's large army and heavy military expenditures on the ground of danger from Russia—fear of a Russian invasion. The folly of such a fear has been shown again and again by military men themselves. There is no danger from Russia so long as India is contented and loyal. Distant Russia can no more conquer a loyal India than she can conquer distant Japan and China. Danger can arise only on the condition of India becoming discontented and ready to welcome Russia. Let us tax India, lay burdens on her, deprive her of her rights, refuse to listen to her just complaints, until we have created in her people a spirit of desperation and revolt, and then there will be a danger which all our military outlays will be powerless against. Some Englishmen see this. Said Sir Auckland Colvin: "If we enter upon a course of excessive measures of fresh taxation, Russia, without moving a man or a gun, need only abide her time." This distinguished Indian administrator saw the true and only permanently effective defence of India against Russia. That defence is to be found in an Indian government free from injustice and oppression, which guards the interests of the people, promotes their prosperity, and thus makes them contented and happy and loyal.

THE DESTRUCTION OF INDIA'S NATIVE MANUFACTURES.

Another very serious cause of the impoverishment of the Indian people is the destruction of so many native industries, through government taxation, tariff enactments and other legislation. When the British first came to India, the land was full of manufactures; it was one of the first manufacturing countries of the world. India's cotton goods, silk goods, shawls, muslins of Dacca, brocades of Ahmedabad, pottery of Scind, jewelry, metal work, lapidary work, were famed in many lands.

Now nearly all these industries are broken down, and the millions of people who used to be engaged in carrying them on, are scattered, impoverished and driven back on the land, to divide the already too scanty income of the ryot. More and more India has been forced to become a mere producer of raw material for British manufacturers, while her own native manufactures have been crushed out. Let me give the testimony of an English historian on the subject. In Mill and Wilson's "History of British India,"* we read "In the early days of the East India Company's rule, fabrics produced by Indian weavers supplied the markets of Europe, and men now living can remember when every village in the weaving districts had its looms and millions of Indian weavers were supported by that profitable industry. How this industry was gradually strangled and destroyed, first by protective duties imposed on Indian goods in England, and then by unequal competition. . . forms one of the saddest chapters in the history of British India." India was a great manufactory of both cotton and silk goods, which were shipped to all civilized lands. "These goods," continues the historian, "were sold at a profit in British markets at a price from fifty to sixty per cent lower than those fabricated in England." So they must be destroyed. The British mills of Paisley and Manchester "were created by the sacrifice of Indian manufactures. Had India been independent, she would have retaliated; would have imposed preventive duties upon British goods, and would thus have preserved her own productive industry from annihilation. This act of self-defence was not permitted her. "she was at the mercy of the stranger." Such is the tragic story of the destruction of India's manufactures, told by one of England's most careful historians. India was not permitted to protect herself: "*She was at the mercy of the stranger.*"

Defenders of the policy pursued in India inform us that if old industries have declined or been broken down, the British have introduced new industries. In a measure this is true. The British have given India railways, jute-mills, coal mines, tea plantations, and many things else. These are important, but they would be more important if they were in the right hands. The trouble is, for the most part they do not belong to the people of India. Nearly all belong to the British; their profits go the British; they are a part of the wide-spread exploitation of the land by means of which nearly all the more important sources of wealth are gathered into the hands of the ruling race.

* Vol VII., p. 385, London, 1858

THE DRAIN OF WEALTH FROM INDIA TO GREAT BRITAIN.

This brings me to the greatest of all the causes of the impoverishment of the Indian people. It is the steady and heavy drain of wealth that is going on, and has been going on for a century and a half, from India to England. I have already several times referred to this drain, but it should be spoken of more definitely

Just what is it? It is India's "indirect tribute" to Great Britain. It represents the savings from salaries of officials, sent home to England; pensions of officials who have retired and are living in England; interest on English investments of many kinds made in India; profits sent home to England from business transactions in India; and the various kinds of financial returns that come back to England as the result of the many forms of industrial and financial exploitation of India carried on by Englishmen, growing out of the advantages which they possess there as the Dominant Power. Part of this drain is included in what the Indian Government calls "home charges," but only a part, there are large amounts besides which are purely private in character. Says a British Parliamentary paper: "Great Britain, in addition to the tribute which she makes India pay her through the customs, derives benefit from the savings of the service at the three Presidencies being spent in England instead of in India, and in addition to these savings . . . she derives benefit from the fortunes realized by the European mercantile community, which are all remitted to England."* Of course the effect on India of the draining away of her wealth to another land is the same whether done through private or public channels. Edmund Burke, referring to India, said, it "must always have been evident to considerate persons that the vast abstraction of wealth from a country, lessening its resources in proportion to the increase of its burdens," is not good, and cannot be long endured. Lord Salisbury, in 1875, spoke of India as a country "where so much of the revenue is exported without a direct equivalent." Sir George Wingate explains the effects of the drain with great clearness. Let me quote his words: "Taxes spent in the country from which they are raised are totally different in their effect from taxes raised in one country and spent in another. In the former, the taxes collected from the population are again returned to the industrial classes. . . . But the case is wholly different when the taxes are not spent in the country from which they are raised. They (such taxes) constitute an absolute loss and the extinction of the whole amount drawn from the taxed country, and might as

* Parl. Paper, 1853, (445-II), p. 580.

well be thrown into the sea. Such is the nature of the tribute we have so long exacted from India. . . . From this explanation some faint conception may be found of the 'cruel, crushing effect of the tribute upon India'."*

THE AMOUNT OF THE DRAIN.

How large is this drain,—this tribute which India pays to England each year? The question is not very easy to answer, because the streams through which it flows are many, and the Indian Government seems to make efforts to keep them as far as possible out of sight. In the quotation which I have made from Mr A. J. Wilson in the *Fortnightly Review*, he estimates the amount as £30,000,000 (\$150,000,000) a year. Mr. Dadabhai Naoroji, of London, (late M.P.), agrees with these figures, and has repeatedly given to the public the financial data upon which his estimate is based. Mr Wm Digby places the sum at from £25,000,000 to £30,000,000, and in his great work on the subject publishes with much fullness the facts and figures which are the grounds of his conclusion.† Mr R. C. Dutt, a very high authority, who has written the "Economic History of India" from 1757 to 1900, names £20,000,000 as a very conservative estimate ‡

Says Mr. Alfred Webb (late M.P.), an Anglo-Indian official, who has studied the subject with care. "In charges for the India Office (in London), for recruiting (in Great Britain—soldiers to serve in India), for civil and military pensions (to men now living in England, who were formerly in the Indian service), for pay and allowances on furloughs (to men on visits to England), for preparations in England for the military establishment in India; for private remittances and consignments (from India to England), for interest on the Indian debt (paid to parties in England), and for interest on railways and other works (paid to shareholders in England), there is annually drawn from India and spent in the United Kingdom a sum calculated at from £25,000,000 to £30,000,000" (between \$125,000,000 and \$150,000,000).**

* "India," March 16, 1900, p. 123

† "'Prosperous' British India," especially Chapters VI and VII.

‡ If we consult statistical tables of India's exports and imports we find that her exports are regularly about £20,000,000 in excess of her imports. According to the official Indian Budget for 1899-1900, we find £23,024,500 (\$108,818,825) set down as the sum paid by the Indian Government for "net expenditures in England charged on the revenues of the year with the exchange added." The more common figures given us in England and in statistical year books are, for that year, £16,392,486 (for the years 1903-1904, £17,619,300). The difference comes from difference of manner of estimating. One is more complete than the other, but neither covers all the wealth sent from India to England. Very large amounts are transmitted privately, in one form and another, every year, which are never mentioned in any statistical report. But even the official figures given above are enormous.

** *The British Friend*, April, 1900

Such is the drain from India to England to-day according to the most careful and reliable estimates, made largely by men connected officially with the British or the Indian Government, or with both. If this drain were for a single decade or even a single year it would be bad enough. But India's tribute to her foreign conquerors began with the day she came into their power and has continued ever since.

First of all she was compelled to pay to the victors every penny of the cost of the long and bloody wars which resulted in her subjugation. With the first conquests, the flow of treasure to England began, and it increased as the conquests went on. India was then one of the richest countries in the world, but, all too soon she was to become one of the poorest. The great industrial prosperity of great Britain, which began about the middle of the eighteenth century, and which was unparalleled in any other European country, owed its origin to the sudden and vast influx of wealth from India. Says Mr Brooks Adams "Very soon after Plassey (fought in 1757) the Bengal plunder began to arrive in London, and the effect appears to have been almost instantaneous. Possibly since the world began no investment has ever yielded the profit reaped from the Indian plunder"* The amount of treasure wrung from the conquered Indian peoples, and transferred from Indian hoards to English banks between Plassey and Waterloo (fifty-seven years) has been variously estimated at from £500,000,000 to £1,000,000,000.

The methods of plunder and "embezzlement" by which nearly every Briton in India enriched himself during the earlier history of the East India Company, gradually passed away. The difference between that earlier period and the present time is that India's tribute to England now is obtained "according to law," but the amount of it is not less than in the earlier days. Indeed it actually increases. In the *Westminster Gazette*, of London, (April 24, 1900), the estimate is made that the drain from India to Great Britain during the last twenty-five years of the nineteenth century, aggregated £500,000,000 (\$2,500,000,000). These figures are so enormous as to be incredible were they not undeniable. Is it any wonder that India is impoverished? Is there any country in the world that would not be impoverished, and her people be driven to starvation by such a pitiless and never ceasing financial drain?

THE CLAIM THAT INDIA IS PROSPEROUS.

Many supporters of the present condition of things in India assert that India is prosperous. In a sense this assertion is true. But whose

* "Law of Civilization and Decay," (Swann, Sonnenschein & Co.), pp 259-264

prosperity is it? It is the prosperity of the British, it is not the prosperity of the Indian people. The British have all power in their hands. They make the laws, they fix their own salaries, they make such offices as they see fit, and fill them; they grant franchises, they control the tariffs, the coinage and issue of money, the railways, the telegraphs, the foreign commerce, and a large part of the domestic commerce. Is it any wonder that they are prosperous? But how about those that eat the crumbs that fall from the masters' tables? No people are prosperous whose average daily income is a cent and a half per person. No people are prosperous when a man like Sir William Hunter can say of them, forty millions go through life on insufficient food.

We denounce ancient Rome for impoverishing Gaul and Egypt, and Sicily and Palestine and her other conquered provinces, by draining away their wealth to enrich herself. We denounce Spain for robbing the New World in the same way. But England is doing exactly the same thing in India, only she is doing it skilfully, adroitly, by "enlightened" modes of procedure, under business and judicial forms, and with so many professions of "governing India for her advantage, and enriching her by civilized methods" that the world has been largely blinded, and she herself is largely blinded to what is really going on. But probe down through the surface of fine words and legal forms to what lies below, and we have the same hideous business that Rome and Spain were engaged in so long, and for which in the end they paid so dear. Called by its right name what is it? It is national parasitism. It is one nation living on another. It is a stronger nation sucking the very life-blood of a weaker.

BENEFITS CONFERRED ON INDIA BY GREAT BRITAIN

Is it said that Great Britain has done much for India, and conferred upon her substantial benefits? This is true. I would be the last to underestimate or to have others underestimate the value of whatever good to India has come from British rule. But this side of the case has been so long and loudly proclaimed to the world, that it is time something was said on the other. The rule of one nation by another is a very different thing when looked on from the side of the rulers and from the side of the ruled; just as slavery in the old days was very different when seen from the standpoint of the master and from that of the slave. It is time the world knew something of the Indian situation as it appears to the people who pay the taxes, who have had their rights of self-rule and self-protection taken from them, who do all the starving when the famines come, whose wealth has been sent away to enrich a distant land, who have felt the iron of five or six generations of exploitation by foreign conquerors.

pressing down into their souls. It is time too for the world to begin to hear the testimony of those Englishmen, both in India, and at home, some of whom I have quoted above, who can see with other eyes than those of the Indian official and bureaucrat; who have hearts and consciences; who can put themselves in the place of the Indian people; who believe that justice and the Golden Rule ought to be as binding in Asia as in Europe. It would be incredible that a nation like Great Britain, ruling India so long, and sending there so many able and excellent men, should not have accomplished some good. But what about the evil? Shall that count for nothing?

The Indian Government is praised for its generosity because it appropriates certain sums of money from its treasury each year (relatively to the need very small sums) for objects of permanent public benefit. But where is the generosity? Is not every rupee in the Government's treasury Indian money? Does a penny of it come from any English source? The inquiry that should be made is, why are not vastly larger appropriations made for ends of permanent public benefit?

The Government is often pointed to as an example of remarkable benevolence because it furnishes doles to so many of the starving in times of famine. But if it has taken from the people unnecessary taxes, and thus helped to bring them to the verge of starvation, is it very great benevolence to give them back enough of their own money barely to keep the breath of life in them?

EDUCATION IN INDIA.

Much credit has been given to the Indian Government for education. It has done some good work in this direction, for which let it have full praise. But how little has it done compared with the need, or compared with what the people want, or compared with its ability, if it would only use its resources primarily for India's good! Why has so little of the people's money been spent for education? In the schools of India, of all kinds, high and low, there are some 4,418,000 scholars (if we include the native states). But what is this number in a population nearly as large as that of all Europe? How much does the Indian Government spend annually for education? The munificent sum of one penny and a fifth per head of the population! Think of it! Is it any wonder that after a century and a half of British dominance, the number of persons in India, who can read and write, is only about eleven in a hundred among males, and one in two hundred among females? With their native industries so badly broken down, the Indian people have special need for industrial, technical,

and practical education. But their rulers are giving them almost nothing of this kind. Britain's neglect of education is a dark stain upon her treatment of India

RAILWAYS.

We are pointed to the railways of India as a striking illustration of what England is doing for her dependency. Yes, whatever lack of money there may be for education, or for sanitary improvements, or for irrigation, or for other things which the people of India so earnestly desire and pray for, the Indian Government always seems to have plenty for railways. Why? Primarily because the railways benefit the English. It is true that the Indian people use them, and derive certain advantages from them, but they also suffer from them certain very serious disadvantages. The railways have been a powerful factor in breaking up old industries, and thus have brought hardship and suffering to millions of the people. But they enrich the ruling nation, and they give her a firmer military grip upon her valuable dependency, and hence money can be found for them and for the army, whatever else suffers. What a commentary it is upon the present management of India that seven and a half times as much money is spent by the Government annually on railways as on irrigation, and six and a half times as much on the army as on irrigation, and that thirteen times as much is spent on railways as on education, and twelve times as much on the army as on education!

INDIA AND JAPAN.

It has been said that Great Britain can rule India better than India can rule herself. A sufficient answer to this claim would seem to be India's increasing famines, increasing impoverishment, and the increasing discontent of her people. But another answer also is seen in the relative condition of Britain-ruled India and self-ruled Japan. When the British came on the scene India was the leader of Asiatic civilization, she was far in advance of Japan. Time has passed. India has been ruled by a foreign power; Japan has governed herself, and shaped her own development. What has been the result? Which country now is in the advance? India or Japan?

BRITAIN AS A PEACE-MAKER IN INDIA

We are pointed to the *Pax Britannica* as a great boon conferred upon India by Great Britain. The truth is, India has always been a more peaceful country than Europe, and the Indian people are more peaceful by nature than the English. Indeed this was the reason why they fell so easy a prey to the English. India's worst wars have been those which

she has fought in resistance to her numerous invaders, Asiatic and European. She had some wars of a serious character in connection with the breaking up of the Mogul Empire, which was itself a foreign domination, but of all her modern wars none are to be compared for magnitude or for destruction of life and property with the Napoleonic wars and several others among European nations. If there was need for a strong foreign power to come into India to compel her to keep the peace, there was and still is much more need for a strong foreign power to come into Europe to compel her to keep the peace. The bloodiest of all India's wars for many centuries have been those waged by the British for her conquest. Peace conferred as the result of such wars is a questionable boon to be conferred upon any land. How would Europe like it? How did Britain herself like it when Rome conferred it upon her under Julius Caesar and his successors? It has been estimated that the total number of deaths from war in the whole world during the 107 years from 1793 to 1900 was about 5,000,000,—an awful record surely! But, this number is only one-half that of the deaths caused by famine in India in a single decade of that 107 years, according to the estimate of *The Lancet*. Verily there may be a peace that is worse than war. Some of these facts should be borne in mind when we undertake to estimate the value of the *Pax Britannica* to India.

MUST THE PEOPLE OF INDIA BE KEPT "HEWERS OF WOOD AND DRAWERS
OF WATER" FOR FOREIGN MASTERS FOR EVER? IS ENGLAND
HELPING THEM IN THE DIRECTION OF ANY-
THING BETTER?

We are told that Great Britain is training the Indian people, and preparing them for self-rule by and by. I wish this were true. The best Englishmen ever since India came under English control have urged that this ought to be the aim, kept steadily in view. But it has not been and it is not now. Whatever slight tendencies there may have been in this direction under Lord Ripon, or any earlier rulers, of late have been entirely laid aside. For twenty years, and more, but especially under Lord Curzon, the spirit of the Indian Government has been distinctly reactionary, toward less of sympathy with Indian aspiration, greater severity of treatment of the people, restricting still more their few liberties, and pushing still further away the day of their hope for any degree of self-rule. Mr Moorfield Storey, of Boston, asked Sir Andrew Clarke, the distinguished administrator of the Straits Settlements, and a high authority on British Colonial Government: "Have these centuries of British rule

brought the Indian people any nearer to self-government than they were when British rule began?" He answered, "Not a bit." What he said is true, and it is Britain's shame and crime. It is also a blunder, which if persisted in will bring disaster, for even Indian patience will not endure forever.

THE ROOT OF THE TROUBLE

What does all this that I am saying about India mean with regard to Great Britain? Does it mean that Britain rules India worse than other European nations would do? On the contrary, as I have already indicated, I do not believe that any other nation, European or American, would rule India so well. The fault does not lie with the want of humanity of the British people. I am myself an Englishman. I am keenly sensitive to anything which seems to throw disparagement upon the honour or character of my countrymen. The men whose strong words I have quoted in support of nearly every position taken in this paper are eminent and loyal Englishmen. I believe in the British nation. I believe that the people who abolished slavery in their colonies when their eyes were opened to see its wrong, need only to be made aware of the real condition of things in India to set about a change. The fault lies primarily with the *system of holding and governing foreign peoples without their consent*. Abraham Lincoln said, there is no man good enough to govern another man. It is equally true that there is no nation good enough to govern another nation. Said Macauley "Of all forms of tyranny I believe the worst is that of a nation over a nation." Imagine the case our own. Suppose Canada had been ruled for a hundred and fifty years by a foreign and distant power, like Germany or Russia. Suppose that power responsible to nobody but itself, and possessing absolute and sole control in everything,—in making and administering our laws, in shaping our tariffs, in building and managing our railways, telegraphs, telephones, and steamboat lines, in issuing franchises, in owning and managing our mines, forests and lands, in everything connected with our economic and industrial as well as political life,—what condition would Canada be in to-day? Would our people be rich or would they be miserably poor? If there were prosperity, whose would it be, ours or our foreign ruler's?

THE REMEDY.

What needs to be done to lift India out of her present impoverishment, and hence out of her always impending liability to famines? The answer has been given many times over by some of the ablest students of the

Indian situation What has been said in this paper suggests it. The main matters may be summarized in a few sentences:

Cut off all military expenditures outside of India; and if the British Government wants to carry on foreign wars let them be paid for, as they ought, out of the imperial treasury.

Inaugurate a policy of trust of the Indian people, in place of the present policy of distrust

Reduce the expenditure on the army by at least one-half.

Check that extravagance of railway building which has swallowed up such vast sums of money, and carried the railway system of India far beyond the needs of the country.

Push forward irrigation with greater vigour, and thus increase the productivity of the land.

Bring the vast area of waste land into use by drainage and otherwise, and thus make it available for the service of the people and for revenue.

Fill fewer offices with high priced European officials, and more with equally competent native men, whose expenses will be less and who know the real needs of the country far better than foreigners can

Reduce taxation, and extend throughout India the plan of "permanent settlements," which has worked so well in Bengal.

Establish a wide-spread system of agricultural banks or government credits, so that the millions of small farmers who must pay their taxes in money before their crops can be sold, may not be driven into the hands of merciless money lenders.

Take measures to build up again the ruined manufacturing industries of the country.

See that no tariff laws injurious to Indian interests are enacted either in India or Great Britain.

Spend at least five times as much as is now done, on education; and especially push forward education in its practical and industrial forms.

Inaugurate wide-spread and comprehensive methods for improving agriculture.

Let the Government lay aside some of its imperialistic arrogance, cease spurning Indian public opinion, and begin listening to the voice of

the people as expressed in their public press, their conventions, and especially their very able and widely representative Indian National Congress.

Above all, let the Government give to the people a share, and a steadily increasing share, in their own local, municipal, provincial, and national governments, and thus put into their hand some real power of self-protection, which is the only safety for any people

In a word, let it be the ambition of Great Britain, not to keep India under her feet, but to lift her up to England's side, as she has done Canada and Australia. Then, but not before, will prosperity begin to take the place of impoverishment and famine, and a new day will dawn for the Indian people.

THE STERLING DEBT OF INDIA

BY

M. R. SUNDARAM AIYAR, B.A., B.L.,
Joint Secretary, Economic Section, South Indian Association.

MADRAS:

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PREFACE.

AFTER the publication of the Durbar despatches I pointed out in a long letter to the "*Madras Mail*" that the proposals of the Government of India (Para 22 of their despatch), for financing the new capital by a special gold loan was open to serious objections. I stated that the 'settled policy' of the Government of India as announced in their various despatches and the recommendations of the various financial and currency committees were that the money necessary for public works should be raised in India in the form of Rupee Loans and such a theory should inspire and control the Executive Government in its administrative practice. I have discussed at length in this pamphlet the financial, political and economic objections against all Sterling Loans and in particular against the Special Gold Loan. When this pamphlet was ready to be published, the annual financial statement was presented in the Viceregal Council and the Finance Member announced that the proposal of raising a special Gold Loan has been abandoned and that the new capital is to be financed by Rupee-Loans and Revenue surpluses.

While such an announcement has removed the diffidence, I felt in writing at length on an important question of financial policy, I felt that there was no justification or necessity for the publication of this pamphlet. But during the Budget debate in the Viceregal Council Hon. Mr. G. K. Gokhale has moved a resolution that the Government of India should adopt the original scheme and raise a Gold Loan for the financing of the new capital.

Secondly, Sterling loans are being raised every year in the London Market and the growth of this Sterling Debt is

fraught with the greatest financial danger. So no apology is necessary for sending out this pamphlet reviewing the whole question of the Sterling Debt of India.

I have traced the development of the theory, as to the raising of public loans during the successive stages of the financial history of India from the days of Right Hon'ble James Wilson (1860) to those of Hon'ble Sir Guy Fleetwood Wilson and have examined how far administrative practice has been in consonance with the theory announced and accepted by the Government of India and its financial advisers. I have attempted to show that some of the arguments that have been urged to justify sterling borrowing could not be supported either on economic or on financial grounds. I have argued that the growing denationalisation of capital has made the British capitalist invest his savings in South Africa, Japan, Argentine and in such other countries and that capital is not flowing freely into India and that Indian securities have depreciated in the London Market during recent times, and as such it will be highly difficult to raise loans as cheaply and as easily as before in the London market.

I have cited various instances to show that while Indian Loans are not wanted in the London market, there has been a steadily growing demand in India for Government Securities and that the so-called hoarding classes have become more business-like and that though the Indian capitalist may be averse to take even legitimate risks in investing his money in business concerns, he will have no hesitation in buying up Government securities. Lastly I have urged that the present method of raising capital by the Government of India does not offer all facilities and do not reach the sources from which large supplies may be drawn.

Having reviewed the question in all its various aspects, I could not avoid discussing the policy as to the raising of public loans announced by Sir Guy Fleetwood Wilson in the recent Budget debate (1912—13) and the merits of the controversy

between the Finance member and Hon. Mr. G. K. Gokhale on this important and vital financial question.

The position taken by the Finance member is that the expenditure on public works like the one in question which will be neither remunerative nor productive ought to be financed from revenues and if necessary by easy Rupee Loans in India. The same principle was forcibly expressed by Sir James Meston, in the course of the Budget debate last year (1911—12) thus :

“ When the Government of India have borrowed in the past, except in the event of war or other calamity they have borrowed for works which will in a reasonable time return sufficient profits to cover the interest on the Loan. Are the Government of India going to abide by that safe conservative tradition and confine their loans to loans for productive works or are they going in the future to borrow for schools and hospitals as well? It is a well-established practice to borrow only for works where we can measure the actual cash return; and if we were to abandon that practice and start loans for schools and hospitals—and if for them why not also for roads and Court-houses and Jails and for the army?—then we should be embarking on a new policy of doubtful wisdom.

The Finance Member places the expenditure on Delhi works in the same category as that incurred for the building of the Public Offices, Law Courts, etc., and states that as these are met only from current revenues, the Delhi expenses also ought to come from current revenues and Rupee Loans have to be raised as the works are of considerable magnitude. Hon Mr. Gokhale contends that the surpluses ought to be devoted for reduction of taxation or for some objects as sanitation, education, etc., and for Public Works and other expenditure loans ought to be raised. Sir James Meston observed “ that between the conservatism of the Finance Department and the radical optimism of the Honourable Member there is a great gulf fixed over which I cannot pretend to throw a bridge.” The two positions are certainly irreconcilable. But I state it with all diffidence and caution that the principle of not increasing the unproductive debt for general public works, and provide for them only out of current revenues is one that has been the policy of the Government of India ~~for centuries~~

consistently

policy is one best suited to the present condition of Indian Finance. The financial difficulties and monetary crisis which India had to face, on various occasions would have not happened if Indian finances had been strictly controlled and regulated by such a policy. I have cited in the pamphlet the opinions of Right Hon'ble James Wilson and Sir John Strachey on the question of incurring loans for unproductive public works. The principle stated by Hon'ble Mr. Gokhale is one on which many may not agree. I proceed to set out certain considerations, not discussed in the pamphlet which in my opinion argue against the policy urged by Hon'ble Mr. Gokhale.

There are roughly three sources or classes of persons from which the necessary capital may be raised in India either for Government expenditure or for private enterprise. These three classes are :—(1) Banks, Financial Syndicates, Trading Firms, etc. ; (2) The Landed and the Merchant Aristocracy, *i.e.*, Rajahs, Zemindars and Merchant Princes ; (3) Small Capitalists, Trusts, and the Hoards. Of these three classes the first have large sums invested in various highly profitable and speculative concerns and they may not be tempted to invest their monies in $3\frac{1}{2}$ per cent. Government Securities. If the Government loans are to depend on this class alone, the Indian Government Securities will share the same fate as the British Consols as the temptation of a $\frac{1}{2}$ per cent. higher rate may divert the capital. As regards the second class these may subscribe any amount of capital, and may be anxious to buy Government Securities. But these are the classes who are expected to find capital for developing the mineral, agricultural and industrial resources of the country and are often blamed for not helping its industrial regeneration. Some of the non-official members of the Viceregal Council have been criticizing the present Railway policy of the Government of India and are urging that the Railway Finance ought to be separated from the general finances and that the present system of State ownership should be given up as it tends to

much confusion and derangement of general finances and is the source of all financial embarrassment. It cannot be understood that the critics want the Government to hand over the Railways to British capitalists especially at a time when they are yielding high returns. The other alternative is that, native capital ought to be invested in increasing proportions in buying up the Railways and in advancing loans for expenditure on Railways. The capital that is to be raised for these purposes should also come from the first and the second class of persons. Under such circumstances, the capital that can be raised from the first and the second class should first be for developing the agricultural, industrial and mineral resources of the country and the balance to be available for investment in Government loans raised strictly for reproductive and remunerative works or to be invested directly in Railways and other productive works. It is not possible to realize capital over and above that which is raised for these purposes from this class. As regards the third source, various methods ought to be adopted and much time should elapse, before these resources can be tapped. The Post Office, the District and Local Boards, the Co-operative Credit Societies and various such other agencies ought to be employed to bring the requisite knowledge and information to these prospective capitalists and the loans ought to be offered in small amounts such as the French rentes.

The above facts will show that under the present economic and social conditions, the employment of Indian capital for State loans raised for unproductive purposes, causes a profitless diversion and drains the life-blood, which cannot but produce industrial and commercial anæmia fatal to the well being of the State. I assume throughout this discussion that loans are to be raised only in India. The closing of the mints and the currency crisis of 1893 is attributed solely to the increased Home charges which the Government of India had to pay. Hon'ble Mr. Gokhale, I think, has very often urged with other Indian Publicists

that the Home charges or the sterling payments to England should be lessened and restricted. How will the sterling payments to England grow less while the sterling debt grows out of all proportions being raised for every kind of unproductive expenditure?

Secondly, Hon'ble Mr. Gokhale observed during the course of the Budget debate in the Viceregal Council (1907-1908) in criticising the policy of the Government of India with reference to the Gold Standard Reserve that a gold currency for India has never been authoritatively proposed as definite object and that it is looking too far ahead into the future to anticipate the introduction of a gold currency into India. If India is to continue under the present monetary system, under which the revenues are mostly collected in silver and the sterling payments are to be made in gold, will not the piling up of sterling debt be a source of another financial and monetary crisis if exchange begins to fall as it did in 1908.

Loans for unproductive works raised after 1868 may even be unjustified on the ground that the country was entering on a phase of rapid change and that barracks for troops, hospitals, roads, municipal improvements were all absolutely necessary and loans that may be raised twenty years hence may be justified perhaps owing to the then highly satisfactory condition and stability of Indian finances. But at the present time when the finances have just began to improve, and the ravages of famine and plague and the incubus of frontier wars have not absorbed the surpluses, to add to the unproductive debt and saddle the posterity with a burden, is a financial error whose consequences cannot now be foreseen and will redound to the discredit of those who are now in charge of Indian finances.

Hon'ble Mr. Gokhale stated in the course of his speech in the Viceregal Council (1907-1908) 'that surplus is so much more money taken from the people either through miscalculation or in other ways than was needed for the

requirements of the Government.' If that be so how unjust it would be if the Government of India takes from the people more than ought to pay and also saddles them with debt for which interest is to be paid while the surpluses are spent, in adjusting 'the moral balance sheet.' Modern civilization and modern methods of administration, the moral and material needs of the people, have given rise to urgent and ever-increasing expenditure and there will be no limit to borrowing if all these ought to be financed by loans. It will be a bad state of affairs if the available capital of the country is sunk in State loans, for unproductive purposes, while the Government is called upon to aid private industrial enterprises and agricultural experiments, and the British capital is employed on highly productive Railway works. This subject deserves careful consideration and discussion by all students of finance, though my statements and conclusions may be looked upon with suspicion and disapprobation as I differ from such a high authority on questions of Indian finance.

I would like to draw the attention of all students of finance, to the two articles that appeared in the *Madras Mail* on Rupee debt and on Rupee *vs.* Sterling loans which offer a wealth of practical information on the question of Public Debt.

I feel highly thankful to Mr. W. B. Hunter, Secretary and Treasurer of the Bank of Madras, for his permitting me to examine the figures of the Public Debt Office and I also must express my admiration for his complete mastery over some of the broader problems of economics and finance, unlike most of the business men who do not care to know anything beyond the details of their special business.

MYLAPORE,
10th March, 1912. }

M. R. SUNDARAM.

THE STERLING DEBT OF INDIA.

THE cost of the transfer of the capital to Delhi has been roughly estimated by the Government of India at £4 millions. It is proposed "to raise this sum by issuing a 'City of Delhi' Gold loan at $3\frac{1}{2}$ per cent. guaranteed by the Government of India, the interest or the larger part of the interest on this loan being obtainable from rents and taxes." Between 1900-01 and 1909-10, the additions to the sterling debt amounted to Rs. 54 crores while the rupee loans raised in India were only 20 crores. At the end of 1909-10 while the interest bearing Rupee Debt amounts to £ 91,111,478, the sterling debt has nearly doubled reaching £ 170,089,327. In the schemes suggested for financing the various Railway extensions in Southern India, sterling borrowing occupies a prominent place. This continuing and ever increasing additions to the sterling debt of India raise for discussion an important question of financial policy and rekindle the ashes of a forgotten controversy.

I

The Government of India have stated in their various despatches as 'settled policy' that money required for Public Works, should be borrowed in India in the currency of the country. The policy of raising loans in London has been often condemned on the ground that it aggravated the exchange difficulty by permanently increasing the Home charges and the sterling obligations of the Government of India. One permanent adverse factor that had always been the despair of the Indian Financier and that had often upset the financial and monetary equilibrium in India, is the growth of sterling obligations, and the consequent increased payment of interest to foreign creditors. This interest forms not an insignificant item in the much abused but

little understood 'Home charges' and looms big in the eyes of the 'Drain' theorists.

In discussing the problems connected with this branch of public credit and finance, I shall briefly trace the development of the policy of the Government of India as to the raising of public loans, and the economic theories that inspired such a policy and examine how far such theories approved and recommended by the financial experts of the day controlled and regulated the Executive Government in its administrative practice.

II

The conservative theory as to public debts as it was understood in 1860 was that loans should be raised only in the event of war, famine and for such other abnormal expenditure. Right Hon'ble James Wilson in his Budget speech (1860) in discussing the question of public debt observed.

"Our deficiencies in finance have been supplied by loans in England and in India and what has been the result? And here I claim the special attention of every one Native and European who feels a real interest in India. What was the state of our debt before the Mutiny? What is it now? And let me ask what will it soon be, if we are to resort to the miserable, the disreputable expediency of continuing to borrow in time of peace? Loans may be justified in time of war and as the consequence of war for a year after; but even then they should not be exclusively relied upon. But the theory of borrowing during war involves necessity of some effort to reduce debt in time of peace; but if, instead of this, we are to continue to rely upon loans still in time of peace; what will our debt soon be? Where will be our credit?" After 1868, owing to the urgent necessities for the construction of Public Works, the policy was modified to suit the times and it was considered a prudent policy to borrow money for permanent or quasi-permanent improvements which could not be at once provided out of annual income. Few years later it was laid down that the test for

the investment of money should be whether the works are strictly re-productive and remunerative and which will thereafter re-pay not only the interest but the capital expended on them. Sir John Strachey announced it as the policy of the Government of India "that for works which are not re-productive, we ought not except under the pressure of extreme necessity, to borrow a six pence. The increase of debt is so serious an evil that we must strive to reduce our borrowing to a minimum even for remunerative Public Works."

After 1872, the disturbances in the relative values of precious metals became violent and exchange fell rapidly. This imposed an undue strain on the currency system and also had a disastrous effect on Indian finances and the financial advisers of the Government of India recommended that all possible efforts should be made to prevent the growth of sterling debt.

In 1874 Sir John Strachey suggested in one of his minutes that no efforts should be spared to prevent the increase of the sum which had to be paid in gold and that even the existing Railway liabilities should be commuted to silver. Two years later the Government of India (in a resolution dated 22nd September 1876) adverted to the inexpediency of raising Sterling loans in England thus :

"The Governor-General in Council is of opinion that it is inexpedient to incur any public loan, for the present, implying future obligations to be discharged in gold. If money be needed by the State for the prosecution of extraordinary works, it must be borrowed in India and in the currency of India.

Meanwhile it is important that Government should continue to use the resources at the disposal of the State for the development of trade and productions of India. The Governor-General in Council does not, therefore, intend to discontinue borrowing for the construction of Public Works (the remunerative character of which is thoroughly established) as much money as can be judiciously expended on them ; provided always that money can be raised for the purpose on advantageous terms in the country itself.

There are in the judgment of the Governor-General in Council grave objections to any present increase of the liabilities of India fixed in gold."

This question was again considered by the Parliamentary Committee of 1884, and they came to the conclusion "that there were strong political and financial reasons for borrowing in India, if the money required could be had in India." The Committee on the Home charges (Parliamentary return 13th July, 1893) recommended :

"That the greatest caution should be exercised in borrowing in England for public works in India, especially as long as the rate of exchange is so variable as practically to make of little value all calculations as to the charge for interest. This conclusion is supported by another important consideration. The political inexpediency of adding to the charges to be met from the revenues of India by payments made in this country is very obvious and in view of the feeling in India on this subject no increase of such charges should, in our opinion, be allowed unless it be practically unavoidable."

The respective merits of the two policies (borrowing in India or in England), were discussed before the Royal Commission on Indian Expenditure (1896) and Mr. Jacob, C.S.I., Comptroller and Auditor-General stated the policy of the Government thus :

Witness : Mr. Jacob, C.S.I., Comptroller, and Auditor-General :

Q. At this moment I will only ask you this. Is it the settled policy of the Government of India to always borrow in England or how do they decide in what cases they will borrow in England and in what cases they will borrow in Indian market? The settled policy of the Government of India at present is to borrow in India entirely as far as may be possible.

Q. But now taking loans for Rail-Roads or for Public Works in India in what way do you satisfy yourself that the Indian market will not bear it and that you must come Home? *I think we never do come Home now for general Public Works expenditure.*

Q. You have not borrowed in India during these years, you have done all your borrowing in England, have you not? Not for

Public Works the only amount which we have borrowed recently in England other than for the purchase of specific Railways or for the discharge of an existing sterling loan at a higher rate of interest was in 1893-94 and that was owing to the failure of the Secretary of State to sell his Bills.

The Currency legislation of the years 1893 and 1898 and the cycle of events that led to it have been the subject of serious and prolonged controversy. But whatever may be the differences of opinion as regards the interpretation of the events of that period, it was admitted by all that the financial and monetary crisis in which the Government of India found themselves in 1893, was due to the increase in the number of rupees needed to discharge their gold obligations. The Home charges for the year 1893 amounted to just under £16,000,000 of which more than half (£8,138,000) represented the interest on ordinary and Railway debts.

The recommendations of the Currency Committee of 1898 were to the following effect :—" In conclusion we desire to record our opinion that the effective establishment of a gold standard is of paramount importance to the material interests of India. *For the speedy attainment of this object it is evidently desirable that the Government of India, should husband the resources at their command, exercise a resolute, economy and restrict the growth of their gold obligations.*"

In the separate report submitted by Mr. Campbell, Mr. Holland and Sir John Muir, it was pointed out (though with reference to a different question) " that sterling borrowing is in itself objectionable on the ground that it aggravates the exchange difficulty by permanently increasing the Home charges. The Secretary of State in forwarding the report of the Committee observed " *that the unanimous recommendation of the Committee in favour of a restriction of the growth of the Government's gold obligations should be carefully observed.*"

It is needless to overload this discussion with more extracts to show that the Government of India and its financial

advisers accepted and approved the principle that loans for Public Works, or for other general purposes should be raised in India in the currency of the country and that every effort should be made to prevent the growth of the sterling obligations. I shall briefly trace the growth of the sterling debt from the year 1834, when the management of Indian finances became purely governmental to the present day, to have a clear and accurate knowledge of the antecedents of the present situation and a proper economic perspective and also to test, as I have stated above, how far the above principle approved and recommended by the financial experts of the day, inspired and regulated the Executive Government in its administrative practice.

III

The sterling debt of India was very small till the Mutiny year (1857). British capitalists fought shy of 1834-1860. Indian investments as perilous financial undertaking owing to the unsettled political condition of the country, a diverse silver standard which stood at an uncertain and fluctuating ratio to gold and the unproductive purposes for which loans were then generally raised.

The total public debt of India consisting of Rupee and Sterling loans stood in 1834, at £41,350,952, and the amount held in London was an insignificant sum of £3,523,237. Two decades later, just before the Mutiny, though the total debt increased to £59,441,052 the registered debt in London showed no considerable increase, the figures for the year 1857 being £3,894,400.*

Years.	In India.	In London.
1830-31.	+ 75, 52, 710.	- 45, 413.
1840-41.	+ 1, 15, 89, 400.	- 400.
1850-51.	+ 1,00, 72, 750.	- 100.

*The transactions for a period of 20 years can be seen from these figures.
+ Borrowed and Paid.

The sterling loans raised during this period were for defraying the cost of military operations in India and outside it and to meet the deficits in the finances.

The military charges (inclusive of military Public Works, etc.) for three years ending with 1859, were—

1856-57	...	£13,213,454
1857-58	...	£17,215,674
1858-59	...	£24,717,638.

The Mutiny imposed a heavy public charge, increasing the sterling debt from £3,894,400 in 1857 to £26,649,000 in 1860. Right Hon'ble James Wilson in his Budget speech (1860) in speaking of the cost of the Mutiny observed :—

“ We have not been engaged in any foreign war ; we have not to defend ourselves from foreign aggression ; we ourselves have attempted no war of conquest ; but internal Mutiny alone has produced this result. It cannot be too widely known that the late Mutiny has cost the people of India in a direct public charge, independent of all other losses and sacrifices the sum of £38,410,755,* and has incurred an annual charge in respect of it no less than £1,935,654.”

Secondly the Parliamentary returns for the deficits and surpluses in Indian Revenue show that during the period between 1814 to 1860 there were surpluses only for a period of 13 years amounting to £8,895,437, and deficits for the remaining 33 years amounting on the whole to the large aggregate sum of £72,195,416. Thirteen years of surplus at an average of £684,264 a year and 33 years of deficit at an average of £5,540,000 a year. Right Honourable James Wilson in discussing the condition of Indian Finance stated (1860) :—

“ I find by a return to Parliament in the last session that of the 59 years which have elapsed in the present century in no fewer

* In London	...	£26,649,000
In India	...	£11,761,755
		<hr/>
		38,410,755

than 44 of these years have considerable, often large additions, been made to the Indian debt while only in 15 years have diminutions taken place; so that the normal state of Indian Finance may be said to be deficiency of income and addition to (1860-1875) debt."

IV

After the Mutiny the country entered on a phase of rapid change. The evolution of an organised form of Government out of political chaos the establishment of peace and order necessitated the construction of Railways, Irrigation Works, and other public improvements for which large sums had to be expended. The Mutiny of 1857 led to a great increase in the strength of the European army and to a great and permanent addition to the military expenditure.

In 1868 the State first entered on a vigorous programme of Railway construction though the Financial condition of the Government of India continued as desperate as ever. The Government of India wrote to the Secretary of State (on the 20th September 1869), thus "The accumulated deficits from 1860—1869 exceeded $10\frac{1}{2}$ millions sterling. The chronic condition of our finances is deficit, things seem to be getting from bad to worse. In the three years ending with 1866—1869 the total deficit was $6\frac{1}{2}$ millions, the public debt was increased by $6\frac{1}{2}$ millions and the cash balances were reduced by $3\frac{1}{2}$ millions." The Government of India borrowed heavily in the London market, both for its ordinary and extraordinary expenditure.

After 1874 though the exchange fell rapidly Sterling
 1875-1895. loans were raised in increasing amounts for
 the various Railways and Irrigation Projects.
 The loans raised during this period of 20 years can be tabulated, thus :—

In 1874 the capital stock of the East India Company was redeemed from the sinking fund created by Act 3 & 4, Will. IV, c. 85, S. 12, which amounted to £11,876,439, and its appropriation towards the redemption of the stock relieved the revenues from the payment of about 315,000 a year.

Loans raised in England between 1875—1895.

1. Purchase of Railways		
Oudh and Rohilkand Railways } and the South Indian Railway }		£ 10,428,000
2. Redemption of Railway Securities	..	13,168,000
3. Advances to Railway Companies	..	7,504,000
4. India Special Act (Maharajah of Dulipsing's Act)	..	96,000
5. Loan for the purchase of the Madras Irrigation and Canal Company's undertaking	..	1,400,000
6. Redemption of 4 per cent. transfer loan	..	1,301,000
7. Loan for Public Works in 1885—87	..	7,700,000
8. Famines in Madras and Bombay in 1876—78	..	6,100,000
9. Loan consequent on the failure to sell Bills on India in 1893—94	..	6,000,000
10. For discharge of debt	..	20,000,000
11. Net liabilities assumed on purchase of Railways	..	2,908,000
12. Temporary Bills outstanding	..	2,000,000
		<hr/>
	Total.	£76,765,000
	Debt discharged.	£11,356,000
		<hr/>
		£65,409,000

The Public Works for which loans were raised during this period could not be strictly productive. The nature of the public loans raised during this period and the purposes for which these loans were utilised can be understood from the following extract. Sir John Strachey wrote in 1874 that:—

“The only works for which we now borrow are Railways, and works of Irrigation. There has been a good deal of misapprehension on this subject and I wish therefore to refer to it. It is often assumed that in borrowing money for our State Railways in India we believe that they will be reproductive works, in the sense that they will directly pay the interest of the money expended on them. Although it may be hoped that this will ultimately turn out true, this is not at all the assumption on which the State Railways are being constructed. Some of the lines notably these from Lahore to Peshawar and down the Indus

valley, are being made for political reasons only and it is hardly probable that within time to which we can look forward, they will repay anything like the interest on the capital expended on them. The system of running into debt for these great works has been one of the greatest danger of our Empire in India and the danger is not only financial but political. The Government had spent at least twice as much as we need have spent on the Railways and they have been constructed on almost uselessly expensive scale under an extravagant and mischievous system."

Though the raising of these loans in London cannot be construed otherwise than as a violation of the principle, yet various explanations have been offered to reconcile them as exceptional departures from the general financial policy of the Government of India.

Loans, (1) (2) (3) (5) (6) (10) (11), had to be raised in London, as the Railways could not have been purchased in any other way than by offering a sterling security and when the amounts had to be paid in sterling it was found impossible to raise the required amounts rupees in India and to remit them to England. Item No. 4 was under a special Act. Item No. 8 the sum of £6,100,000 was borrowed for Famine Works in Madras and Bombay and the amount was over and above the sums raised in India. The loan raised in 1885-87 for Public Works and the loan raised in 1893-94 for general purposes (items 7 and 9) were the only two loans which have been put down as exceptions to the general policy of raising loans in India. These two loans have been justified on the ground that owing to the peculiar conditions of Indian money market loans could not be raised in India. Though these explanations put some strain on the consistency of those who advanced or accepted them yet they show that the financial advisers of the Government of India were anxious to abide by the principle enunciated in their despatches and confined their loans to India ordinarily and borrow in England only under extraordinary circumstances.

Sterling loans raised in England (1896-97) stood in the following proportions and rates :—

Loans.	Interest.	Capital.
		£
1. India 3½ per cent. Stock	3½	63,696,858
2. India 3 per cent. Stock	3	42,151,079
3. India 2½ per cent. Stock	2½	2,400,000
4. India Debentures	3½	3,000,000
5. India Bills		1,000,000
6. East India Railway Debenture Stock	4½	1,435,650
7. Eastern Bengal Railway Debentures Stock	4	348,666
8. Oudh and Rohilkhand Railway Debenture Stock		384,700
9. South Indian Railway Debenture Stock	4½	425,000
		£114,841,953

V

After 1896 the growth of the sterling debt has been more rapid than during the previous decade. Loans are being raised every year and sometime twice during the same year for meeting 'the capital requirements' of the Government and it is rather confusing to trace the application of these loans as they get lost in the general accounts of the financial year. The Government of India views its obligations as a whole whether it be for providing for productive purposes or for general purposes and meets them from various sources such as Revenue surpluses, Post Office receipts, Deposits and remittances and also from Sterling loans. So much so it is impossible to estimate correctly how far the loans were necessary and for strictly productive purposes.*

* I shall illustrate my remarks from the following extract from the Budget of the Government of India for 1911-12. In the financial statement of that year under the heading "Ways and means, sub-heading, Loans, (1910-1911) it is stated 'A new 3½ per cent. sterling loan of £3½ millions was issued on the 17th March 1911, at the fixed price of 96 to provide funds for capital expenditure in 1911-12.' Following our recent practice in the case of sterling loans, credit will be taken in the accounts for the actual money received and a sinking fund created for the redemption of liabilities incurred in excess of this sum of the net amount receivable £175,000 is likely, to be credited in the accounts of the current year and £3, 137, 500 in 1911-12.'

In 1896-97 a temporary debt of £5½ millions was raised in India Bills and a further loan of 3½ millions was effected in India 2½ per cent. stock. In 1899 for the purchase of G.I.P. Railway £5,992,400 was raised in debentures and in 1900 £3½ millions was added to the 3 per cent. India stock. Further additions to the 3 per cent. India stock were made in the subsequent years thus :

1901—02	...	...	£ 2,009,500
May 1902	...	...	„ 1,500,000
1903—04	...	...	„ 1,500,000
1904—05	...	...	„ 2,500,000
1905—06	...	...	„ 2,089,146
1906—07	...	...	„ 2,000,000

In May 1907, a sterling loan of £3½ millions were raised at 3½ per cent. for capital expenditure on Railways and Irrigation. Bombay, Baroda, Central India Railway debentures for £500,000 were discharged out of the sterling loan and £2,000,000 were assigned to general purposes in view of the failure to issue Council Bills.

In January 1908 a loan of £5 millions at 3½ per cent. was effected and in addition India Bills for £1,000,000 were issued on the 11th April in lieu of capital estimated to be raised by Railway Companies. From the sterling loan raised £865,800 worth of Bombay, Baroda, and Central India Railway debentures that matured were paid up.

In February 1909, India 3½ per cent. stock of £7,500,000 was issued and from the proceeds of the above debt £179,400 was allotted for the discharge of debentures of the Madras Railway Company, the balance being devoted to Railway Companies and for State Railways and for renewing the India Bills for £6,000,000. In January 1910 a further loan of £7,500,000 (3½ per cent. India Stock) was issued, of which £275,600 went towards discharging the Bombay, Baroda and Central India Railway Companies debentures and £545,300 towards the discharge of debentures of the

Madras Railway Company and the balance for providing funds for Railway construction during 1910-11 and for granting advances to Railway Companies. Again in the same year in October 1910, 3½ per cent. India bonds for £4,000,000 were raised for discharging the debentures of the Madras and Indian Midland Railway Companies. Again a 3½ per cent. sterling loan of £3½ millions was also issued in the 17th March 1911 to provide funds for capital expenditure in 1911-12.

It may be seen from the above figures that after 1896, the Government of India went on borrowing continuously and in increasing amounts and the theory against sterling borrowing was completely lost sight of. The sharp conflict between theory and practice was admitted by Sir Henry Waterfield, Financial Secretary to the India Office in his evidence before the Indian Currency Committee (1898).

(Q. A. 4386). Witness :—Sir Henry Waterfield, K.C.S.I., C.B.

“The policy of the Secretary of State in 1868 when the Government first entered on the system of constructing State Railways was that the capital charge should only be met by borrowings effected in India. *So far as despatches go that has been the normal policy*, although on certain occasions it has been impracticable to pursue it and resort has been had to borrowing in this country. But as it happens, the figures work out so as to show that the increase of the ordinary debt and the amount of capital outlay are very nearly equal; and therefore it is perhaps a not unreasonable assumption to say that the capital outlay has in fact been met by sterling borrowing :

The sterling debt of India stood at the close of the year
1909—10 in the following proportions and rates :

India Stock $3\frac{1}{2}$ per cent.	£ 84,455,524
Do. 3 per cent.	„ 66,724,530
Do. $2\frac{1}{2}$ per cent.	„ 11,892,207
East Indian Railway Debenture Stock	„ 1,435,650
Eastern Bengal Railway Debenture Stock	„ 348,666
South Indian Railway Debenture Stock	„ 425,000
G.I.P. Railway Debenture Stock & Debentures	„ 2,701,450
B B.C.I. Railway Debentures	„ 275,600
Madras Railway Debentures	„ 1,830,700
	<hr/>
Total	£170,089,327

VI

It has often been alleged that the Government of India had to resort to borrowing in England as these loans could not be raised in India cheaply at the same rate of interest as in England. But a moment's consideration will show that though India might have borrowed in the cheapest market, the advantages were neutralized by the depreciation of the Rupee and India lost more than she gained by borrowing in London. There was also the uncertainty of the debtor not knowing the exact amount which is to be paid whether as interest or as redemption of the loan. Between 1875 and 1895, the exchange fell from $56\frac{7}{8}d.$ to $29\frac{7}{8}d.$ and the loss which India had to bear can be easily calculated. The total sterling payments in 1887-8 on account of interest and annuities were £8,764,614 for which Rs. 12,447,589 had to be paid, but a few years later though the sterling payments fell to £8,331,635 the rupees needed to pay that amount increased to Rs. 15,263,424.

The magnitude of the loss by exchange can be illustrated by the figures given by Mr. Jacob, C.S.I., in his evidence before the Welby commission. Mr. Jacob replied :—

“ I quite admit the force of your Lordship's point, and I am anxious there should be no misunderstanding on the question of what is our real loss by exchange. Suppose we

have in 1875-76 sterling liabilities amounting to 15,000,000*l.* to pay, and we meet those liabilities by a remittance of Rs. 1,65,00,000. Now suppose that we have the same sterling liability of 15,000,000*l.* in 1895-96, and we can only meet it by a remittance of Rs. 2,20,00,000, then, I should say, there can be no doubt that in the intervening period—our revenue being measured in rupees—we have lost the difference. There has been no change in our sterling liability, but we have to pay a larger number of rupees, merely because the rate of exchange has fallen.”

It cannot be argued that the Government of India never expected such a fall in exchange in the face of the warning given by Sir John Strachey who stated that* “there is another matter which has a most important bearing on the subject of public debt, the question of the future value of silver. I am afraid that we cannot with any confidence, expect to avoid serious loss hereafter from disturbances in the relative values of the precious metals and no one can now measure the future deranging effect upon our finances of these disturbances.”

Nor does it appear that the Government of India made all possible attempts to raise all loans in India and failed. In his evidence before the Indian Currency Committee, Mr. C. Gairdner stated :—

Q. 542. *Is it not the fact that the Government has been obliged, owing to the want of private enterprise to borrow money in sterling for the construction of Railways in India? It is a question whether they were under the necessity of borrowing in sterling; I think they could have borrowed though at a higher rate of interest in India. I think, Englishmen would have invested their money in rupee paper, if it went on increasing, would fall not on the Government but on somebody else.*

* Speech in the Viceregal Council, 15th March, 1877.

Q. 543. But has not that great fall in rupee paper forced the Government to borrow in sterling for the construction of Railways in India? Have they not rather compelled the Government to assume the rise of a fall in exchange? *I cannot speak as to that I do not know that it has been fairly or fully tried whether these loans for Railway purposes could not have been raised in rupee paper.*

VII

Before entering into a detailed discussion of this question, it is highly necessary to dispel certain misconceptions that have arisen and have been the cause of much ignorant criticism. It has been frequently stated by a certain class of Indian Publicists that 'the National Debt of India has been incurred for profitless or ornamental purposes and it is a burden imposed on the finances of an impoverished country by a reckless and extravagant administration'. Such a criticism is founded on a gross perversion of facts. While the National Debt of most of the European countries have been incurred to meet the extraordinary expenditure of wars, the needs of armed peace with its war like equipment on sea and land, the bulk of the National Debt of India has been contracted for productive purposes. In this respect India resembles Prussia whose National Debt was incurred for buying railways.

Secondly as may be seen from the following figures the National Debt of India is the lightest when compared with those of other European countries. But when loans are raised for productive purposes the borrower in the West is usually a Local and not a State or national authority.

**National Debt of the Chief Countries of the World
(as in 1905-06).**

		Public Debt.	Debt per head of population.	Annual Revenue.	
	£	£	s	d	
				£	
1 Australia	... 236,681,000	58	7	11	30,612,000
2 Portugal	... 179,000,000	33	0	2	13,796,000
3 France	... 1,228,092,000	31	5	9	147,536,000
4 Spain	... 379,122,000	20	7	3	40,867,000
5 United Kingdom	... 788,990,000	18	1	5	143,674,000
6 Belgium	... 128,837,000	17	19	10	26,090,000
7 Netherlands	... 94,956,000	16	19	7	14,390,000
8 Italy	... 499,013,000	14	15	10	87,168,000
9 Canada	... 77,715,000	14	9	4	15,568,000
10 Austria Hungary	... 618,794,000	13	12	7	149,910,000
11 Germany	... 815,407,000	13	8	11	338,186,000
12 Russia	... 884,631,000	6	16	11	268,184,000
13 Turkey	... 113,593,000	4	14	6	17,500,000
14 Japan	... 227,226,000	4	13	0	53,290,000
15 United States	... 244,630,000	2	19	6	194,302,000
16 India	... 245,034,000	1	1	3	73,420,000

Public debts are indispensable to-day, and the limits within which any State either can or will increase its revenue—whether by the imposition of new burdens or the extension of existing ones—are strictly defined and for extraordinary requirements, it must borrow. 'Neither a borrower nor a lender be' is a commandment which has no place in the decalogue of the economist and its observance will produce a commercial anaemia fatal to the well-being of a State.

VII

The problem to be investigated with reference to the Sterling Debt of India lies in another direction. Why in spite of the repeated declarations of policy that the raising of Sterling Loans in England was fraught with the greatest

financial danger and an undue strain on the monetary system, the Government of India should have gone on borrowing in England pursuing a suicidal policy? What political, social and economic forces were in operation and what were the peculiar conditions of the Indian Loan Market to make it impossible to raise the required amount in India? How far the present methods of raising capital by the Government of India afford full scope for the employment of the immense wealth that is locked up uninvested? These are a few of the many questions that are to be investigated in discussing the problems connected with the Sterling debt of India.

The raising of Sterling Loans in England has been justified on various grounds. I have stated already the explanations that have been suggested for the incurring of Sterling Loans between 1875 to 1896. The large additions made to the Sterling Debt after 1896 have been justified on the ground that the Currency Legislation of the years 1893 and 1899 has established a fixed ratio between silver and gold, and India may borrow and re-pay in gold and that no difficulty or injustice can arise from Indian Sterling Loans being effected in the English Market. These arguments have been adduced not only to justify the borrowings of the Government of India but also to urge the capitalists at Home to invest more capital in India in private industrial and commercial concerns.

This leads me to the discussion of the vexed question of Indian Currency system. Without embarking on the stormy seas of that tempestuous controversy it may be stated that Indian Gold standard is in a transitional and experimental stage and the Government of India itself never considered the present system as a permanent solution of its currency difficulties. If at all there is one point on which European, Anglo-Indian and Indian critics are agreed with reference to the Indian monetary system it is that the present system is unsatisfactory and there is no justification for it. But

Professor Keynes in his recent Lecture before the Royal Economic Society justifies the present monetary system thus :—

“ It was believed in many quarters in 1893 that the closing of the Mints was a first step towards the establishment in India of a Gold standard and in 1898 the Government of India still believed this to be their ultimate goal. But since that time fuller experience in India and elsewhere has led to the explicit recognition of a new system of currency known as the Gold Exchange standard which is safer and in the matter of economy vastly superior to a gold currency.”

It would occupy me too long and it might lead me into a controversy which I wish to avoid if I attempt to discuss how far such a system, however successful it may be in small countries like Philippines, Mexico etc., will prove satisfactory for its being permanently adopted in India. But the suggestion may be hazarded that the Gold Exchange Standard or any modification of it, will never remove the troubles and disasters which Sterling borrowing brings in its wake. It cannot erase the impression, an impression which has developed into an article of economic faith that India is being bled to pay heavy sums to England every year. Though many wrong opinions are held about the ‘ Drain’ to England, it is none the less a fact that such a theory finds a place in all the discussions in the Press, platform and the council, and has been productive of much mischief, danger, and acrimonious controversy.

Secondly, when the standards of the creditor and the debtor countries are composed of different metals they are liable to constant and sudden fluctuations, and no one can predict that the exchange will be steady always. The monetary history of almost all the countries has proved it and in India the gold productions of 1850 and a mere panic that gold will depreciate, and the silver discoveries and the demonetization of that metal by Europe in 1870, violently severed the ratio between gold and silver that was considered a natural and permanent ratio 1 to 15. Recently in 1908

owing to the combination of various circumstances, both international and domestic, exchange fell so low and it seemed that the link which bound the Indian Monetary System to the Gold market of London would be severed and the Rupee might drop as it did before its free coinage was suspended.

Whether the price of silver will rise or fall we have no reliable means to anticipate. But, as long as silver continues to fall in its value, our foreign debts correspondingly increase and unconsciously so. Such difficulties can only be removed when there is no break in the monetary gauze between India and other countries, and India has been brought from the side branches of world's monetary system into unison with the main lines.

VIII

Even assuming that the rupee in all human probability will remain constant at the statutory value of 1s. 4d., or at a ratio of 15 rupees to the sovereign, a close study of the recent tendencies of the Loan Market suggests that Indian Sterling Loans cannot be raised in such proportions and rates as it was done hitherto. I shall state the facts that suggest these conclusions. A study of the transactions of London Loan Market brings out the fact that with the growth of the means of communication, the wide diffusion of commerce, and the spread of intercourse between nations, Capital has become more and more cosmopolitan and investors are not content as they once were to place their Capital exclusively in ventures which pertain to their own country. This growing denationalisation of Capital is a movement which has a profoundly important bearing on Indian Foreign Loans. Large sums are being invested in countries like Japan, South Africa *etc.*, which would have been considered dangerous a few decades ago. The causes are not far to seek. Baron Rothchild stated in his evidence before the Select Committee of the House of Commons on Foreign Loans that 'the disease is the desire of the people to get a

high rate of interest for their money.' That for a difference of $\frac{1}{2}$ per cent., in their dividends a number of German Capitalists were enticed into lending their funds to the Russian Government instead of their own. At the same time it has come to be believed that one of the sound principles of investment is to have the Capital spread over a larger Geographical area as an assurance against all possible risks, and complete ruin. Mr. George Paish having the incomes assessed to income-tax as data has calculated with a fair degree of accuracy the extent of the British national wealth. A comparison of the statistics show that India got less of British capital than the other countries.

Capital invested and the income derived in 1907—08 :—

	Capital.	Income.	Rate of interest.
Indian Railways ...	123,341,000	4,774,000	3'87 p.c.
Colonial Railways ...	188,950,000	7,598,000	4'0 ..
American Railways ...	600,000,000	27,000,000	4'5 ..
Foreign Railways ...	286,700,000	13,467,000	4'7 ..

Amount of capital supplied to borrowers from July 1908 to 30th June 1909 was as follows :—

£
Canada—28,461,401.
Argentine—23,522,816.
Brazil—14,794,697.
India—14,314,345.

In the year 1910, of the £267 millions only £92 millions went to British Possessions and the share of India and Ceylon put together represents only £18 millions. The United States took £39 millions, the Argentine £22 millions, Canada £36 millions.

The fact that the loans are raised and guaranteed by the State no longer offer any inducement to invest in Government Securities. The increase in the official class of Foreign investments during the twenty years was only from £14,990,105 to £20,880,837, while in the non-official class the amount rose from £16,649,374 to £36,421,087. In the former instance the investments increased only by one-half; in the latter there were more than double. The above facts and figures will show that India gets less of British capital than in any other country, as the Colonial loans are more profitable to the British Investor. It is nothing surprising therefore during recent years that the Indian Stocks have considerably depreciated and are not wanted in the London market.

At a recent meeting of the Indian section of the Society of Arts Sir Felix Schuster, Mr. Reginald Murray and other Banking experts discussed the question of the depreciation of Indian Stock and stated it to be one of the important problems requiring investigation. It is unnecessary to discuss their opinions; further except to point out that Indian Loans are not popular and cannot be raised as easily and as cheaply as it was done before.

The following figures will show the position of Indian Stock as compared with those of other countries (1911).

3½ per cents.			Price.
Indian	...	...	... 95½
Cape & Natal	...	...	... 98
London County Council	par.		
3 per cents.			
Indian	...	...	... 82½
Canadian	...	...	.. 90
Transvaal	...	...	... 92
Egyptian	...	...	... 95

While at present the $3\frac{1}{2}$ per cent Rupee Paper is selling at about 96 in India, the sterling $3\frac{1}{2}$ per cents have declined and sell at 94. This confirms the view that the London Market which is supposed to be cheaper requires a higher rate of interest than India and that Government have raised more than they ought to do in England.

In India of late a change has come over the hoarding classes and that large amounts are being offered for investment in Government securities and the Government of India instead of resorting to the London Market may try to reach the large amount of potential capital that lies uninvested. In 1892 the amount held in London was Rs. 27,50,58,410, in 1900 it fell to Rs. 20,84,88,234 and by 1909 it had fallen to Rs. 14,43,66,433 and within twenty years India had purchased nearly Rs. 13 crores of the securities, from the creditor country. In addition to this, the Rupee debt, held in India in 1891 amounted to Rs. 76,01,42,260, and in 1910, the debt rose to Rs. 1,21,63,04,797. A close examination of the figures show that India had not only purchased 13 crores of Rupee debt from London but has absorbed Rs. 45 crores of new debt as well.* In spite of these heavy investments in Rupee paper, the Rupee paper is being quoted at 96—while, as I have already shown, the sterling $3\frac{1}{2}$ per cents are two points lower—showing conclusively that the London market requires a higher rate of interest in Government securities than the Indian market.

IX

Apart from the above considerations, of the many far-reaching economic effects of borrowing in India, not the least important is that no money leaves the country, the interest on the loans also being paid and spent in the country. It is unnecessary to dilate on the advantages accruing to a country which borrows its own capital for developing its resources.

* See Statement.

There are also certain other important aspects of this problem which deserve careful consideration. It has been asserted by every European Economist who has bestowed any attention on Indian questions that Indian economic conditions do not lend themselves to scientific discussion, and the operation of economic forces are suspended owing to the un-economic habits of the people. The phenomenon which is often cited to illustrate the above generalization is the habit of 'hoarding.' In the first place it is extremely doubtful whether there was any hoarding to the extent generally supposed. Secondly, of late the hoarding classes have become more business-like and alive to their own interests. Investment in land or in Government securities have become a favourite type of investment. It may be that the Indian investor is reluctant to take what would be regarded as legitimate commercial risks in cases where personal initiative and private judgment are called into play. But if opportunities are given for investing in securities that are absolutely above suspicion as in the case of Government bonds, there will be every chance of the hoards being liberated and brought out for investment. In course of time, a new spirit of enterprise will be infused and more capital will be brought into active circulation and for tapping the supplies that are accumulated in the hands of private persons. At present only Banks and Syndicates subscribe the capital and the large majority of persons have no scientific knowledge of the operations of the Government.

The present method of loans do not afford complete facilities for the investment of Indian capital can be confirmed from the following observations of Sir Henry Kimber than whom no higher authority on this question can be found :—

The relaxation of the conditions of raising capital will be valuable on account of the new spirit of enterprise that it will infuse into the entire system. The greater encouragement it will give to investors will, I confidently anticipate, lead to the introducing of a larger proportion of native capital in the under-

takings. A consummation greatly to be desired on political as well as on financial grounds for, the greater the stake that influential Indians have in commercial undertakings, the stronger will be the inducement to discourage disaffection. I am not speaking on this question of native investments without knowledge, for a couple of years ago when I was in India, I was asked by a territorial Native Prince "Why don't you give us an opportunity of investing in your railways." *His question revealed the feeling that there is in the best native circles as to the discouragement to Indian investment which the system of Government-raised capital presents—or I hope I may say presented. Who shall say that a policy of greater freedom will not result in the unlocking of these hoards of native wealth which have been the despair of every European economist who has studied the question and the envy of every Finance Minister since India came under the direct Government of the Crown?*

I do not venture to suggest what methods may be adopted to popularise Government loans and make the hoards of the illiterate, the savings of the poor and the capital of the business-men serve for developing the industrial and mineral resources of the country or be employed in buying up the Railways and other productive works

Any measure that emanates from the Government which assures and provides opportunities for safe investment will be successful in drawing out the necessary capital can be seen from the complete and phenomenal success of the Post Office Savings Banks business. An analysis of the figures published by the Post Office Savings Banks show that though after 1905 interest has been reduced from $4\frac{1}{8}$ per cent on 1880 to 3 per cent. in deposits at call and $3\frac{1}{2}$ per cent. on deposits held subject to six months' notice, the total number of depositors have increased from 397,171 in 1890 to 1,378,916 in 1910 and the deposits have increased from Rs. 6,89,56,970 to Rs. 15,86,71,786. Further the great bulk of the deposits in the Saving Bank is made by Indians, the balances of Europeans at the end of 1910 being Rs. 126 lakhs and those of Indians Rs. 1,459 lakhs and in the total number of accounts at the end of (1909-1910) 94 per cent. were in the names of the natives of the country.

X

It is only with the greatest diffidence and after a careful consideration of all possible objections that the writer has brought himself to the statement of these conclusions. It is possible that deeper and more extended inquiries would show that the above statements require modification in various respects. Those who are familiar with the mysteries of Stock Exchange and the surprising abnormalities of the Loan Market may suggest various explanations for the depreciation of Indian Stocks. Those who are in charge of the administration of this vast Dependency may find various practical difficulties in working at theories however logical and scientific they may be. In the present state of Indian affairs there is everything to deter us from dogmatism especially when one deals with the burning issues of the day.

The position occupied by the Government in India is peculiar and various functions which in other countries will be performed by Local bodies, Corporations, Banks, etc., have to be conducted by the Government through its own officers. This responsibility has been forced on the Government of India owing to the peculiar political and economic conditions which it is unnecessary to discuss here. The Government of India is further handicapped as pointed out by Prof. Alfred Marshall 'in not having the advice and criticism (as the Western Governments have) of a large number of able business-men who have had time to consider the broader problem of economics as well as the details of their special trades.' Unfortunately there are not even among Indian publicists many who have an aptitude for dealing with the practical economic problems which are growing difficult and urgent every day. Therefore the difficult economic problems of the Government have been left to be solved mainly by the Government itself and the Government is morally bound to adopt a system of finance which will highly accelerate the economic and industrial progress of India.

The Rupee Debt bought back from London between 1892—1909 as shown by the figures of the Public Debt Office. (In Lakhs of Rupees).

Year.	Amount of Rupee Paper held in London.	Amount transferred to India, net.
31st March 1892	27,50	...
1893	25,93	1,57
1894	24,16	1,77
1895	23,62	54
1896	25,35	...
1897	24,07	1,28
1898	21,51	2,56
1899	21,44	7
1900	20,82	62
1901	22,18	...
1902	20,36	1,82
1903	18,63	1,73
1904	17,14	1,49
1905	16,81	33
1906	16,43	38
1907	16,49	6
1908	15,23	1,26
1909	14,43	80

The Public Debt of India.

In Millions of £ Sterling.

Years.	Held in Sterling.	Held in Rupees Rs. 15=1 £	Total.	Interest.
On 31st March :—	1	2	3	4
1888 ..	84.1	65.4	149.5	6.2
1893 ..	106.7	68.6	175.3	6.7
1898 ..	123.3	74.4	197.7	6.7
1903 ..	133.6	79.2	212.0	7.1
1908 ..	156.5	88.5	245.0	8.0
1910 ..	170.1	91.1	261.2	8.7

THE SALT TAX IN INDIA

“A STATEMENT OF FACTS AND EXPLANATIONS.”—
J. HUTCHINSON, F.R.S., F.R.C.S. “ON LEPROSY AND
FISH-EATING”—GEORGE BROWN, M.D.*

I DON'T know whether Mr. Jonathan Hutchinson has proved his point that “the fundamental cause of leprosy is the eating of fish in a state of commencing decomposition,” and that “the best prevention and antidote of the disease is *salt liberally used when fish is taken as an article of diet*”; but one thing, at any rate, is clear enough to the ordinary lay mind, and that is that to put *any* restrictions on the free use of salt, in face of the facts and opinions he adduces, is positively wicked. There is no other suitable word for it; and as Mr. John Morley is evidently of the same opinion (though hampered by the old fallacy that the salt-tax cannot be dispensed with because it fulfils the purpose of a universal income-tax, levied on millions who never have enough to eat), it may be useful to call attention once more to a very interesting subject, which is indeed a question of life or death to the people and the cattle of India. It is important to add the cattle, because experienced officials like Mr. Thorburn seem to have been more impressed by the evil effects of the salt-tax on the cattle than on the people. “Salt-starved” he said the cattle were, and that is what the people are also, whether they know it or not, or whether they complain or not. His proposal that salt should be made freely accessible to cattle by some process that should make it unpalatable to man, so that human beings should continue to be “salt-starved” for the sake of the revenue, is the *ne plus ultra* of financial folly, and it is no wonder Mr. Hutchinson indignantly declined to be a party to any such scheme.

Surely any honest man who looks at the question with-

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out a preconceived bias in favour of revenue must see that it is *not* the weight of the tax that is of so much importance, but *any* restriction on the use of such an indispensable article of diet. "Whether the tax is 1 rupee or 2 rupees a maund makes really very little difference to anyone," though the fact that a reduction in price is invariably followed by increased consumption is most significant. "Whatever the rate may be, no mere cooly will ever spend more than 2 to 4 annas a year on salt; but if there were no tax at all he would consume four or five times as much at least, and the cattle" (for which Mr. Thorburn showed such keen solicitude) would get as much as ever they wanted, whilst their owners would no longer be prosecuted for allowing them to lick the salt rocks on the roadside, or the stone used in the construction of their houses.

Instead of holding this odious indirect income-tax *in terrorem* over the heads of so many poor people, why not make salt literally as "cheap as dirt," so that it may be used freely in agriculture and various industries now strangled for the want of it? It is *infamous* to impose any tax at all on the 50 or 60 millions of poor people who admittedly never get even one full meal a day. Such people are no more fit subjects for taxation than the inmates of our work-houses.

I repeat again, and, if Mr. Hutchinson is right, Mr. Thorburn must agree with me, that if the salt-tax is only half as injurious as most people, (including the House of Commons,) admit that it is, it ought to be got rid of *at all costs*. Let the people have a chance of making an income before you impose an income-tax on them.

I have probably said enough, but will just add a few extracts from Dr. Brown's most cautiously worded and moderate review. "In 1869 he (Mr. Hutchinson) visited Norway, and there inspected *the largest fish-market and the largest leper home in the world,*"* and discovered that

* The italics throughout are mine.

the peasants preferred decomposed to fresh fish." No one pretends that fresh or even thoroughly salted fish is unwholesome, and no one has a natural taste for decomposed food.

"The author blames the fish factories at Cape Town for producing the disease" (leprosy) "by exporting *fish in a bad state* to the neighbouring regions."

"The disease is known chiefly in places where the buying and eating of fish is most prevalent, and *where salt is not used as a condiment to the extent it ought to be in curing fish.*" "Only the southern part of China where fish abounds *and salt is imported* suffers from leprosy, whereas in Pekin the fish supply is scanty and *salt is plentiful*, and in this, the northern part, *leprosy is unknown.*" "It has been wholly, or almost wholly, absent from Cape Colony, Natal, the Sandwich Islands, and some other places, *until factories for the curing (?) of fish were instituted.*" "Its chief habitat is on the sea coast, or near lakes or rivers." "If in the places mentioned where the disease is still prevalent a law were made and enforced that all stale or putrid or *improperly salted fish* was forbidden to be sold or eaten, it might help to lessen the extension of this loathsome disorder."

In India no *new* law is required, only the repeal of an old bad law for which, unfortunately the English Government is solely responsible.

Looking back over my own notes on the subject for the last thirty or forty years, I find that it was discussed in Lord Ripon's time, when Mr. Rivers Thompson distinguished himself by saying that "no one had ever questioned that salt was a *proper* and legitimate subject for taxation," and that, "*because it is a necessary of life, therefore it is the most convenient subject for taxation*"; and it may be admitted that it presents, perhaps, the cheapest mode of collecting a revenue; but as his arguments in favour of raising a revenue from those who have no revenue of their own were demolished by Major Baring and also by the Viceroy, (who

evidently recognised the intimate connection between cheap salt and scientific agriculture), his ideas did not prevail, and now we may surely rely on the two Viceroy's in the Cabinet to back up Mr. Morley in his determination to get rid of this disgraceful tax once for all. Lord Cromer, at any rate, has not changed his mind in twenty-five years, and stigmatized the salt-tax last year as "*one of the greatest remaining blots on the fiscal system of Egypt.*"

In a very interesting article on the subject in the *Hindu Patriot* for September 19, 1905, the writer points out that "in a part of the Baroda State lying in Kathiwar, and beyond the British salt-line, people are allowed to manufacture their own salt, and it sells at somewhere about 270 pounds per rupee, whereas in the rest of the State, which lies within the British salt-line, it is sold at 28 pounds a rupee. Look at the difference," he adds, "between the figures, and who will not advocate the *abolition* of the salt monopoly which presses with such great severity on the poorest of the poor." As I have said over and over again since 1875: "My chief objection to the salt-tax is that we do not know how much mischief it does to the people, the cattle, the agriculture, and industries of India. We only know that a liberal supply of salt is even more necessary to life in the East than in Europe," and, as Mr. Hutchinson observed in his remarks at the meeting of the East India Association on June 24, 1904, "In this tax *a blow is aimed at the stamina of the whole population*, and the risk is encountered of the production wholesale of certain special and most distressing diseases." As to the common official argument that it is the only tax of which no complaint is made by those chiefly affected, he said that "Native medical men had spontaneously come to him and said, 'If you have any sort of influence with the Indian Government, *exercise it for the repeal of the salt-tax.*'"

Mr. J. W. Fox, again, who has spent his whole life in connection with salt, calls special attention to the fact that "during the Middle Ages and down to the beginning of the

nineteenth century, while salt in this country was very dear, impure, and difficult for the poorer classes to obtain, similar diseases were rife here which now exist in India; whereas, *with the abolition of all duties,** salt became cheap, pure, and abundant, and those diseases have entirely disappeared." The Black Plague is no doubt one of the diseases Mr. Fox had in his mind, and it seems to me that Mr. Gumpel in his encyclopædic work on "Common Salt" (chapter xl.), gives very good reasons for supposing that a lack of salt in the system may be at least one of the predisposing causes of this new and horrible complaint which seems to have taken the place of cholera in its virulence. He also thinks that "a sufficient and systematic supply of *sodium chloride* to the system is a prophylactic, and imparts to the human body an immunity against cholera and allied disorders." I have long been of the same opinion, and it may, perhaps, be worth while to annex a copy of a letter to the *Madras Standard*, which helped to confirm me in that belief:

"I should like to call the attention of the Government and the military authorities to the following facts. During the famine and cholera in 1877-78 the lines of the 13th Regiment M.N.I. were almost adjacent to the Monegar Choultry relief and cholera camps, and considering the close proximity and the height the epidemic had assumed, there were at first a few cases reported from the lines, but the spread was soon put down when the men were asked to take a large quantity of salt in their food, which they did, and the result was that no fresh cases were reported. To substantiate what I have said, the following *proves quite conclusively that chloride of sodium is a prophylactic in cholera.*

"The attention of the Government of India was drawn to the subject so long ago as 1863, when Captain Wood, Political Agent of Nimar, reported that in the city and district of Hoosungabad, and especially in the vicinity of

* Duties wisely abandoned by the free people of England, but rigorously enforced on the helpless people of India.

the gaol, cholera raged with great violence in 1857, and Dr. Beaman of the Madras Medical Service, then civil surgeon of the station, had recommended *a daily allowance of one rupee weight of common salt* to be given to every one of the numerous prisoners *over and above the Government allowance*, and the result of attention to this advice is stated to have been that not a single prisoner was attacked, though several persons died from the epidemic near the gaol, and many casualties took place in the regimental lines.

“Dr. Beaman is the son of a well-known physician in London who *gave his reasons so long ago as 1833 for believing common salt to be a prophylactic against cholera*, and consequently Dr. Beaman, junior (whom I had the honour of serving), wishing to verify his father's theories, put them into practice with the happiest results. I have not merely taken for granted what I have read, but during the epidemic of cholera at Madras in 1877-78, I carefully watched the different modes of treatment of this fatal disease, and from further experience gained whilst this disease was epidemic at Singapore, I am under the firm belief that *the saline treatment is the only one under which a patient might hope to recover*, provided he applies for treatment in time. The saline mixture which I find does much good is Dr. Butler's, composed of boracic acid and bicarbonate of soda (10 grains of each to 1 pounce), which is so palatable to the patient, tasting something like soda-water, and has the effect of even allaying vomiting. I have tried *the hypodermic solution of common salt with marked benefit*.

“Now, since vaccination is enforced and vigorously carried out when an epidemic of small-pox is prevalent, I don't see the reason why common salt should not be made to be taken largely as a condiment. If the Government wish to save the soldiers and prevent the spread of the epidemic amongst the troops and other large bodies, they should see that *a sufficient quantity of common salt* is issued out to the soldiers (as is the case amongst the prisoners here, who receive nearly 300 grains (?) of common salt

more than the prisoners of other presidencies) and warn the general public of the beneficial effect derived from the use of common salt as a preventative of cholera, an advice which will be readily adhered to, as salt is a condiment so cheap and within the reach of the poorest (?).

“GILBERT S. DE SILVA, Colonial Medical Service,
Singapore, April 10, 1882.”

Lastly, the abolition of the tax should appeal to the commercial classes in this country, especially those engaged in the salt trade, because an increase in the trade with India to three times its present volume, (which would almost certainly follow the total abolition of the tax), would obviously give employment to a great many more of the labouring classes in both countries, would to a very large extent increase the revenues of the railways concerned and all other methods of conveyance employed in its distribution, and would also give occupation to a number of clerks, managers, and small and large capitalists who would conduct the fresh trade.

Besides this, salt when free from taxation and the obstructions caused by the collection of the tax on it, bonded warehouses, permits, etc., enters very largely into many manufactures such as leather, glass, all forms of soda—a very wide and important item—soap, salt, provisions, pickles, etc., so that all the workers in these trades are seriously prejudiced as long as they are handicapped by such restrictions and needless expense in the use of salt. Unfortunately, the real benefit to India of free, untaxed salt will never be fully realized until it is actually experienced, but when once it has been recognised in practice it would be a bold man who would venture to reimpose the tax.

J. B. PENNINGTON.

The Indian Humanitarian Committee (a special department of the Humanitarian League which has been

established to deal with Indian questions) has passed the following resolution :

“ This Committee of the Humanitarian League have heard with much satisfaction the recent announcement of the Secretary of State for India concerning a further decrease in the Salt Tax ; and as this impost is regarded with strong disapproval, both in India and in England, urges upon His Majesty’s Government the advisability of laying down a deliberate policy, with a view to the ultimate abolition, within a reasonably brief period, of a tax that is not only grossly unjust but most cruel in its administration.”

JOSEPH COLLINSON,
Hon. Sec. Humanitarian League.

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The Relation Between Famine and Population—I. & II.

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THE RELATION BETWEEN FAMINE AND POPULATION.

Notes of Lectures heard in Paris at the International School of Science, 1900.—By Sister Nivedita.

I.

THE need of bread is the blackest incident of human life Blackest, because simplest, easiest and most fundamental to overcome. The one success of which we are assured in the case of our own forbears, every man and woman of them, up to a given year of life, has been food-snatching of some sort, from other men, or from the Earth. Unless this had been so, we had not been here. The present generation is the naturally-selected product of ages of food-victory.

Yet famine remains. Sometimes it is the hunger of a man or a family. Sometimes starvation, like the arctic winter of the glacial period, bursts its bounds, and sweeps over great territories of human-kind. Why?

Obviously there are two factors in the problem. When a nation or a race starve to death all together, it may be because climate and soil have combined against them to produce no food. The red man perished in North America when the white man drove the bison from their ancient feeding-grounds. Practically, under these changed conditions, the race was wiped out. But when two or three individuals, or even two or three thousand, die of hunger, in the midst of a city that feasts and is merry, it is because something is wrong with the distribution of food, and something wrong too with those human relations that brought no hurrying footsteps with pity and help, to every sufferer over whom had fallen the shadow of despair.

The modern world is such a city. Nowhere to-day is man so far from man that one has any right to die of want of food, while another lives. Nowhere. And yet they die. The two or three become many millions. The heedless city about them becomes the whole indifferent world. And the old drama is played out on the larger scale. As want grows fierce in one place, luxury and waste increase in another. Here, men are brutalised by starvation. There by gluttony, more men here, and more there. This is the change that we call progress. One mother, mad with hunger, kills her child that she may not see it starve. Another, absorbed in pleasure, has no time to see her own child eat. What one spends on her toilet, would lift the other out of hell. Surely this shows want of adjustment. But why?

Why do some men die of hunger, for the food that others waste? Why?

The answers are manifold. All the outstanding age-old problems have had their changing age-interpretations. And hunger as a social phenomenon is one of these. But the theories proposed in era after era remain with humanity in a confused mass. We remember them all, only we do not relate them. We make no study of the circumstances out of which each rose. We do not analyse our own period, to know whether or not a given interpretation could apply. Meanwhile, facts stare us in the face, with their perpetual question. We turn to one another and ask it, and society returns one glib explanation after another, giving only more formulations of fact which the dominant classes in each age have found useful to themselves. Let us however put these in their proper sequence, and they may answer many a question for us. Instead of the feeblest alternatives for utter ignorance, they may become luminous enough, and enable us to distinguish the essentials of the problem:—Why do millions of people die of hunger in a world in which there is abundance of food?

In the forests, marshes, and caves of the primitive era, death was a constant feature of human experience. Possessed of few weapons, man had but little means of determining his own chance in the hunt. It was not perhaps, till continuity of affection had made the grave remembered and beloved by women, that the seeding and growth of flowers were even noticed. There could not, therefore, be any agriculture. Wild roots and fruits, and animals of all kinds—found dead, or killed in the chase or snared—were the only food. Sometimes days of hunger and search, with constant exposure, would elapse, before prey was found. Terrible want would be succeeded by an equally terrible orgy. Of each, some members of the horde would die. Social feeling was probably immensely strong. Risks were shared. One brother would stand by another when he was down, for his protection. These things we see, even amongst successful animals, and man's great weapon of ascendancy has been his superior social instinct. Yet in spite of this, one overtaken by weakness or fever died, almost as certainly as he who was torn by the pangs of the prey. Risks to life, therefore, being almost infinite, the one duty of woman was motherhood. One of the greatest tests of prosperity and strength of the ~~Woven~~-knit community, as a community, was either the largeness of its birthrate, or the physical fitness of its women. In this period, therefore, we find the root of the idea that increase of population constitutes the well-being of a people.

But this very importance of motherhood rendered inevitable the development of its emotional and ethical content. From a greater or less impermanence of all relations, one, that of mother and son, began to acquire stability. Enter the Matriarchal Period.

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The feelings and habits of woman had taken many centuries to dawn as a social force. They were essentially
The Matriarchate. feelings and habits of forethought and protection.

Secretly, lest her wild sons and impulsive companions should be rendered too indolent or too extravagant, she had experimented on the growth of seeds. The wife offering to the husband in the hour of need her secret hoard, is very old in the relations of man and woman! It had even occurred to woman to snare the small game, and preserve it alive, as a permanent source of food. The domestic action of plants and animals arose, and became an absorbing occupation. Fire was discovered and later, tamed. Life grew more secure. But work multiplied. There were not hands enough for all that could be done, in that great humanising age. Therefore woman still shone as the mother, and the commands to "be fruitful and multiply, and to replenish the earth" were regarded as one and the same thing. Famine occurred, but it tended to be less a personal chance, and more and more a communal misfortune, arising when the hot winds swept in from the desert, and the scratched soil refused to bear; when a murrain broke out amongst beasts; or when an insect blight fell on the apicote and the wild fig, and caused them to shed their untimely fruit. And in this form, kindly housewife ways could do much for its mitigation. Throughout matriarchal nations, the habit of storing through years of plenty, against years of scarcity, obtained. And the oldest epic of India contains a passage of a thousand lines in which we have the ripest wisdom of antiquity on this point,—actual recipes of the mother-craft handed on for kingly use.

Every order contains the elements of its own decay. Side by side with the vision of ~~Setis and Bisis~~, the Divine mother and son, grew up the outrage of the ~~Scarlet Woman~~. The chivalry of men defending the independence of the mother-house was now undone by the shrinking desire of woman to be won and retained. The matriarchate fell, and Babylon was remembered with a mystic horror amongst societies moulded on the patriarchal idea.

One great advantage of patriarchal over matriarchal society, lay
The Patriarchal Age. in its superior nobility. Civilisations in which woman was really central would always tend to remain in the river valleys. Those to which man gave permanence and form could cross even the mountains, the wilderness, or the seas. The seasonal migration of herds to summer pastures, and the fact that herdsmen and women would go together, may have produced some of its deepest and earliest developments, for pastoral and nomadic peoples are typically patriarchal. In any case, the patriarchal organisation must by degrees have included all occupations, with

their burying ideals. And in all alike, the notion of family-increase was associated with well-being.

To the shepherd, this could hardly fail to be a reflection from the habit of his work. To the peasant, the advantage of more hands to dig and sow, not only for present use, but also for future contingencies, was a long established ideal.

In all simple states of society, where a man had the fruits of his own labour assured to him, the power of the earth to produce food, clothing, and shelter, would impose the only limit on the desirability of population. And even now, wherever there is abundance of food, patriarchal societies retain the old prejudice in favour of the birth of children, knowing that each person added means an increment of wealth to the community, above the individual power to consume. The only exception to this is in the case of un-fathered children, against whom patriarchal societies will assume a characteristic attitude of disapproval.

Whether, however, increase of population is invariably a sign of prosperity in the more complex developments of this form of society, remains to be tested and observed throughout historic periods, by the question of its relation to the food-supply.

The Middle Ages offer us a long period of very varying conditions. Under Feudalism, the condition of the people was indeed hard. War, poverty, and serfage, with the constant possibility of epidemics, were more or less established features of life. Obviously, a certain margin of births over food-productivity was essential to the maintenance of communities subjected to such excessive risks.

The Church set her face to steady encouragement of the family. She was influenced no doubt by some perception of the economic fact. Also, there was the desire, in a world where public relations were so productive of misfortune, to bring about a predominance of elements of joy and humanisation. Besides these general considerations, she had the more technical idea of increasing the number of her baptised members. And doubtless there was also the sincere democratic impulse to add to the number and power of the burden-sharers.

In the rise of the Cistercians, Dominicans, and Franciscans, the Church proved her power to assert the ideal and apply the check of celibacy, whenever she chose, and in the case of the first two orders, to direct the labour of the celibate class to high communal ends. The fact that she had this power, moreover, would make her fearless of over-population. The idea, therefore, that growth of numbers is on its principles a sign of well-being, has the old sacerdotal authority on its side.

Throughout the struggles of the middle ages, however, we perceive the evolution of two classes, with conflicting interests. Obviously, the more men Wat Tyler could lead, or John Bull inspire, the better for that class, and the worse for the class they opposed. It becomes no longer possible, then, to discuss the question of advantage as if this were evenly distributed. Henceforth we must distinguish between the advantages of class and class. Further, there are degrees of distance from famine in each case. A population that lives on wheat can change its diet for a less sufficient many times before reaching grass and bark. A population which already has nothing but potatoes, cannot. Remembering this, our enquiry must include the question— 'Is increase of population a sign of prosperity amongst those who are already close to the famine-line? Do added numbers tend to produce more food than they consume, or to consume more than they produce?' According to our decision on these points, must our estimate of the advantages or disadvantages of an increasing density of inhabitants on a given area, be varied.

Evidently, the question is largely one of place. Up to a certain point of fertility, land will repay labour spent on it, in an accelerating ratio. Where one man cannot efficiently work his farm at all, two men co-operating can more than double its powers of production. Evidently, however, this process cannot be continued indefinitely. When a certain density is reached, it will become increasingly difficult to add another inhabitant to the area. The law of diminishing returns will now begin to take effect.

A good deal of the flood and thunder of the Middle Ages is the play of contending portions of the feudal classes, while agriculture and the burghs are steadily progressing towards their limit of advantage. But the fact that increase of population is in this case associated with growing prosperity, is not to be taken as establishing a universal principle. It is obviously a phenomenon which is special to the age and conditions of mediæval development.

With the invention of steam machinery, we enter on the industrial
The Revolution. revolution. In all the theories born of this age, the man to be benefitted is the man who holds the machinery, the capitalist. To him, *quantity* of production becomes the aim. Every labourer more means increase of quantity, and a percentage more,—even, if population should increase beyond the point of demand for labour, an increasing percentage on your man himself. For where numbers are few and work abundant, A gets high wages: when numbers are great, and demand for stuff remains the same, he gets little. Hence the actual interests of employer and employed may at this point come into conflict,—the growth of popu-

lation being to the advantage of the capitalist, and to the actual disadvantages of the labourer. This point is commonly obscured, of course, by the fact that we hear only the employer's point of view.

Meanwhile, the flow of wages goes on. The flow of production goes on. The elementary conditions of well-being are met. The labourer finds bread plenty and clothing plenty. There may be no real progress, no increased mastery of conditions, no addition to intellectual resources. People who have not yet learnt the need of these, proceed to hurl themselves back into the poverty from which they have just emerged, by increasing their marriage-rate with the fall in the price of bread.

Population grows and the Manchester School of Economists utters its poem of thanksgiving for the so-called progress of Lancashire. It is the joy of the capitalist over a larger material for exploitation—and the labouring-classes, with the characteristic inhumanity of the period, become the proletariat, the *breeders*.

Essentially, the industrial revolution does not mean increase of production so much as concentration of labour. And even if the growth of Lancashire cities had constituted progress, it would probably have entailed loss elsewhere. In whose hands was the making of cotton heretofore? And are there still work and food for these?

Again, what does it mean to fasten the attention of a people on this function, of increasing population. It means that human beings become domesticated animals—the live stock on the capitalistic farm—and follow the same biological laws as others. One of these is that excessive reproduction causes degeneration of race. Woman is exhausted as an individual. Man spends what ought to have been surplus energy in routine drudgery. Feeble cerebration and accelerating physical deterioration ensue. The industrial revolution, therefore, only betokens an oscillation of the centre of prosperity, not absolute progress, and a rapidly-increasing population, even where based on the abundance of food, is more apt, other things being equal, to signify squalor and degradation, than prosperity and progress.

But increase of population does not always proceed from a fall in the price of bread. That the more you feed (up to excess) the more you breed, is true. But the opposite affirmation is also true. The more you starve, the more you breed. The fact is, extraordinary conditions in either direction act first in stimulating this activity.

The excessive productivity of the age of Revolution gives place to
 The Age of Empire. the age of Empire—everywhere—always. It may
 be the empire of the city over the country side.

It may be the empire of London over the Antipodes. Force must be employed in its interest. The rich struggle to acquire the territory of the poor. One race struggles for supremacy over another.

In the latter case, all the complex machinery of Government and army has to be maintained. The expense is great. It must be met by taxation. The larger the population, as long as the means of production are capable of extension, the larger the imperial harvest to be gathered. The less, too, is the incidence per head. Increase of population will thus always be quoted by a ruling class as a sign of prosperity, even though it be accompanied by famine. It is the sign and means of the *ruler's* prosperity. The inferiors, moreover, being squeezed to the utmost, are thrust back upon this activity as their only relief. Thus it becomes true that the more you starve (within the limits of complete physical inanition), the more you breed.

And the proof is that the poorest populations have everywhere the largest birth rate. The slum swarming with little children, and the comfortable middle-class street with its few well-tended and provided for, form a contrast true also as of nation against nation, and city against city. Degradation of type to less human and more gorilla forms is the inevitable result.

The organisation of Empire produces the Age of Finance. That is to say, the estimates of the banker and the Mint-master now become the popular theory of life. People lose all sense of the relation between money and things. They mistake riches for wealth. They forget that gold and diamonds must be measured in terms of corn and bread, not *vice versa*. The plain fact that if rice be taken from a country, less rice remains there, has no meaning for them. They are confused by the fact that money goes back in exchange.

Judgment now goes by the standpoint, of the shareholder. That a railway must increase prosperity as long as it pays a dividend, is supposed to be obvious. People assume as self-evident that railways bring food into a country. They leave other considerations out of the question, such as that stamped coin is given for food, and is brought from cities, that obviously, therefore, railways take coin into a country, and corn out of it. And coin is not food.

It is under the spell of the characteristic ideas of this age that we hear seriously of a "money famine." A superstitious reverence associates itself with trade and the stability of finance, and no consideration justifies tampering with these. In the Russian Famine of 1895, M. Hilkoﬀ, Minister of the Interior, stopped the trains of wheat on their way to Odessa, and ran them into the famine-stricken districts. To this good man it seemed obvious that what hungry people needed was

bread. The British in India, on the contrary, shrink with horror from any act so calculated to ruffle the composure of the merchant. They venture on no remedy that would disturb the operations of commerce. The correct theoretical relation between man, money, and food must be observed at all costs, even if only in resemblance. And in this way they arrive at the startling paradox that what a hungry man needs is work!

It is interesting to note, however, that one order produces, for a given brain, both God and the Devil. For while financial considerations now supply the supreme object of reverence, it is also held in all good faith by minds of this class that famines are produced in India by the habit of "engrossing," selfishly practised on the part of local shopkeepers for their own profit. It is difficult to persuade a man who is capable of entertaining this theory, that while it would account for a few trade credits and debits, it would never account for the famine itself, the actual occasion of the said losses and gains.

The Financial Age accepts the conclusion of its progenitor, the age of Empire, that increase of population shows general prosperity, because this is not a problem that belongs to its own form of research. It is not, therefore, called to any individual opinion on the point. If it were, however, a budget and a list of Post Office savings would furnish its main store of facts, and it would be found capable of arguing that a country in which sixty million people were being seriously affected by loss of harvests was growing steadily richer.

As a matter of fact, we must, in considering such questions as the increase of population or the causes of famine, distinguish carefully between the imperial or financial theories of the thing, and the actual facts themselves. We must determine what constitutes prosperity from the people's point of view, and see whether this is aided by growth of population or the reverse. Also we must consider special cases of famine, and determine what are the essential facts of each.

THE RELATION BETWEEN FAMINE AND POPULATION.

Notes of Lectures heard in Paris at the International School of Science, 1900.—By Sister Nivedita.

II.

MAN'S individual hope has always lain along the line of the effort to perfect some special process. But in doing this, as we saw behind all the raising of castles and hurling of arrows in the Middle Ages, he has subserved a larger function, his collective activity, that of earth-remaking,—the technical and geotechnic processes. Combined with these, and overwhelming them, is their common resultant, the evolutionary or man-making tendency. In these three, technics, geotechnics and evolution, is summed up the significance of every period.

Incipient Phases of Civilisation.

The industrial arts of the Middle Ages were progressively synthetised and applied in the spread of agriculture and the growth of the burghs. This was earth-remaking. But the ultimate meaning of even a phenomenon so imposing as this must be sought outside itself, in the manner of men and nations which it produced.

In the same way, the revolution is based on a renewal of processes. But the needs of extended productivity compel an empire. Again the value of empires will be estimated finally by their effect on the humanity which they involve. And here, incontestably quality will supersede quantity.

We cease then to be able to applaud a mere growth of population. We cannot even be congratulatory when we have assured ourselves that this was due to a fall in the price of bread. We are still less complacent when it is accompanied by scarcity of the elements of physical well-being. In either case the result tends to be the same, degradation of type followed by famine or famine followed by degradation of type.

So far we have been establishing a theory. We have laid down considerations which should guide us in determining the value of certain phenomena, in regard to famine and excessive population. Let us

Facts.

proceed to the examination of actual facts of famine. With regard to Ireland in 1846, it is no uncommon thing to hear the remark, "it was a money-famine." This expression, in itself, has no meaning, since men cannot eat money. But what the speaker really intends to convey is the fact that there was grain enough in Ireland in that year, and food of the best kinds enough to have fed a population many times greater than actually died of want. What the dying people needed was money to arrest the export which was steadily proceeding the while. It was not the loss of quantity which affected the country so disastrously, but unevenness of distribution. It does not need Sir Robert Ball's delightful story, to convince us of the importance of distribution as a factor in provisioning. The astronomer had been explaining to the young man from Manchester how a succession of eight-month winters and four month summers had produced the Glacial Period of the Northern Hemisphere. But the young man was hard to convince. "I do not see," he remarked, "how that could be—since you say that the total amount of heat in the year was always the same. How could a mere change of distribution make any difference?" Sir Robert eyed his man. "Do you keep a horse?" he said. "Yes." "What do you give him?" "A stone of oats a day." "Well," said the astronomer gently, "just try two stones a day for six months, and then other six months give him nothing, and see what 'mere' redistribution will do!" So with the Irish Famine. It was merely the distribution of food that was at fault. The story has been put on record by eye-witnesses, of the carts leaving the villages laden with butter and cheese and farm produce, and passing to the coast along roads where every now and then men, women and children lay dying or dead for want of food.

The fact is, in every country there is a caste-system of food stuffs. In Ireland, the highest classes live on wheat, flesh, milk and eggs. A lower rank consumes oatmeal, herrings and buttermilk. Still further down comes the population that lives on the potato. And after them is nothing save the grass and bark of famine. Obviously, if the wheat-crop fail, the class that depended on it heretofore will fall back on other foods, including the oatmeal of the next caste, for an equal bulk of consumable material. The lower caste will have recourse to the potato

which will consequently rise in price, and the lowest class will find food scarce. The heaviest incidence of the scarcity will fall on them even when it is not their own crop which has failed. But there are mitigating circumstances in this case. In the first place the whole society feels the pinch at the same time. There is a certain lightening of the social bond, with a possibility of gauging the extent of the need by the price of the commodity. Secondly, although the potato rises in value, it is not wholly withdrawn from its consumers. An equal bulk of potatoes for the wheat withdrawn, is not of equal value as nourishment. Moreover, as the potato-eater has received money for his sale, it is possible to make a commercial re-adjustment, which for his own sake, he will affect as rapidly as possible. Obviously, under failure of the wheat-crop the lower classes do not remain unaffected, but they are not necessarily affected to the degree of famine.

What happened in 1846 was somewhat different. The potatoes rotted in the field. The experiments of certain biological workers on reproduction by fission have established a law which enables us to recognise this phenomenon as perfectly natural and calculable for the future. But in 1846 it came as a surprise. And it fell heavily on no class save that which depended on the crop for its staple article of diet. It selected these out and killed them, as soon as their power of living on grass and bark was exhausted. The fact that other commodities were almost undisturbed in value, and that export went on amongst the exporters as usual, has given rise to the fallacy that the Irish famine was a "money famine." It fell on those who are always suffering from "money famine," but it was itself an added burden of loss of even such food as is possible under similiar financial distress. We see, therefore, what is meant by this expression.

Let us turn to the present Indian famine.* Sixty or seventy millions of people are being affected by what is, we are loudly assured, the act of God. Five or six millions of those who have reached the depth of starvation are on the relief works. What is the meaning of this?

In the first place, the act of God, as it is called, undoubtedly exists. There has been failure of crops in a certain part of

*These lectures were delivered in the year 1900.

Central India, caused by want of rain for some years in succession. This must be admitted. The evidence assures us that such are the facts. But in case of natural disaster there is always a second factor to consider—and that is the resistance which the country is able to oppose to it.

We are continually assured that India is in a state of growing prosperity under our rule. Is her inability to meet the present crisis a sign of her growing prosperity? Let us look at the facts fairly.

The arguments put forward in proof of the beneficence of our rule are two-fold, (1) the increase of population, (2) the spread of the railway system, the control of the forests, and the cutting of canals. As to the advantage of the last-named public works there can be no doubt. If we could turn all our energy to canal-making, we should be sure of improving the country in one respect at least.

As to the control of the forests, there is some question whether we are not largely responsible for a change of climate in Central India, by our own waste of forests, which is directly behind the present catastrophe. On both these points of irrigation and afforestation, there is a distinctly constructive policy open to the English Government, which needs further development and indefinite multiplication of strength.

But when we come to the spread of the railway system, we include a more doubtful feature amongst our geotechnic activities. The railway adds nothing to the productivity of the soil; it merely aids re-distribution. As a matter of fact, this re-distribution always acts by centralising markets. The goods of the country are eaten in the city. The peasant who can now only sell his commodities in a certain given place may not be richer ultimately for the power to get there. The fare may absorb his margin of profit. Therefore the fact that railways are much used does not prove anything about their usefulness. That could only be established as a general thesis by a careful series of observations in various countries during a term of years. It is our personal conviction that such observations would lead to the conclusion that they are destructive of prosperity rather than the reverse. And that Central India is as exact proof of this as Siberia or Russia can furnish, we have no doubt. Since the point is so disputable, therefore, we cannot accept railways as an evi-

dence of the good wrought by English rule, and the growth of population, as we have seen, is rather a sign of misery than of a flourishing condition.

It is indeed an evidence of the pre-social unscientific state of our thought on such subjects that we can offer arguments such as these in all good faith. Obviously, Empire is designed primarily for the good of the ruler, and could accrue to the advantage of the governed only if conducted in a spirit persistently generous and illumined by scientific knowledge of the most real kind. It would be too much to claim that either of these characteristics is ours. The utmost that we can do at present is to assert a dogged honesty on the part of European races in facing truth, however disagreeable, and putting an end to our own misconceptions.

But what have been the causes of the Indian Famine? Partly natural catastrophe, no doubt; partly social and political, certainly; but exactly what, as yet undetermined. Yet some few points with regard to famine in general are settled. First, growth of population is *not*, in itself, any sign of national prosperity. Secondly, to say that a famine such as we are now witnessing is the result of the tricks of local grain-merchants is foolish; and if it were true, we have the remedy in our own hands,—immediate stoppage of grain-export at the ports. This would disturb the natural course of trade, however, and we are under the superstitions of the Age of Finance, so we do not venture on such a step. And thirdly, it is surely evident that relief ought to be organised on a progressive basis, and that it is not at present so organised.

There is something diabolical in the account which an honest English traveller recently gave of a visit to India. He had spoken with the greatest enthusiasm of the administration, and being asked what had so impressed him by its munificence, made this extraordinary reply—"They are tackling the problem of the famine," he said, "and I am especially delighted with this, because for a whole day's work they are not paying a whole day's wages, and thereby they avoid disturbing the course of trade."

What are then, the true tests of a growing prosperity?

True Tests of Progress. This question is easily answered. In the first place, are processes being developed?

Other things being equal, that country which is ceasing to export manufactures, and taking entirely to raw material, is becoming improverished. Certainly that country

which is ceasing to produce manufactured goods to meet its own requirements, and beginning to import the necessaries of life, is being essentially improverished. But it is not enough that men should continue to meet their own needs, nor even that they should progressively modify the means by which they do this. This is little better than a stationary condition. *They must remake their country.* Most of the European landscape is entirely artificial.

Heather is as much of man's ordering on a Scottish moor as wheat in an English field. It is easy to admit that the scenery of Berkshire or of Normandy is not Nature but Art. The geotechnic test, then, is fairly to be applied to all places for which a claim of progression is made. How far is Siberia a land of fields and cities, of quarries and hedges? How far is the growth of human habitations intelligent and beautiful? How far are the forces of nature at the bidding of man? In the Tropics what is being done for re-afforestation, for irrigation? Who is taming the desert? Who is improving the milking cow, who is enriching the wheat? The French in Algeria are engaged on oasis-making. This is one of the noblest activities of our epoch. It is one of an endless possible series, pointing to an ultimate transformation of the Sahara into a renewal of the earthly Paradise. In the same way the dessication of Asia is a problem which engages the earnest attention of geographers and geotechnists, for the scope which it affords to future activity of this order. There is no reason why the rivers should continue to run into the sea. They may well be harnessed to the plough of Agriculture, and drawn aside from their original outlet. Other and vaster functions can be discovered for the waterfalls which shall substitute a new beauty for the old. This is enough to suggest the immense possibilities of industrial development which our planet contains. A few centuries hence, when man's outlook upon life is better informed and organised than at present, society will look back with amazement upon a period when crowds of starving unemployed assailed the gates of rich people whose fortunes were devoted to the production of *pâte de foie gras** for private consumption. The point of view that saw nothing to be done for the increase of the food supply

* An epicurian delicacy consisting of the morbidly-fattened liver of the goose.

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