

EAST INDIA (FINANCIAL STATEMENT).

RETURN to an Address of the Honourable The House of Commons,
dated 23 April 1881;—*f.r.*

FINANCIAL STATEMENT

GOVERNMENT OF INDIA

For 1881-82.

India Office,
20 April 1881.

LOUIS MALLET,
Under Secretary of State.

(*Mr. Stanhope.*)

Ordered, by The House of Commons, to be Printed,
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"70. These figures, however, would not, without some explanatory remarks, give a true indication of the financial result of the year, or of the actual financial position. It has occasionally been the practice in making a financial statement, after stating what is the amount of surplus or deficit as shown upon the Accounts or Estimates, to make a calculation purporting to show what is the 'real' surplus or deficit; that is to say, what is the net result after eliminating any Revenue or Expenditure of an abnormal character. Very elaborate calculations of this sort are not of much use. It always happens that in the course of the year some abnormal circumstances arise, which to a greater or less extent influence both the original Estimates and the final net result. Further, if we look at a series of years, the actual surpluses or deficits shown in the accounts really represent the net financial result of those years. At the same time it is quite true that, unless allowance be made for any circumstances of very special importance and of a purely extraordinary character, an incorrect idea would be formed of the net result in the particular year of their occurrence. This is particularly true as regards the finance of the year 1881-82. In the first place we have paid back 670,000 *l.* to the Local Governments (para. 42), being the amount contributed by those Governments to Imperial Funds during the Afghan War. In the second place, as I have already explained (para. 64), a sum of 360,000 *l.* has been credited to the Local Governments in the accounts of the year in connection with the renewal of the quinquennial contracts. Both of these items have been paid out of surplus, that is to say, neither of these transactions would have been carried out had we not been assured of the possibility of effecting the payments in question without incurring a deficit. If we add together these two items, we arrive at a total of 1,030,000 *l.* On the other hand, the amount of English war contribution credited to the accounts of the year is 2,305,000 *l.* This was greater than the amount expended on the war, including Frontier Railways. I shall presently (para. 85) show that, owing to the difficulty of making an accurate separation between Ordinary Military Expenditure and War Expenditure, it is impossible to state precisely the amount by which this sum of 2,305,000 *l.* exceeds the real amount of War Expenditure incurred during the year, but I shall not be far from the mark if I state the excess at about 250,000 *l.* Deducting 250,000 *l.* from 1,030,000 *l.*, there remains 780,000 *l.* If, therefore, the Provincial Governments had not been paid 1,030,000 *l.*, and if, on the other hand, the receipts had not been swelled by an extraordinary credit of about 250,000 *l.*, the surplus would have been 2,357,000 *l.* Some further corrections of this nature might be made. I have, however, said enough to show that 1,577,000 *l.* falls far short of the sum by which the normal Revenue of the year is estimated to exceed the normal Expenditure.

"71. The Budget Estimates for the current year were framed on the unquestionably sound principle that, so long as the embarrassment caused by the partial occupation of a foreign territory continued, all large measures of fiscal reform must be postponed. It is now, indeed, two years since any important alterations in the fiscal system have been made, during which time the personnel of the Indian Administration, both in England and in India, has undergone very considerable changes. It follows, therefore, that so far as the flourishing condition of the finances, which the figures I have given above indicate, results from financial administration, the credit is due not to the present Government, but to its predecessors.

"72. I proceed to give some explanations in respect to a few of the more important differences between the Regular and Budget Estimates.

"73. The net Revenue from *Excise* was originally estimated at 2,932,000 *l.** It is now estimated at 3,312,000 *l.*, being 380,000 *l.* in excess of the Budget Estimate. The general principles which guide the Government in respect to the Revenue from *Excise* are so well known that I need not discuss them at any

* "A Statement (X) has been added to those heretofore published, in which the net figures for 1880-81, 1881-82, and 1882-83 are given. It is thought that this statement may be useful for reference. Under the head of 'Budget 1882-83' two columns are given, viz., 'preliminary' and 'final.' The 'preliminary' column give the figures as they would stand if no fiscal changes were made. The 'final' column give the figures as they stand after allowing for the loss occasioned by the remissions of taxation which, as I shall presently explain, it is proposed to make."

any length. Both from the financial and moral point of view, it is desirable to obtain a maximum of Revenue with a minimum amount of consumption. If the price of liquor is unduly increased, illicit trade at once springs up. If it be unduly diminished, drinking is encouraged. These principles are generally recognised as quite sound. The difficulty in dealing with the subject consists in their proper application. So far as any increase in the Revenue represents the substitution of licit for illicit consumption, it is an unmixed good. So far as it represents facilities for drinking being afforded beyond the ordinary requirements of the population, it is an evil.

Increase in Bengal.

"74. There has been an increase of Revenue in every Province of India, but the principal increase has taken place in Bengal. The net Revenue in that Province, which was originally estimated at 803,000 *l.*, is now estimated at 953,000 *l.*, an increase of 150,000 *l.* There is reason to suppose that in some districts of Bengal an unduly rapid extension of shops under the out-still system has taken place, but the Lieutenant Governor has drawn the attention of local officers to the subject, and in the future it is to be hoped that the number of licenses given will be so regulated as to follow, and not to precede, the demand for liquor.

XIII. & 15. Post Office.

"75. The net cost to the State of the *Post Office* is now estimated at 43,000 *l.* in excess of the original Estimate. The operations of the *Post Office* afford a good indication of the progress of the country. During the year 1880-81 about 159,000,000 letters, newspapers, parcels, &c., passed through the *Post Office*, as compared with about 143,000,000 in 1879-80. The system of *Post-cards*, which was introduced into India on 1st July 1879, has been much appreciated by the public. In the nine months from 1st July 1879 to 31st March 1880, 7,472,000 of these cards were used. In 1880-81 the number rose to 14,865,000. The number of *Money Orders* issued in the first nine months of the current year was 1,601,412, representing a value of about 4,295,000 *l.*, as compared with 1,152,716, representing a value of about 3,344,000 *l.*, during the corresponding period of 1880-81. During the year 1880-81 insured property to the value of about 7,876,000 *l.* was sent through the *Post Office*. The rate of insurance charged is $\frac{1}{4}$ per cent. of the value. The amount of property lost, whether from accident, fraud, or highway robbery, was only 1,040 *l.* This result testifies to the general efficiency of the *Post Office* administration, and to the honesty of the large body of postal employes, the great majority of whom are Natives of India.

Reduction in Registration Fee ;

"76. Various reforms have been introduced into the *Post Office* administration during the current year. On 1st August 1881 the fee for Registration was reduced from four to two annas. It is too soon yet to say what will be the ultimate financial result of this reduction, but it is certain that, since the reduction of the fee, the number of registered letters has largely increased. During the month of December 1881, which is the latest month for which returns have been received, there was an increase in Head Offices alone of about 17 per cent., as compared with April 1881.

and in postage on Newspapers.

"77. In October 1881 the postage on newspapers not exceeding three tolas ($1\frac{1}{4}$ ozs.) in weight, was reduced from six to three pie. It is too early yet to say whether this measure will have any effect upon the circulation of the Vernacular papers, which mainly benefit by the change.

Post Office Savings Banks.

"78. I mentioned, on the occasion of my last Financial Statement (para. 95), that arrangements were being made to utilise the organisation of the *Post Office* with a view to giving increased facilities to depositors in the *Savings Banks*. The new scheme will come into operation on 1st April 1882. We are unable at present to introduce it into the *Bombay Presidency*, owing to legal difficulties in connection with the vested rights of the *Bank of Bombay*; it will, therefore, for the present, only be introduced in the *Bengal and Madras Presidencies*. There are at present in those *Presidencies* 179 *Railway and Treasury Savings Banks*. None of these will be closed, but from 1st April 1882, 4,035 *Post Office Savings Banks* will be opened. The advantages of thus facilitating the investment of small sums by the rural population are obvious. Even with the limited number of *Savings Banks* now open the accumulation of capital steadily increases. There were 63,293 Native, and 44,485 European and Eurasian

Eurasian depositors in 1880-81, as compared with 52,147 Native, and 59,141 European and Eurasian depositors in 1879-80. The value of the deposits was 3,299,000 *l.* in 1880-81, as compared with 2,315,000 *l.* in 1879-80. There was a remarkable and very satisfactory increase (718,000 *l.*) in the amount of Native investments. It is to be hoped that, with the additional facilities now offered, the amounts invested will increase more rapidly than heretofore.

" 79. The efficiency of the Post Office administration depends to a great extent on a very careful attention to small details. The requirements of the public have to be watched, and, so far as is possible, anticipated. From this point of view the criticisms and suggestions on postal administration which from time to time appear in the newspapers, both English and Vernacular, are of great assistance. It is desirable that the Post Office authorities should be kept fully informed of the most recent improvements introduced into the postal administration of other countries. With this object in view, a high official of the Post Office will shortly visit the principal countries of Europe as well as the United States.

" 80. The Government has at present under its consideration a scheme for granting Life Assurances and Annuities, both immediate and deferred, to the employés of the Post Office. This scheme will shortly be introduced. The experience we shall thus gain will enable us to judge whether it will be desirable to extend the scheme to others besides postal employés. Life Assurance.

" 81. The increased work which has been thrown upon the Post Office renders it desirable to improve the position of Postmasters, more especially in Bengal, the North-Western Provinces, and Oudh, where their pay has, relatively speaking, been low. The salaries of the Postmasters have, therefore, been increased in those Provinces, at a cost to the State of about 5,000 *l.* a year. Pay of Postmasters.

" 82. The net cost to the State of the *Telegraph* Department is now estimated at 91,000 *l.*, as compared with the Budget Estimate of 81,000 *l.* In the course of the year important additions were made to the pay of the Telegraph Establishment. About 1,000 miles of line have been opened and about 4,000 miles of new wire erected; 128 additional offices were opened. It is too early yet to judge of the effect on the Revenue of the alterations in the Tariff which were introduced on 1st January 1882, or of the extent to which the system of sending 'urgent' and 'deferred' messages is appreciated by the public. The following figures, however, give some indication of the results attained so far. From the Calcutta Office seven per cent. of the messages despatched during the month of January were 'urgent,' 71 per cent. were 'ordinary,' and about 21.5 per cent. were 'deferred.' Comparing the number of messages sent from four of the principal offices in January 1882 with the number sent in January 1881, there has been an increase in Calcutta of nine per cent.; in Madras of 11 per cent.; in Rangoon of 15 per cent.; in Bombay there has been a falling off of five per cent. During the year Postal Telephone Offices have been established as adjuncts to the Telegraph Department. Licenses have also been granted to Telephone Exchange Companies in Calcutta, Bombay, Madras, and Kurrachee. XIV. and 16. Telegraph.

" 83. The net Expenditure on *Other Public Works* is now estimated at 215,000 *l.* in excess of the Budget Estimate. The main increase of Imperial Expenditure has taken place in Bengal, where it is expected that the Budget Estimate will be exceeded by a sum of about 83,000 *l.* This is due to additional grants having been made during the year for the new Treasury Building, the new Central Press Building, and the new Military Account Offices, the Imperial Museum at Calcutta, and for several other works. The expenditure on Military Works during the year 1880-81 fell short of the Regular Estimate by 68,000 *l.*; this amount was, therefore, added to the grant for 1881-82. For some years past it has been the practice to give a fixed grant of 1,000,000 *l.* a year for Military Works, on the understanding that any unexpended balance is carried forward for expenditure in the following year. XXVII. and 34. Other Public Works.

" 84. The Regular Estimate provides for a total net *Military Expenditure* of 17,494,000 *l.*; viz., 16,150,000 *l.* Ordinary, and 1,344,000 *l.* War, as against a Budget Estimate of 17,855,000 *l.*; viz., 15,645,000 *l.* Ordinary, and 2,210,000 *l.* War. XXVIII. and 35. Army.

War.* The present Estimate of net Military Expenditure is, therefore, 361,000 *l.* less than the Budget Estimate. The difference would have been greater but that a sum of 560,000 *l.* has been deducted from *Frontier Railways* and added to *Military Operations in Afghanistan*. This sum represents the amount of capital expended on the unfinished portion of the Kandahar Railway. It was thought desirable to make this transfer in order that the capital account of the existing railway, which runs from Ruk on the Indus to Sibi and Pir Chowki, should not be burdened with expenditure which does not really belong to it, and which is properly debitable to the war. If we deduct this amount of 560,000 *l.*, the net war expenditure, exclusive of *Frontier Railways*, would be reduced from 1,344,000 *l.* to 784,000 *l.*, and the Regular Estimate of total net Military Expenditure would be 16,934,000 *l.*, being 921,000 *l.* less than the Budget Estimate.

War Expenditure
of 1881-82.

“85. I have already explained (para. 10) that a redistribution of the English contribution between the years 1880-81 and 1881-82 was made in September 1881. According to the original distribution, 2,000,000 *l.* was to be credited to the Account of 1880-81, and 3,000,000 *l.* to the Account of 1881-82. This latter sum of 3,000,000 *l.* was estimated to cover the cost of *Military Operations in Afghanistan* and of *Frontier Railways* in the proportion of 2,210,000 *l.* for the former, and 790,000 *l.* for the latter, class of expenditure. The distribution adopted in September, which was the best that could be made according to the information then available, was 2,695,000 *l.* for 1880-81 and 2,305,000 *l.* for 1881-82. According to the Regular Estimate, the net charge for *Military Operations in Afghanistan* during the year 1881-82 will be 1,344,000 *l.*, and the charge for *Frontier Railways* 209,000 *l.* The total net cost of *Military Operations* proper and of *Frontier Railways*, taken together, during the year, has, therefore, been 1,553,000 *l.*, being 752,000 *l.* less than the amount of the English contribution which will be credited to the year's account. These figures, however, do not accurately represent the state of the case. It will be observed that, whilst the net War Expenditure recorded under *Army* is estimated at 866,000 *l.* less, the net Ordinary Military Expenditure is estimated at 505,000 *l.* more, than the Budget Estimate. It has, in fact, been found impossible to distinguish accurately between Ordinary and War Expenditure. Orders were issued in the course of last autumn that from 1st January 1882 the charges on account of the troops beyond the frontier should be treated as Ordinary, only special charges, such as compensation for loss of camels, &c., being classified as War Expenditure. It cannot be doubted that a great deal of the expenditure debited to the Ordinary account really belongs to the War. The Military Estimate must, in fact, be treated as a whole. The division into Ordinary and War Expenditure does not pretend to any great accuracy.

Total cost of the
War.

“86. It will be convenient in this place that I should state the total cost of the War. Exclusive of the cost of *Frontier Railways*, the direct cost of the War may be taken at 17,551,000 *l.* (true sterling 14,679,000 *l.*). The *Frontier Railways* are estimated to cost 4,060,000 *l.* (true sterling, 3,614,000 *l.*). The total cost of the War, if we include *Frontier Railways*, is, therefore, 21,611,000 *l.* (true sterling, 18,293,000 *l.*). Of this amount 5,000,000 *l.* (true sterling) has been paid by the Government of England, and the remainder by the Government of India.

“87. This is the best calculation that can be made of the cost of the War, but it does not profess to be very accurate. On the one hand, certain deductions have to be made by reason of the increased receipts from *Railways* and *Telegraphs*, consequent on the War. It is impossible to say to what an extent any deduction should be made on these heads, but the amount, if it could be accurately calculated, would, no doubt, be considerable. On the other hand

some

A very accurate
calculation is im-
possible.

* “This calculation excludes the English contribution from the Revenue side of the Account.”

some large additions have to be made, both by reason of the fact, to which I have alluded above (para. 85), that a good deal of War Expenditure has been debited to the Ordinary Account, and also because the cost of the Punjab Northern State Railway is not included in this calculation. The construction of that Railway was hurried on by reason of the War, and, in consequence, it no doubt cost considerably more than it otherwise would have done. Further, some small charges have yet to be incurred on account of the War. Provision has been made in the Budget of 1882-83 for a sum of 30,000 l. on account of these charges.

“ 88. The Budget Estimate provided for a net *Loss by Exchange* of 3,063,000 l. It was anticipated that the Secretary of State would draw 17,200,000 l. sterling. The value of the rupee was taken at 1 s. 8 d. There has been a considerable demand for Council Bills lately. The opportunity has, therefore, been taken to remit home money to an extent somewhat in excess of the year's requirements. It is now estimated that the Secretary of State will draw on the Government of India to the extent of 17,504,000 l. sterling during the current year, at an average rate of 1 s. 7 8/8 d. The net *Loss by Exchange* is now estimated at 3,294,000 l., being 231,000 l. in excess of the Budget Estimate. XXIX and 36.
Exchange.

“ 89. It will be observed that the grant of 1,500,000 l. for *Famine Relief and Insurance* is divided into three sub-heads, viz., *Relief, Protective Works, and Reduction of Debt*. There has been an expenditure of 23,000 l. on *Famine Relief* during the current year in Madras, caused by a remission of some of the advances given to cultivators and others in 1876. 31. Famine Relief
and Insurance.

“ 90. According to the Regular Estimate, the expenditure during the current year on *Protective Works* will be as follows:— Protective Works.

<i>North West Provinces :</i>		£.
Betwa Canal - - - - -		25,000
<i>Bombay :</i>		£.
Nira and Gokak Canals and Maswad Tank - - - - -	82,000	
Southern Mahratta Railway - - - - -	315,000	
	397,000	
<i>Punjab :</i>		
Swat Canal - - - - -	40,000	
Rewari—Ferozepore Railway - - - - -	207,700	
	247,700	
<i>Madras :</i>		
Surveys - - - - -	6,000	
Expenditure in England - - - - -	51,300	
	57,300	
TOTAL - - - - -	£.	727,000

“ 91. The annual grant (750,000 l.) to be applied to the *Reduction of Debt*, together with a portion (90,000 l.) of the same grant for 1882-83, will be devoted to paying off the 5 per cent. loan of 1867 (603,000 l.) and the 4 per cent. loans of 1871 (203,100 l.), of 1824-25 (31,600 l.), and of 1828-29 (5,800 l.). Various suggestions have from time to time been made as to the best method of spending this money for the future. I need not, at present, discuss those suggestions. They will, without doubt, be carefully considered by the Commissioners appointed under the Government Resolution published in the *Gazette of India* of 4th February 1882. It was, in fact, with a view to the full consideration by an independent body of the various alternatives which are possible that the Commissioners were nominated; and the Resolution appointing them was drafted with a view to embracing all the different suggestions which have from time to time been made. We should have been glad if we could have given somewhat greater powers to the Commissioners, but it was held that we were precluded by Act of Parliament from doing so. The Commission will be a consultative body. The final responsibility for action will rest with the Government. I trust, however, that the difference will be more nominal than real. The Government will, without doubt, always be disposed to follow the Reduction of Debt.

advice of the Commissioners. I wish on behalf of the Government to thank the gentlemen (Mr. J. Keswick and the Honourable Durga Charan Láhá), who have consented to act as Commissioners. It is, I venture to think, desirable to take any opportunity of this sort which may arise to associate the leading members of the mercantile community with the work of Government in India. A good deal of misapprehension as to the views and intentions of Government not unfrequently arises from the want of free communication between the official and unofficial classes.

Famine Insurance policy.

“ 92. I take the present opportunity of drawing renewed attention to the leading feature of the Famine Insurance policy. Whether the method which has now been adopted for disposing of the annual grant of 1,500,000 *l.* is the best of which the circumstances admit may be a matter of opinion. There can, however, be no doubt whatever that by the annual expenditure of 750,000 *l.* on works which will to some extent prevent famine, and which will also, it may reasonably be hoped, render the relief of famine, when it occurs, less costly, and by the expenditure of a further sum of 750,000 *l.* on reducing debt in some form or another, we are, in the strictest sense of the word, insured against famine to the extent of 1,500,000 *l.* a year. That sum the Famine Commissioners, after a very full consideration of the whole subject, named as the ‘ amount not likely to be exceeded as the average charge for famine relief ‘ over a series of years.’ Having made provision for this sum of money to be expended annually, the Government considers that all that is necessary has been done with a view to placing India in a sound financial position to meet future famines. I mention this again, although it has frequently been explained before, because, should unfortunately a famine occur with the result that any anticipated surplus of the year is turned into a deficit, it may not improbably be urged by those who take a very gloomy view of the financial position of India as a proof that their fears have been verified. I venture to think that no such inference would be justified. We do not profess to finance for a surplus in a year of famine. When a serious famine occurs, it is inevitable that the Expenditure of the year should be greater than the Revenue. We anticipate that, under the circumstances assumed, this will be the case, and we consider that all the requirements of sound finance have been met if in ordinary years a sum of 1,500,000 *l.* has been expended, partly as an insurance against the loss which must of necessity accrue when famine occurs, and partly on works which will either tend to prevent the occurrence of famine, or will, at all events, diminish the cost of relieving it when it occurs.

“ VII.—EXPENDITURE ON RAILWAYS.

RAILWAYS.

“ 93. The ‘ Ordinary ’ Expenditure on Railways for the year 1881-82 was originally estimated at 417,000 *l.* It is now estimated at 281,000 *l.* The difference is mainly due to the transfer of the estimated outlay during the current year on the Jhelum—Rawalpindi Section and Salt Branch Extension of the Punjab Northern State Railway from 32. *Railways* to 37. *Productive Public Works*.

XXV. and 32. Railways.

Subsidised railways.

“ 94. The item of 39,000 *l.* under the sub-head of *Subsidised Railways* is for the purchase of the land necessary to the construction of the Bengal Central Railway, and for guaranteed interest payable to the Company. The item of 2,000 *l.* on the revenue side of the account represents the interest realised on the capital paid by the Company to the Secretary of State.

Frontier railways.

“ 95. The decrease of 581,000 *l.* under the sub-head of *Frontier Railways* is mainly due to the transfer of 560,000 *l.* to *Military Operations in Afghanistan*, which I have already explained (para. 84).

Railways classed as Productive Public Works, as revenue and expenditure account.

“ 96. Turning to the Revenue and Expenditure Account of those railways which are classed as Productive Public Works, it will be observed, on comparing the figures under XXV. and 32. *Railways*, that the Budget Estimate of net receipts appears to have been exceeded by 1,064,000 *l.* Of this apparent improvement, 150,000 *l.* is shown as decrease of expenditure on account of the East Indian Railway. The decrease under this head is almost entirely due to the interest on the East Indian Railway Debentures having, in the Budget Estimates, been included under 32. *Railways*, whereas in the regular Estimate, it is charged to 1. *Interest on Debt*. The result is that, whilst the charge under

under the former head of account is decreased, that under the latter is increased to the extent of about 150,000 *l.* Hence, the net receipts from *Railways* are really 914,000 *l.* in excess of the Budget Estimate. Almost the whole of this increase is on account of the Guaranteed and East Indian Railways. On the guaranteed lines the main increases have taken place in the Great Indian Peninsula and Eastern Bengal Railways. The net receipts from State Railways are now estimated at 18,000 *l.* more than the Budget Estimate. The net receipts of the Rajputana—Malwa Railway have improved by 110,000 *l.*; but this improvement has been, to a great extent, counterbalanced by the falling off on the Punjab Northern Railway, the net receipts from which are now taken at 88,000 *l.* less than was originally estimated. So long as the war traffic was going on, it was difficult to frame any correct estimate of the normal net receipts on this line.

“ 97. In my last Financial Statement (para. 30) I made the following remarks: ‘ I am not over sanguine as to the possibility of developing the resources of India rapidly through the agency of private enterprise; but the end to be attained is so important that the policy merits a further trial.’ My main object in making these remarks was to draw public attention to the subject, and to remove the impression which heretofore, whether rightly or wrongly, had prevailed, that the Government of India was disposed to discourage the construction of railways by any other agency than that of the State. This object has been attained. The question has, indeed, now entered a new phase. Numerous offers have been received by the Government to construct railways on terms more or less advantageous to the State. Many of these merit and will receive careful attention. In respect to others, all I need say is that the necessity for the warning which I gave last year to the effect that it was ‘ important only to give concessions to such persons as can afford good security that they have at their command a sufficient amount of capital to carry out the undertaking to a successful issue,’ has been justified by subsequent events.

CONSTRUCTION OF
RAILWAYS BY
PRIVATE ENTER-
PRISE.

“ 98. I mentioned last year that a company was about to be formed, under the auspices of Messrs. Rothschild, to construct a railway from Calcutta to Jessore and Khulna. The original basis of negotiation was that no Government aid was to be given except the grant, free of charge, of the land necessary to the construction of the line. Ultimately it was decided to give a guarantee of 4 per cent. during the period of construction, which was limited to five years. The transaction was a great advance on anything which had heretofore been accomplished in the way of constructing railways by unaided private enterprise in India.

Central Bengal
Railway.

“ 99. In respect to some railways in India, it may be said that they present a sufficiently reasonable prospect of success to justify the hope that the capital necessary to their construction can be raised through the agency of private enterprise on the exclusive security of the success of the undertaking. In respect to others, whose immediate prospect of proving remunerative are less hopeful, it was inevitable that the question of the degree of aid which, in the early stages of the undertaking, may legitimately be afforded by the State, should arise. This important question now forms the subject of correspondence between the Secretary of State and the Government of India. Under these circumstances, I will not at present discuss it, but will confine myself to stating in detail the actual position of affairs, both as regards the progress of railway construction generally and of the main projects which have recently occupied the attention of Government and of the public.

Railway policy is
under discussion.

“ 100. I wish, however, to say that so far as the broad issue of whether permission should under any circumstances be given to private companies to construct railways in India is concerned, Her Majesty’s Government has entirely approved of the views which I propounded on the occasion of my last Financial Statement. In a despatch reviewing that statement the Secretary of State observed, ‘ I have to express my cordial approval of the views enunciated by Major Baring in his Financial Statement regarding the encouragement of private enterprise in India, any measures in which direction will be welcomed by Her Majesty’s Government.’ I repeat that I am not over sanguine of the results which may be produced by this change of system. The success or

General principle
of private enter-
prise approved by
the Secretary of
State.

failure of the policy obviously depends to a great extent on circumstances over which the Government can exercise no control. All I claim for the policy is that it should have a fair and impartial trial.

Lines open and under construction.

" 101. At the commencement of the year 1881-82 there were 9,619 miles of railway open to traffic, and 646 miles under construction. During 1881-82, 318 miles of railway have been opened to traffic, and the commencement of 1,154 additional miles has been sanctioned. We have, therefore, now 9,937 miles open to traffic, and 1,482 miles which are either under construction or whose construction will be commenced in 1882-83, making a total of 11,419 miles. Of those lines which are under construction it is expected that 491 miles will be opened during the year 1882-83.

Oudh and Rohilkhund Extension.

" 102. In the course of the year arrangements were made with the Oudh and Rohilkhund Railway Company to extend their operations in a northerly direction from Moradabad to Saharanpur with a branch from Roorkee to Hurdwar, a total distance of 134 miles, at a cost of about 1,500,000 l. It is expected that this extension, together with the bridge over the Ganges at Benares, will be finished in 1883-84. There will then be through communication, without any break of gauge, from the East Indian Railway at Mogulserai through Oudh to Saharanpur.

Sonpur—Gorakhpur and Bahraich Railway.

" 103. A survey has been made of the line from Sonpur to Gorakhpur and Bahraich. The total length of this line, with its branches, is 432 miles. It was originally estimated to cost, on the metre gauge, 2,126,000 l., or about 4,900 l. a mile. The consulting engineer of the Government of India considers this estimate too low. The estimates are now being further examined. In the meanwhile the papers on the subject have been published, and we have addressed the Secretary of State, recommending that enquiries should be made with a view to ascertaining whether a Company, unaided by Government in any way except by a free grant of land, could be formed to undertake the construction of the line.

Southern Marhatta system.

" 104. One of the most important lines in India, whether from the point of view of protection against famine, or in respect to the development of a tract of country whose progress is now retarded owing to deficient means of communication, is that which is known by the name of the Southern Marhatta system. This system includes (1) the line from Bellary to the Portuguese frontier, which the Government of India is under a treaty obligation to construct; (2) branches to Belgaum on the one hand and to Bunkapur on the other; (3) a direct connection between Sholapur and Gadak. The total length of the line is 444 miles; 315,000 l. will be spent on the Sholapur—Gadak and Bellary—Hubli sections in 1881-82 out of the grant of 750,000 l. for protective works. A further allotment of 370,000 l. out of the same grant has been made for 1882-83. Work is about to commence on the line between New Hubli and the Portuguese frontier. A sum of 150,000 l. from ordinary funds has been granted for this purpose in 1882-83. This is the most we can do at present with the funds at our disposal. But, in view of the very great importance of completing this railway system without delay, we have urged upon the Secretary of State the desirability of endeavouring to arrange for its construction by a company. It is especially in respect to lines of this nature that the question of the degree of aid which may be afforded by the State to private enterprise arises.

Railway communication with Assam.

" 105. The question of railway communication with Assam has recently occupied the attention of the Government. At a recent meeting of the Indian Tea Association the chairman (Mr. J. Keswick) said, 'What we want for Assam is good communications, for good communications will do more to settle the labour question than anything else. The soil we know to be of the richest description, and with sufficient labour there is no limit to its productivity.'

Dacca—Maimansinh line.

" 106. The projected line from Narainganj to Dacca and Maimansinh is 85 miles long. It is estimated to cost 600,000 l., or about 7,000 l. a mile, on the metre gauge. The line is now being located. It would be desirable that this line should be constructed, if only to open out the country about Maimansinh, but its main importance lies in the possibility of a further extension to Gauhati, a distance of about 100 miles from Maimansinh. This extension

extension is being now reconnoitred. No official report on the results of the reconnaissance has as yet been received, but I am informed that the engineer-in-chief is of opinion that the route is impracticable, save at very inordinate expense.

" 107. An alternative project would be to make a line through the Cachar hills to Sibsagar. This alternative is supported by many high authorities. No reconnaissance has as yet been made of this route. In the meanwhile the Bengal Government has under consideration a project to make a railway from Daudkandhy to Comillah and Chittagong, a distance of 125 miles. It is estimated that, on the metre gauge, the construction of this line would cost 812,500 l., or 6,500 l. a mile.

Line from Daudkandhy to Comillah and Chittagong.

" 108. In the meanwhile, as it is obvious that some long while must yet elapse before railway communication with Assam can be established, arrangements are being made with a company to start a daily service of fast steamers up the Brahmaputra from Dhubri. These arrangements are now almost complete.

River communication up the Brahmaputra.

" 109. In the course of the year a concession was made to a company to construct 76 miles of railway in the most easterly portion of Assam, namely, from Dibrugarh to Sadiya (52 miles), with a branch to Makum (24 miles). This proposal has been for a long while under consideration, and the negotiations were already far advanced, when, on the occasion of my last Financial Statement, I alluded to the desire of Government to enlist private enterprise in aid of railway construction in India. The concessions granted to the company were very liberal, and are not to be taken as an indication of what the Government would be prepared to concede in other cases.

Dibrugarh—Sadiya line.

" 110. Reconnaissance surveys are being made with a view to considering the possibility of making a direct connection between the Central Provinces and the East Indian Railway system. Various overtures have been received from capitalists of respectability, including some natives of India, which may perhaps eventually lead to the construction of this line. Until, however, the reports of the Engineer officers who are now employed in reconnoitring are received, I am unable to say anything definite, either as to the route the line will eventually take or as to the likelihood of any negotiations with a company being conducted to a successful issue.

Direct connection between the Central Provinces and the East Indian railway system.

" 111. Simultaneously, a reconnaissance is being made of the country between Raipur and Vizagapatam, with a view to judging of the possibility of connecting these points by railway.

Raipur—Vizagapatam line.

" 112. Negotiations are in progress with a view to the construction through private agency, of a railway from Bareilly to Ranibagh, a distance of 66 miles. The cost of this undertaking will be about 220,000 l.

Bareilly—Ranibagh line.

" 113. A proposal has been received from a local company to make a line from Baroon, on the River Son, to Daltonganj. The length of this line is 56 miles, and the cost, on the metre gauge, is estimated at about 275,000 l., or 4,900 l. a mile. This project is now under the consideration of the Bengal Government. The information at present in the possession of Government is not of a nature to enable us to judge thoroughly of the advisability, or the reverse, of making the concessions which have been demanded.

Baroon—Daltonganj line.

" 114. Negotiations are pending between the Madras Government and a company, with a view to the construction of a line from Metapaliyam to Coonoor, a distance of 12 miles. The cost of this line is estimated at 132,000 l.

Nilgiri railway.

" 115. A short line is to be constructed from the Baidyanath Station, on the East Indian Railway, to Deogarh and Rohinee, a distance of six miles. A very satisfactory feature in respect to this small undertaking is, that it is to be constructed without any aid from Government except the grant of the land, and that the capital required (25,000 l.) has been locally subscribed.

Baidyanath—Deogarh tramway

Rohtak—Delhi
tramway.

TOTAL COST OF
RAILWAYS IN
INDIA.

“ 116. There is also some prospect that a local company will be formed in the Punjab to make a tramway from Rohtak to Delhi, a distance of 43 miles.

“ 117. It may be interesting that I should here state the sum of money which up to the present time has been laid out on railways in India, together with the financial results which have ensued from their construction.

“ 118. The total capital outlay on railways in India up to the end of 1882-83* will be 138,937,000 *l.*, viz., 68,292,000 *l.* on guaranteed lines, 31,852,000 *l.* on State lines, and 38,793,000 *l.* on the East Indian Railway.

“ 119. The net charge to the State on account of the guaranteed lines has been decreasing since 1872-73, in which year it reached its maximum figure (2,054,000 *l.*). In 1881-82 it is estimated that the net charge will only be 115,000 *l.* In 1882-83 it is at present estimated that the net charge will be 261,000 *l.*

“ 120. The net charge to the State on account of State lines reached its maximum figure (725,000 *l.*) in 1879-80. In 1882-83 it is estimated at 206,000 *l.*

“ 121. From 1879-80, when the East Indian Railway was taken over by the State, up to the end of 1882-83, it is estimated that this line will have yielded a net profit to Government of 4,133,000 *l.*

“ 122. If the subject be considered as a whole, it may be said that the total cost of the railways to India from their commencement to the end of 1882-83; that is to say, the total sum by which the net receipts have fallen short of the interest paid on the capital outlay, is estimated at 25,569,000 *l.* The maximum net charge to the State in any one year amounted to 2,163,000. This figure was reached in 1872-73. In 1877-78 the railways for the first time yielded a net profit (132,000 *l.*). This was due to the large amount of traffic during the famine. In the following year (1878-79), when the country was suffering from the effects of the famine, the net charge was heavy (1,350,000 *l.*). If we balance the abnormal receipts of the year 1877-78 against the abnormal losses in 1878-79, it may be said that since 1872-73 the net charge to the State has been steadily diminishing, until during the current year it is estimated that a net profit of 723,000 *l.* will be realised. This result may possibly be exceptional, and it would be unsafe to rely on a continuance of the high receipts which have recently been obtained. But according to the moderate Budget Estimate of 1882-83, the net gain to the State during the coming year will be 261,000 *l.*

“ 123. It may also be interesting that I should state the financial position of each railway considered separately. The following tables show—(1) the capital outlay on each line to the end of 1881-82; (2) the estimated net receipts during the current year; (3) the percentage return on the capital outlay.

“ 1. *Guaranteed Railways.*

	Estimated Capital Outlay to end of 1881-82.	Net Receipts.		Percentage.
		Regular Estimate, 1881-82.		
	£.	£.		
Eastern Bengal - - - - -	3,555,509	300,000		8.43
Madras - - - - -	11,424,784	200,000		1.75
South Indian - - - - -	4,547,039	120,000		2.64
Bombay, Baroda, and Central India -	8,756,881	580,000		6.62
Great Indian Peninsula - - - - -	25,749,956	1,800,000		6.99
Oudh and Rohilkhund - - - - -	6,321,766	195,000		3.08
Sind, Punjab, and Delhi - - - - -	11,957,111	295,000		2.47

“ 2. *State*

* “ Up to the end of 1880-81 the figures are Actuals; for 1881-82 the figures of the Regular, and for 1882-83 those of the Budget Estimate have been taken.

The net charge to
the State has been
diminishing since
1872-73.

"2. State Railways.

	Estimated Capital	Net Receipts.	Percentage.
	Outlay to end of 1881-82.	Regular Estimate, 1881-82.	
	£.	£.	
East Indian Railway	38,307,683	3,110,000	8.12
Rajputana	5,617,039	320,000	5.70
Western Rajputana			
Nimach	3,423,441	60,000	1.75
Holkar			
Sindhia	569,206	9,500	1.09
Wardha Coal	593,592	7,500	1.26
Nagpur and Chhattisgarh	828,567	10,000	1.21
Rangoon and Irawadi	1,289,305	64,000	4.96
Dhond and Manmad	997,628	14,000	1.40
Northern Bengal	2,101,600	94,000	4.47
Tirhut	575,285	24,000	4.17
Patna and Gaya	380,014	17,000	4.47
Nalhati	33,624	100	.29
Calcutta and South Eastern	679,486	—4,000	—59
Cawnpore—Farrukhabad	324,841	12,500	3.84
Muttra—Hathras	109,287	3,500	3.20
Ghazipur—Dildarnagar	67,853	500	.74
Muttra—Achnera	66,890	100	.15
Indus Valley	8,028,093	115,000	1.43
Punjab Northern (Lahore to Rawalpindi, including Salt Branch)	4,534,743	21,500	.47

"124. These tables enable us to arrive at the following conclusions:—

"(1.) In respect to the guaranteed lines, 38,062,000 l. of the capital which has been laid out up to the end of 1881-82 is paying more than 4 per cent., and 34,251,000 l. is paying less than 4 per cent.

"(2.) The East Indian Railway, on which 38,308,000 l. has been expended, is paying about 8 per cent.

"(3.) In respect to the State lines, 9,963,000 l. of the capital laid out up to the end of 1881-82 is paying more, and 20,555,000 l. is paying less than 4 per cent. It is to be borne in mind that this latter figure includes 12,563,000 l. for the Indus Valley and Punjab northern lines, which were avowedly constructed for strategical purposes, that many of the lines are scarcely finished, and that others have only very recently been opened to traffic.

Conclusions to be drawn from the figures.

"VIII.—SUPPLY OF STORES TO GOVERNMENT.

"125. In the last Financial Statement (para. 105) I alluded to the desirability of substituting articles of local manufacture, when possible, for such articles as the Government has been in the habit of importing from Europe. The objects of this policy are twofold. In the first place, to diminish the Home charges; in the second place, to encourage by all legitimate means the establishment of new industries in India. In respect to this latter question, the Famine Commissioners observe (Report, Part II., Chapter VI.) that—

SUPPLY OF STORES TO GOVERNMENT.

Objects of the policy of purchasing stores locally.

'At the root of much of the poverty of the people of India, and of the risks to which they are exposed in seasons of scarcity, lies the unfortunate circumstance that agriculture forms almost the sole occupation of the mass of the population, and that no remedy for present evils can be complete which does not include the introduction of a diversity of occupations, through which the surplus population may be drawn from agricultural pursuits and led to find the means of subsistence in manufactures or some such employments.'

'So far as the products of any industries established in India can be economically used by Government, they might properly be preferred to articles exported from Europe, and generally the local markets should be resorted to for all requisite supplies they can afford. We are aware that steps have been taken within the last few years to enforce this principle, but more can certainly be done, and greater attention may properly be paid to the subject.'

Limits to influence of Government.

" 126. It would be easy to exaggerate the extent to which any Government action can exercise an influence upon the important economic question to which the Famine Commissioners allude. This was pointed out by the Commissioners in their Report. At the same time Government can do something in the proposed direction, and what it can do it ought to do and is desirous to do.

General orders on the subject have been overlooked.

" 127. General orders have on previous occasions been issued to the effect that, wherever feasible, stores of Indian origin or manufacture should be substituted for imported goods; but the tendency of general orders is to be overlooked; when, therefore, a general order was issued last June prescribing that for the future every effort should be made to supply the wants of Government by the purchase in the local market of articles of *bonâ fide* local manufacture, it was deemed necessary, in order to ensure attention to the order, to follow it up by a specific prohibition in every case, in which this could reasonably be done, of the importation of stores. The prohibition could not, of course, be made absolute; it was necessarily limited to cases where the articles required could be obtained in quantities sufficient for requirements at prices not higher than, and of a quality not appreciably inferior to, the prices and quality of the imported goods for which they were to be substituted; also, where an Indian made article different from the imported article, but equally serviceable, was obtainable, orders were given that the former was to be preferred. Since last June the Financial Department has been actively employed in watching the operation of the orders given by the Government, and seeing that they are rigorously adhered to. The Military and Public Works Departments, which are the two largest consumers of stores, gave their adhesion to the policy under discussion, and have co-operated in carrying it into execution. The local governments and administrations have also lent valuable assistance by insisting on a careful observance of the orders by the chiefs of the departments subordinate to them. I take this opportunity of expressing a hope that the various departments concerned, as well as the local governments and administrations, will continue to watch this subject carefully. Without their cordial co-operation and assistance, it will be almost impossible to give effect to the policy of the Government. General orders, as I have already said, are of little avail. The question is essentially one of detail, and unless each indent on England be carefully examined in detail, with a view to the exclusion of such articles as can be obtained locally, no considerable advance in the desired direction will be made.

Results attained up to present time.

" 128. It was considered that the most efficient and speedy way of ensuring the practical execution of the orders was to call for statements of the stores received by departments from England during the two previous years, and to specify distinctly the stores entered in the lists which were not in future to be obtained elsewhere than in India. This has been done with every list of stores which has been received, and a similar process has been gone through with every current indent for stores received in the Financial Department. The work has been very laborious, and much credit is due to Mr. O'Connor, the Assistant Secretary in the Financial Department, for the manner in which it has been executed. The result so far is, briefly, that in the Civil departments, stores, which had hitherto been imported to the annual value of about 80,000 l., will in future be obtained in India of Indian manufacture. The largest values are represented by cotton and woollen goods, but the list includes a great variety of other articles; for instance, agricultural and other implements, building materials, such as cement and fire-bricks, chemicals, drugs and medicines, earthenware, glass-ware, hardware, iron-ware in great detail, leather, liquors, oils, paints, soap, paper and stationery, printing materials, rope and twine, silk goods, scientific instruments, &c. This list indicates the great capacity of India as a manufacturing country; capital and acquired skill are necessary for the full development of this capacity, and it is hoped that this will be forthcoming if the prospect is held out of a continuous demand on the part of the State for all the articles which it requires. The Government has, accordingly, offered contracts for terms of years to anybody able to supply articles not now made in the country of sufficiently good quality and at reasonable prices.

Civil Departments.

Capacity of India as a manufacturing country.

prices. In some cases such offers have elicited answers which are encouraging. In others no reply has been made to the offers of the Government.

" 129. In addition to the total of 80,000 *l.* mentioned above, the Military Department has already substituted Indian goods to the value of 166,700 *l.* for articles hitherto imported, among the chief items being beer and woollen goods (blankets). Arrangements have also been made to manufacture in India, through the agency of private enterprise, a portion of the boots required for the army, and it is hoped that eventually India will be able to supply the whole demand. The change is still in active progress in the Military Department, and in the course of another year or two it is hoped that the total amount of stores purchased in India will be increased.

Military Department.

" 130. The Public Works Department has not as yet been able to do much in the same direction. The requirements of that department mainly consist of girders, rails, and other articles made of wrought iron. Unfortunately India cannot yet manufacture wrought iron or steel, although it is hoped that before long a commencement will be made. Great facilities exist for the manufacture of these articles in more than one province, and only wait for efficient private enterprise to take them up.

Public Works Department.

" 131. A reduction of about 250,000 *l.* out of the whole value of the Government stores imported into India is not much, but it is a good beginning. With the development of the woollen industry, which has been started under favourable conditions at Cawnpore and Lahore, paper-making, leather manufacture, and brewing, all of which are now thriving, there is good reason to hope that eventually a material impression will be made on the totals of the imports on account of the State.

Total reduction of European stores up to present time.

" 132. Sufficient time has not yet elapsed for the effect of the orders which were recently issued to be seen on a general review of the imports. Indents which had been sent to England in 1880, or before, are now being complied with; reserve stores must be exhausted, and time must be given to local manufacturers to complete their arrangements to make and deliver goods. I give, however, the following figures, in order to show the facts of the case as they now stand.

Result as shown by comparison of total imports.

" 133. The total value of the stores imported on behalf of Government in 1879-80 was 1,424,000 *l.* In 1880-81 it was 2,808,000 *l.* The increase in 1880-81 over 1879-80 is to a great extent apparent and not real, owing to the classification of stores for the East Indian Railway, after it became the property of the State, as Government stores, whereas formerly they were classed in the trade accounts under general trade. A great quantity of material was also imported for the Frontier and other State lines of railway. The increase was, in fact, almost entirely under this head. In the 10 months of the current year, for which we have returns, the value of the imports has amounted to 1,806,000 *l.*, as against 2,349,000 *l.* in 1880-81 and 1,070,000 *l.* in 1879-80. Of this sum of 1,806,000 *l.*, 1,014,000 *l.* was for 'Railway Plant and Rolling Stock,' which cannot be obtained in India, as against 1,322,000 *l.* in 1880-81, and 322,000 *l.* in 1879-80 under the same head. Excluding this item, the figures for the three years would stand thus:—

	£.
1879-80	748,000
1880-81	1,027,000
1881-82	792,000

" The value of imports, other than railway material, during the first 10 months of 1881-82 is, therefore, 235,000 *l.* less than during the corresponding period of 1880-81, and 44,000 *l.* more than during the corresponding period of 1879-80. Little, however, is to be learnt by comparisons of this sort. The only way to watch the development of the policy is to compare the total quantities of any particular article supplied to the State, and note the proportion in which those quantities have been obtained locally or imported from Europe.

" 134. In connection with the subject now under discussion, I may mention that the question of jail manufactures is at present under the consideration of

Jail manufacture

Government. A circular has been addressed to local governments, with a view to ascertaining the precise nature of the articles which are sold either to the public or to Government, and, more especially, the system which is adopted in calculating the selling price of those articles. There can be little doubt that, in some instances at all events, articles manufactured at jails are sold at prices which preclude the possibility of fair competition. Moreover, it must in some places happen that one large jail can supply articles sufficient to meet the whole local demand; so that, irrespective of price, local enterprise is in danger of being crushed out. If the question be considered from the purely financial and economic point of view, it may, I think, be held that any diminution of the charge for jails thrown on Government is dearly bought at the expense of checking the growth of native industries. The question, however, is not purely financial and economic. Behind it lies the far more difficult question of how prisoners can best be employed. I am not at present in a position to state the nature of the decisions at which the Government will ultimately arrive. All I can now say is, that we recognise the importance of this difficult question, and that it will receive careful consideration.

“ IX.—THE OPIUM QUESTION.

THE OPIUM QUESTION FROM AN ECONOMIC POINT OF VIEW.

“ 135. The main financial and political feature of the year which is about to close is that, whereas at its commencement we were at war, or at all events were still burdened with a heavy war expenditure, we are now at peace. With the advent of peace the Government has been able to turn its attention to questions of domestic policy. We have, during the course of the summer, passed under review the several branches of the Indian fiscal system, and I am now in a position to announce the decisions at which we have arrived in respect to several important points connected with that system. The first question to which I propose to allude is Opium.

Extent to which the Opium Revenue is precarious discussed.

“ 136. It has been often stated that the revenue which India derives from opium is precarious. It will be desirable to examine to what extent this description is correct.

“ 137. The general belief that the opium revenue is precarious appears, to a great extent, to be based upon the violent fluctuations which in past years have taken place in the prices realised for Bengal opium at the Calcutta sales. Sir John Strachey, in his recent work on the Finances of India (Chap. XIV), has shown that the facts of the case do not altogether warrant any such inference. The fluctuations of price in past years were to a great extent due to the fact that great variations took place in the number of chests of opium offered annually for sale.

Dangers to which it is exposed.

“ 138. Nevertheless, the opium revenue is exposed to some dangers of an exceptional nature. Moreover, those dangers are somewhat more prominent at present than they have been in past years.

The crop is precarious.

“ 139. The policy of the Government for the last two years has been to offer 56,400 chests of Bengal opium for sale annually. The opium crop is precarious. To ensure a continuous supply of 56,400 chests a year, it is necessary to maintain a reserve, in order that the surplus of good years may be used to supply the deficiencies in bad years. The average annual production of ‘provision’ opium—*i.e.*, opium for sale by public auction, which is mostly exported to China*—for the last 20 years, has been 50,154 chests. The crops of the years 1875-76 and 1876-77 were exceptionally good, producing respectively 68,051 and 67,167 chests of provision opium. The result was that a strong reserve was constituted. It has, therefore, been possible for the last four years to

* In addition to the quantity exported, about 4,000 chests of Bengal Opium are consumed in India. This is termed “ Abkari ” Opium.

to offer a large number of chests for sale.* But in order to effect this object, it has been necessary to draw on the reserve, which, in consequence, has been steadily diminishing, as the following figures will show:—

	Chests in reserve.
1878 - - - - -	48,482
1879 - - - - -	31,622
1880 - - - - -	25,183
1881 - - - - -	21,752
Estimate for 31st December 1882 - - - - -	15,084

“ 140. This process of depletion cannot continue indefinitely. An exceptionally good crop may, indeed, again replenish the reserve; but we cannot rely on a fortuitous circumstance of this sort. An average crop, or, at all events, a succession of average crops, will oblige us to resort to one of two alternatives. We shall be forced either to increase the production or to diminish the amount offered for sale. Depletion of reserve.

“ 141. The reports from the local authorities generally point to the conclusion that any considerable extension of cultivation, either in the Behar or the Benares agency, is not to be anticipated. In order to maintain the existing cultivation, it has recently become necessary to raise the price paid to the cultivators for crude opium from Rs. 4-8 to Rs. 5 a seer. The increased cost of production resulting from this enhancement of price is estimated at 215,000/. Difficulty of extending cultivation.

“ 142. Whether, in the event of its being necessary to diminish the quantity of opium offered annually for sale, we may expect to be recouped any loss of revenue by increased prices, depends largely upon the competition of the Persian and the indigenous Chinese drugs. Question of enhancement of price discussed.

“ 143. The quantity of opium exported from Persia has increased during the last 10 years from 870 to 7,700 chests. It is believed that the cultivation of the poppy in Persia has not as yet reached its natural limits. The quality of Persian opium is being gradually improved. Still, the evidence afforded by the Chinese consular report tends generally to show that Indian opium is preferred to Persian by those who can afford to pay for the former of the two drugs. On the whole, it may be said that the competition of Persian opium constitutes a danger to the Indian revenue, but that the danger is not at present very serious. Competition of Persian Opium.

“ 144. Turning to the question of the competition to be apprehended from the indigenous Chinese drug, a careful perusal of the Consular reports enables us to arrive at the following conclusions:— Competition of Chinese Opium.

“ (1) The production of opium in China has greatly increased of late years, and is still increasing. There is no reason to suppose that it has as yet nearly reached its natural limit. Consequent on the increased production and on the greater cheapness of the Chinese drug, there is a danger that amongst the poorer classes of the population, at all events, the Indian drug will be displaced by the Chinese.

“ (2) Up to the present time the Indian drug has been able to hold its own amongst the wealthy classes by reason of its superior quality. The quality of some of the Chinese drugs is improving, but even the best are still inferior to Indian opium.

“ 145. To

* 1878-79 - - - - -	55,500
1879-80 - - - - -	59,100
1880-81 - - - - -	56,400
1881-82 - - - - -	56,400
Average - - -	56,850

Summary of conclusions on a review of the economic aspects of the question.

" 145. To sum up this brief review of the economic aspects of the question; the facts which I have so far elicited, that is to say, the necessity of raising the price paid for crude opium, the difficulty of extending the area under cultivation in India, the necessity which may be forced on us of reducing the quantity of Bengal opium annually offered for sale, and the increase in the production and the improvement in the quality of the Persian and Chinese drugs, all point to one conclusion, namely, that it is by no means improbable that the opium revenue may undergo some diminution. Although the amount of revenue derived during the last four years has been very large, it would be unwise to count upon its continuance at so high a figure. There has quite recently been a sharp fall in the price realised for Bengal opium at the Calcutta sales, and the Malwa trade has for some while been very stagnant. To this extent, therefore, the opium revenue may be said to be precarious.

CONSIDERATION OF THE QUESTION FROM THE MORAL POINT OF VIEW.

" 146. I have so far dealt with questions of fact. I now come to a much more difficult branch of the question. I must now leave the domain of fact and approach that of sentiment and morality, which opens a wide field for difference of opinion.

The problem is eminently a practical one.

" 147. A great deal has, from time to time, been written as to the effects of opium, both on the individual and on the Chinese nation. I do not think that anything is to be gained by discussing this subject at any length. That opium when used in moderation for medicinal purposes is beneficial; that in China it is very often used to excess; that when used to excess its effect is baneful; and that it would be better for the Chinese if they smoked less opium, are truisms which may be generally accepted.

" The common-places on the subject may, to some extent at all events, be admitted by all parties. Even if it be conceded to the Anti-Opium Society that the effects of the drug are to the full as baneful as they allege, we should, whether from the Chinese or the Indian point of view, be no nearer than at present to the solution of the problem which we have in hand. It is useless to discuss what ideal condition of things would commend itself either to Chinese or to Indian statesmen. The problem we have to treat is eminently a practical one.

Direct connection of Government with the trade.

" 148. I pass on, therefore, to the consideration of the two points as to which the position of the Government of India has been especially attacked.

" 149. The first of these is the direct connection with the trade. It may be readily admitted that the Government of India being, as regards Bengal, manufacturers and dealers in the drug, are placed in a somewhat invidious and false position. But when we are invited to discontinue the present connection with the trade, we naturally ask, what is the precise nature of the alternative policy which is to be adopted? Does that policy merely involve the cessation of the connection between the Government of India and the opium trade in Bengal? or does it aim at a total suppression of the opium trade between India and China? I think it may be inferred that the direct connection is merely regarded as a specially objectionable incident, and that the ultimate aim of the policy advocated by those who are opposed to the existing system under which the revenue is raised in Bengal, is to prohibit the trade altogether.

A consistent anti-opium policy must aim at a total suppression of the trade.

" 150. In point of fact, in order to be consistent, those who object to the existing order of things in respect to opium must of necessity go further than merely condemning the direct connection between Government and the trade. The avowed object of their policy is to stop the alleged demoralisation consequent on the extensive use of opium in China. No one can for one moment pretend that the mere cessation of the direct connection between the Indian Government and the manufacture of opium would of itself in any way tend to bring about this result.

Economic objections to the present system.

" 151. The economic objections to the manner in which the opium revenue is raised, whether in Bengal or Bombay, may be admitted to be considerable. In the former case the Government itself engages in private trade, a course which is open to obvious objections. In the second case, a very heavy export duty is imposed. In both cases the course adopted interferes with and restricts the free production of and trade in opium. It cannot be doubted that it would be profitable to any private trader to pay for crude opium a much higher sum than

than is now paid by the Government to the cultivators of Bengal. If, therefore, supposing such a thing to be possible, no restriction were placed upon the cultivation of the poppy, and if at the same time the export duty were taken off, it is certain that an immense stimulus would be given to the production of opium, and that China would be flooded with the Indian drug. Thus, in direct proportion to the removal of the economic objections, the moral objections would be intensified in degree. So long, therefore, as the plea of the Anti-Society is confined to the contention that the Indian Government should in its direct connection with the opium trade, it may be said, with perfect truth, that their policy is based purely on theory. Not only can it effect no practical good, but it almost certainly would do a great deal of harm. It would increase the consumption of opium in China. It would, by cheapening the price of the Indian drug, cause the poorer classes of Chinamen, who now smoke native opium, to substitute Indian opium in its place. It would, moreover, encourage the use of opium amongst the native population of India, some of whom, notably the Sikhs, are already addicted to the practice; and it would result in a diminution of the food-supply of India by reason of the cultivation of the poppy over tracts where cereals are now grown. If, therefore, the policy is to be not merely theoretical, but is to be productive of some practical good, it must aim, not only at the disconnection of the Indian Government with the manufacture and sale of opium, but at the total suppression of the cultivation of the poppy. I shall presently (paragraphs 174-179) revert more particularly to the financial aspects of this question.

" 152. As to whether it be more immoral for the Government to be directly connected with the manufacture and sale of opium than merely to derive a revenue from the manufacture and sale of the drug by others, that is a point on which, without doubt, much difference of opinion may exist. I do not think that any useful object would be gained by a discussion of this point, or of the cognate question of whether, in Mr. Fawcett's words, there is 'much difference between raising revenue from opium and raising 26 millions as we did in this country (England) to a great extent out of the intemperance, improvidence, and vice of the people.'

Morality of the direct connection.

" 153. I turn to the second point, in respect to which the position of the Government of India has been especially attacked, namely, the policy pursued towards the Chinese Government in relation to the opium trade.

Relations with China.

" 154. It has been stated that the treaty under which opium is admitted into China was extorted from the Chinese Government; that the Chinese Government is now forced to admit opium; and that it is both able and willing to put a stop to the consumption of opium in China, if the foreign import trade were stopped.

" 155. These are grave accusations. I think, however, that I can show that it is wholly incorrect to say that the article in the Treaty of Tientsin, which provided for the admission of opium, was extorted from the Chinese Government; that Indian opium is in no way forced upon China, but that, on the contrary, the Chinese Government derived a large revenue from the import trade, which it is very unwilling to sacrifice; that the statement that the Chinese Government is willing to put down the use of opium must be received with great qualifications; and that irresistible evidence is forthcoming to show that it is not able to stop it, even if its willingness to do so be freely admitted.

Erroneous statements on this subject.

" 156. I need not go into the history of the various wars which have from time to time been waged with China, or examine whether the policy of those wars was justifiable or the reverse. It may be very true that the Chinese were with difficulty got to assent to the terms of the Treaty of Tientsin. There is nothing very remarkable in the fact that at the close of a war the vanquished party should accept, with great reluctance, the terms on which the victors insist. But as regards the particular point which we are now discussing, namely, the admission of opium into China, we have excellent evidence to show that it is wholly incorrect to say that this provision of the treaty was extorted from the Chinese. Mr. Lay, who was Chinese Secretary to Lord Elgin's Mission, and who personally conducted the Tariff negotiations, has

The Chinese were not forced to admit opium when the Treaty of Tientsin was signed.

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. I then proposed that the duty should be increased beyond the figure suggested in the Tariff; but to this he objected, on the ground that it would increase the inducements to smuggling.' Mr. Lay's and Mr. Oliphant's statements appeared in the *Times* of 22nd October and 25th October 1880. Their 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.

Neither are they forced to admit it now.

" 157. 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 Yamén 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 of 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 with the people themselves. The measure I suggest would affect Chinese revenue, but would not reach the root of the mischief.'

The Chinese Government is unable to stop the use of opium.

" 158. I turn now to the question of whether the Chinese Government is both able and willing to stop the use of opium.

" 159. Numerous edicts, couched in the most peremptory terms, have been from time to time issued to prohibit the use of opium and the cultivation of the poppy. In issuing these decrees, the Chinese Government may be credited with a certain amount of sincerity. Without doubt, the Emperor of China, his ministers, and the most enlightened portion of the population of China, deplore the extensive use of opium. If they could afford the loss of Imperial revenue consequent on the importation of foreign opium,—if they could exercise any real control over the numberless corrupt officials who earn a livelihood from the use of the native drug—if they thought it were possible to deal with a great social evil of this sort by legislation, and to coerce a large part of the population of a vast empire into a groove contrary to their inveterate habits and the current of their every-day life—it is not improbable that they would gladly see the use of opium abandoned. But, whatever be the views which the Chinese ministers entertain on this question in the abstract, nothing is more certain than that they, equally with the Indian Government, would be embarrassed by the loss of revenue which would be caused either by a cessation of the foreign trade in opium or by the suppression of the manufacture and sale of the drug in China; that, save on rare occasions, when some specially energetic official may have produced a temporary effect, they have up to the present time never earnestly endeavoured to check the use of the drug, and that they recognise, both by word and deed, their complete inability to do so. A mass of evidence from the consular reports might be adduced in support of these conclusions.

" 160. I now

" 160. I now proceed to deal with the final branch of the subject, namely, the practicability of adopting any measures which shall render the connection of the Government of India with the opium trade in Bengal less direct.

Practicability & pts closing the direct connection with the trade.

" 161. This subject has been already frequently under the consideration of the Government of India. It was fully discussed in 1858, and again in 1864, when Sir Charles Trevelyan recorded his opinion in favour of a change of system. 'The opium monopoly,' he said, 'forms no exception to the general category of Government monopolies. It will be found, when the trial is made, that its abolition will be attended with the same good effects as the throwing open of the India and China trade, and the abolition of the Bengal salt monopoly.' In other words, Sir Charles Trevelyan looked at the question from a purely economic point of view. He did not in any way contemplate interfering with the cultivation of the poppy; on the contrary, the object of his policy was evidently to extend it. It was again considered in 1868, at the instance of Sir William Muir. On the occasion of each discussion the balance of opinion was strongly in favour of the continuance of the monopoly system.

Opinions on the occasion of the former discussions.

" 162. In attempting to deal with this question, we are at the outset met by the difficulty to which I have already alluded. Is the final object of the policy, which we occasionally are invited to adopt, to be the severance of the direct connection between the Government of India and the opium trade, and the substitution of private enterprise in the place of the Government monopoly? or are we to aim at the total suppression of the cultivation of the poppy and of the opium trade, in so far, at all events, as British India is concerned? It is absolutely necessary to have a clear idea as to which of these two alternative policies is to guide the action of Government. It is difficult, if not impossible, to effect any compromise between them.

Doubts as to true nature of policy proposed.

" 163. For the reasons which I have already given, I think it may be assumed that the ultimate aim of a consistent anti-opium policy must be to suppress the manufacture and sale of opium altogether, or, at all events, to limit it to the Native States of India. I proceed, therefore, in the first instance, to discuss the question of abolishing the monopoly on the hypothesis that we are to aim at a total suppression of the trade in so far as Bengal is concerned.

Discussion of the question on the assumption that the aim of the policy is total suppression in British India.

" 164. It has been alleged that the careful development of the resources of India, combined with economy in expenditure, would provide for any gradual loss of money which the abandonment of the opium revenue in Bengal might entail.

" 165. The average net revenue derived from the sale of Bengal opium during the last 10 years is 4,358,000 *l.* During the last three years the average revenue has been 5,450,000 *l.* In dealing with a fluctuating revenue of this sort it is difficult to speak with great accuracy, but I shall perhaps be not very far from the mark if I assume that the total abandonment of the revenue derived from opium in Bengal would cost about 5,000,000 *l.**

Bengal net revenue.

" 166. This, however, does not represent the whole of the case. On the one hand the cessation of the poppy cultivation in Bengal would probably give a stimulus to the Malwa trade. Malwa opium, I need hardly say, is manufactured wholly in the Native States of India. We cannot interfere with the growth of the poppy in those states, neither could we prevent opium being exported from them without maintaining a costly preventive line, the establishment of which would be open to great and obvious objections. It is quite impossible to frame any estimate of the degree to which we should recoup any loss of revenue by increased receipts on account of export duty; but it may be predicted with certainty that the total loss would not nearly be recouped.

Stimulus to Malwa trade.

" 167. On

* "I ought to explain that the receipts under the head of *Opium* include—(1) the money realised at the Calcutta sales; (2) the receipts from the Malwa pass duty; (3) that part of the sale proceeds of opium, sold in the Excise Department, which is taken as representing cost price. About one-third of the sale proceeds are credited under *Opium*, and about two-thirds under *Excise*. The average net provincial receipts for the last 10 years on account of the sale of Bengal opium, which have appeared under *Excise*, amount to 381,000 *l.* It is impossible to say how far these receipts would be affected if the monopoly were abolished. Probably Malwa would, to a certain extent, take the place of the Bengal drug; but if this were the case, the Imperial Government would lose the amount of the pass-duty upon the number of chests consumed locally. All that can be said on this subject is that some loss would certainly be incurred, both by the Imperial and provincial Governments, over and above the 5,000,000 *l.* mentioned above.

“167. On the other hand, whilst the operation of the causes which would tend to mitigate the loss of revenue are uncertain, the same cannot be said of those which would tend in an opposite direction.

Aggravation of exchange difficulty.

“168. In the first place, the diminution of the export trade from India to China would aggravate the exchange difficulty. It is almost needless to observe that one of the elements which regulates exchange between England and India is the balance of trade between the two countries. The China trade, however, exercises a very important influence on exchange. England owes China a large sum of money annually, which represents the excess of imports from China over exports from the United Kingdom. China, on the other hand, owes India a large sum annually, mainly for opium.* This debt is, in a great measure, paid by transferring to India a portion of England's debt to China. If, therefore, the export trade from India to China were diminished by, say, 4,000,000 *l.* a year,† it is clear that a very depreciatory influence would be exercised on exchange between India and England. It is impossible to estimate the loss which would thereby be caused to the Indian Treasury, but it cannot be doubted that it would be considerable.

Necessity of providing for present staff.

“169. In the second place, provision would have to be made for the present staff employed under the Bengal monopoly system, either by pensions, gratuities, or the bestowal of other places under Government. This would probably result in a heavy charge being thrown on the Government for some years.

“170. For the sake of argument, however, I leave out of account these important but uncertain factors. I assume that the loss to the Indian Government would, as stated above, be 5,000,000 *l.*

The total loss of revenue in Bengal could not be recouped.

“171. It cannot be too clearly understood that neither by any means tending to develop the resources of the country, nor by any increase of taxation which is practically within the range of possibility, nor by any reduction of expenditure, could the Government of India in any adequate way at present hope to recoup the loss which would accrue from the suppression of the poppy cultivation in Bengal.

The sacrifice of the Bengal opium revenue would render India insolvent.

“172. As regards the development of which the resources of the country are capable, it is to be observed that a great deal has been done in the last 30 years. Yet it may safely be stated that those resources are as yet only half developed. Hopes are now entertained that a stimulus may be given to the rapid construction of railways through the agency of private enterprise; but it is evident that, however successful this policy may eventually prove to be, some years must elapse before its full effect can be produced. Again, it is a notorious fact that any aggregate increase of taxation is open to the strongest economical and political objections; whilst, in respect to some branches of the fiscal system, a reduction of taxation is very necessary. As regards any economy which may be affected in expenditure, it is to be observed, in respect to the civil branches of the service, that, even if the most radical reforms which have from time to time been suggested were carried into effect, any economies in this direction could bear but a slight proportion to the revenue which would have to be abandoned if the poppy cultivation in Bengal were altogether suppressed, whilst, on the other hand, it is certain that, as civilisation advances, new wants will be developed, which will involve an increase of civil expenditure. As regards military expenditure, proposals have already been made to the Secretary of State which, if they receive the sanction of Her Majesty's Government, will result in considerable economy. No economies in the military branches of the service could, however, be effected, which would in any adequate manner balance the total loss of the Bengal opium revenue, without incurring political dangers of the most serious description. It is the duty of the Government of India to speak very plainly on this subject. The difficulties of this problem have to be fairly faced. The hard facts of the case, whether from the Chinese or the Indian point of view, have to

*“ In the last year (1880-81), for which the returns are complete, the balance of trade in favour of India was 11,282,555 *l.*

†“ This is allowing 1,000,000 *l.*, by comparison with the estimate of 5,000,000 *l.*, for increase in the Malwa trade.

to be borne in mind. Those facts can neither be altered, nor can their significance be attenuated, by any enunciation of abstract principles. It is, therefore, essential that all who are interested in the question should have clearly before their eyes the opinion of those who for the time being are responsible for the conduct of the Indian finances. That opinion, as I venture to formulate it, is, that the Government of India is at present quite unable to devise any means by which the loss of revenue consequent on the suppression of the poppy cultivation in Bengal could be recouped, and that, until such means be devised, the loss of the Bengal opium revenue would result in the normal annual expenditure of the Government being greater than its receipts; that is to say, that India would be insolvent. I wish to state this in language which admits of no misapprehension, in order that those who may have to deal with this matter should do so with a perfect knowledge of the facts of the case, and after due warning that any present attempt to abandon the opium revenue, whilst conferring a very doubtful benefit on the population of China, would do incalculable harm to the 250 millions of people over whom we rule in India.

“ 173. From the language which is occasionally used on this subject in England, I am led to infer that many influential persons, animated by a laudable zeal to benefit the population of China, are perhaps somewhat forgetful of the duty we owe to the population of India. It has been calculated that the average income per head of population in India is not more than *Rs. 27* a year; and although 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. Apart from the practical issues involved, there are, indeed, two aspects of the question from the point of view of public morality. If, on the one hand, it be urged that it is immoral to obtain a revenue from the use of opium amongst a section of the Chinese community, on the other hand it may be replied that to tax the poorest classes in India in order to benefit China, would be a cruel injustice, and it is to be remembered that no large increase of revenue in India is possible unless by means of a tax which will affect those classes. To tax India in order to provide a cure, which would almost certainly be ineffectual, to the vices of the Chinese, would be wholly unjustifiable.

And unjust to the people of India.

“ 174. I turn now to the consideration of the question on the supposition that the ultimate aim of the policy is not the total suppression of the poppy cultivation in Bengal, but merely the severance of the direct connection between the Government and the opium trade, and the substitution of private enterprise for the Government monopoly.

Probable loss involved in substituting private enterprise for the present Government monopoly.

“ 175. The actual cost of a chest of Bengal opium, including interest on the capital employed and all indirect charges, is *Rs. 421*.* The average price realised at the Calcutta sales for the last ten years is *Rs. 1,280* per chest. The average profit, therefore, realised on a chest of Bengal opium may be taken at *Rs. 859*.

“ 176. The next point to be decided is the export duty which a chest of Bengal opium would stand in the event of this method of deriving revenue being substituted for the Government monopoly. It is certain that, in order to arrive at a correct conclusion on this point, we must leave a large margin of profit to the exporter. The trade would be very speculative. The risks being great, no one would embark in the trade unless a large margin of profit were left. Moreover, it is probable that a private individual would have both to give more liberal advances to the cultivators, and to pay a higher price for crude opium than is paid by Government. The local officers, who have from time to time been consulted, are unanimous in thinking that the security afforded by dealing with Government is an important element in deciding the cultivators to grow the poppy. No private individuals could offer so good a security. Again, it is quite impossible to foresee the consequences on the China market of the withdrawal

Rate of export duty.

*“ I take the average cost of production of Behar and Benares opium.”

withdrawal of the Government from the trade. Bengal opium holds its own by reason of its high quality. The Government mark is regarded as a sufficient proof of the purity of the drug. It is almost certain, therefore, that if the manufacture were in the hands of private individuals, the price of Bengal opium in China would fall. Under these circumstances, I think, it is taking an optimistic view to suppose that Bengal opium would stand an export duty of Rs. 600 a chest.*

Loss roughly estimated at 2,128,000 l.

"177. The average number of chests of Bengal opium sold in the last ten years (1871-72 to 1880-81) was 49,337. It is very difficult to say what number of chests would be exported if the Government abandoned the monopoly. On the whole, however, I do not think that with a duty of Rs. 600 we ought to reckon on an export of more than 45,000 chests a year. I put forward this estimate under great reserve, for, in dealing with a subject of this sort, any estimate that can be framed must be little more than a conjecture. A duty of Rs. 600 on 45,000 chests would give 2,700,000 l. a year. The net revenue derived from Bengal opium may be taken at about 5,000,000 l. This figure, however, includes the receipts from the Excise Department on account of Abkari opium.

The average receipts on this account for the last ten years amount to 172,000 l. The receipts from the Calcutta sales may, therefore, be taken at 5,000,000 l.—172,000 l.† = 4,828,000 l. The difference between this figure and 2,700,000 l., viz., 2,128,000 l., represents the probable loss which would be incurred from the abolition of the Government monopoly.

Maintenance of a preventive establishment.

"178. This calculation, however, does not represent the whole of the case. It is certain that, if the change of system under discussion were carried into effect, a large preventive establishment would have to be maintained, and that, even with such an establishment, it would be well nigh impossible to prevent smuggling.

Withdrawal from monopoly would stimulate consumption in China.

"179. 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 would be impossible for the Government of India to afford. As the profit to be derived on each chest of opium would be considerably diminished, it would be necessary, in order to recoup the 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.

"180. I venture to think that this is a conclusive argument against any change of system. We are in this dilemma, that if the average production of opium fell off, a loss of revenue would be involved, which it is out of the question that the Government should incur; and on the other hand, if the hazardous experiment which we are invited to try should succeed, the results would be not only to increase the amount of opium-smoking amongst the Chinese, but to run a great risk that its use in India would be much extended.

The Government is opposed to withdrawal.

"181. For these reasons the Government of India deprecates any attempt to withdraw from the monopoly. The system at present works well. It cannot be too clearly understood that any change whatsoever would involve a great risk to

* The export duty on Malwa opium is at present Rs. 700 a chest; but it is to be born in mind that although the weight of a chest of Malwa and of a chest of Bengal opium is equal, namely, 140 lbs avoirdupois, or a Chinese *picul* (133½ lbs.), plus 5 per cent., which is appropriated by the middlemen in the trades as perquisites, the consistence of the different classes of opium is different. Malwa opium contains generally from 90 to 95 per cent. of fine opium; that is to say, that at the lower of these two consistences, it contains 126-128 lbs. avoirdupois of pure opium. A chest of Behar opium is of 75° consistence; that is to say, it contains 105-107 lbs. of pure opium. A chest of Benares opium is of 70° consistence; that is to say, it contains 98-1 lbs. of pure opium. A duty, therefore, of Rs. 700 on Malwa opium is analogous to a duty of Rs. 583 a chest on Behar opium, or of Rs. 544 a chest on Benares opium.

† As the Akbari opium is sold at cost price to the Excise Department, these 172,000 l. may be entirely left out of the calculation. On the one hand, the Imperial Government would not have to spend this sum of money; on the other hand, it would not receive it. It is, however, to be borne in mind that in addition to the loss of 2,128,000 l. to the Imperial Government, the provincial governments would certainly lose some portion of their excise revenue (average 381,000 l.) by the abolition of the monopoly.

to the Indian revenue, whilst it would almost certainly not contribute to the objects which the Society for the Suppression of the Opium Trade have in view. In fact the greater the degree of success which attends the experiment, the less will the objects which the Society have in view be attained.

" 182. Although, however, the actual financial situation of India precludes for the present any attempt to tamper with the opium revenue, it does not necessarily follow that this state of things should always prevail. Reform in other branches of the fiscal system must for the present engage the attention of the Government. Again, money must be found in one form or another to push on that development of the country which a leading member of the anti-opium society has himself recognised must be a preliminary to any reform in the system under which the opium revenue is collected. Without taking too optimistic a view of the future, we may be permitted to hope that fiscal reform, accompanied by as rapid an extension of railways and canals as the financial exigencies of the situation will permit, may possibly bring within the scope of practical politics plans which cannot now be considered as otherwise than visionary. If we are ever to abandon the revenue now derived from the poppy cultivation in Bengal, by far the wisest plan will be to maintain the monopoly in the hands of the Government. From the administrative point of view, the suppression of the cultivation in Bengal presents but few difficulties. We have only to diminish the price paid for crude opium, and the cultivators would substitute other crops in the place of the poppy. If, however, private enterprise be allowed to occupy the field, vested interests will be created, and the difficulties of ultimately dealing with the question will almost certainly be enhanced. In the meanwhile, the best hope of ever carrying out the policy which commends itself to the Society for the Suppression of the Opium Trade will be to derive for the present as large a revenue as possible from opium, and to utilise it to the best advantage. It is just within the range of possibility that if this policy be adopted, it may ultimately place the Government of India in such a situation as would enable it to suppress the cultivation of the poppy in Bengal altogether, should it be thought desirable to do so.

It is just possible that at some future time the Government may be able to deal with the question.

" 183. One further point demands attention. It cannot be doubted that native opinion in India would strongly resent any additional burdens being placed upon the taxpayers with a view to the abandonment, either whole or partial, of the opium revenue. It is, moreover, more than probable that the views of the British Government on this subject would be misunderstood. 'There must,' a native newspaper said a short time ago, 'be some selfish motive at the bottom of the movement made in England for the suppression of the Indian 'opium trade.' No doubt an opinion of this sort is very foolish. The high motives which guide the action of the Society for the Suppression of the Opium Trade cannot for a moment be doubted. However much we may consider that the views they express do not take sufficient account, whether from the Chinese or Indian point of view, of the practical difficulties connected with the problem they have set themselves to solve, no reasonable person can fail to respect their motives. I trust that I have said nothing which can in any way be construed in an opposite sense. Without doubt the gentlemen who take an active part in the agitation against the opium trade would be the first to protest if they thought the Indian ryots were suffering from any grievous injustice. But, on the other hand, it cannot be doubted that the opinions foreshadowed in the native print from which I have quoted above are prevalent in India; that they would find louder and more frequent expression if it became generally understood that there was any serious intention of moving in the direction proposed by the Anti-Opium Society; that, even supposing England were to award a considerable compensation to India, it is exceedingly improbable that such compensation would adequately meet the loss involved in the abandonment of the opium revenue; and that, in consequence, a sense of injustice would be engendered amongst the natives of this country, who would consider either that their interests had been sacrificed from selfish motives, or, at all events, that, in our regard for the Chinese, we had done an injustice to our own subjects. The fact that the measure would contribute to alienate from us the feelings of the natives of India is certainly an element which ought not be neglected in dealing with this question.

Native opinion on the subject.

“184. I now proceed to deal with the question of the degree of reliance which should be placed on opium in balancing our estimates of revenue and expenditure.

THE OPIUM ESTIMATE.

“185. The opium revenue was this year estimated at 6,500,000 *l.* net. In comparing this estimate with the actual net revenue of past years, a great deal depends on the number of years for which an average is taken. The average net revenue for the last 10 years (1871-72 to 1880-81) is 7,062,000 *l.*; for the last five years, 7,441,000 *l.*; for the last four years, 7,731,000 *l.*; for the last three years, 8,135,000 *l.*; and for the last two years, 8,351,000 *l.* The revenue has been rising during the last four years. The result is, that the further we go back the lower the average becomes. But whatever standard of comparison be adopted, there can be no question that at present 6,500,000 *l.* net is an under estimate.

“186. This estimate has during the course of the year formed the subject of a good deal of discussion and criticism. The matter has been carefully reconsidered by the Government, and I am now in a position to announce the result of our deliberations.

Under estimate of Opium in former years.

“187. In dealing with other items of revenue and expenditure, the Budget Estimate for the coming year is usually based on the regular Estimate of the year about to close, due allowance being of course made for any exceptional circumstances which may have occurred in the current year, or which may be expected to occur in the coming year. The opium estimate has, however, received exceptional treatment. A much wider margin has been left for a possible diminution in receipts than would be considered necessary in dealing with other branches of the revenue. It is generally recognised that some extra amount of caution should be adopted in framing this estimate, but it has been urged that, under present circumstances, an estimate of 6,500,000 *l.* errs on the side of excessive caution, and that this sum is far less than we may expect to receive after all reasonable deductions have been made from the actuals of the last few years.

Is it safe to take off taxes in reliance on Opium?

“188. Whether, however, we take the Opium estimate at 6,500,000 *l.*, and reduce our nominal surplus by the amount of Revenue which we really expect to derive, or whether we take an Opium estimate of any other higher figure, say 8,000,000 *l.*, and increase our nominal surplus by 1,500,000 *l.*, is, relatively speaking, a matter of secondary importance. The really important issue involved is, to what extent we may take off taxes or incur additional expenditure in reliance upon Opium.

Average receipts since 1871-72.

“189. Before proceeding to answer this question, I invite attention to the figures given in the following table:—

Y E A R.	BENGAL			BOMBAY.	TOTAL Net Revenue.
	Number of Chests Sold.	Price per Chest.	Net Revenue.	Net Revenue.	
		<i>Rs.</i>	<i>£.</i>	<i>£.</i>	<i>£.</i>
1871-72 - - - - -	49,695	1,388	5,305,402	2,351,811	7,657,213
1872-73 - - - - -	42,675	1,386	4,259,162	2,611,261	6,870,423
1873-74 - - - - -	42,750	1,266	3,584,758	2,738,841	6,323,599
1874-75 - - - - -	45,000	1,207	3,264,266	2,950,817	6,215,083
1875-76 - - - - -	45,510	1,260	3,707,170	2,545,690	6,252,860
1876-77 - - - - -	47,240	1,270	3,334,338	2,946,475	6,280,813
1877-78 - - - - -	49,500	1,268	3,773,764	2,747,692	6,521,456
1878-79 - - - - -	55,500	1,225	5,319,459	2,391,212	7,700,671
1879-80 - - - - -	59,100	1,170	5,112,325	3,139,345	8,251,670
1880-81 - - - - -	56,400	1,362	5,926,886	2,524,458	8,451,294
1881-82 (Regular Estimate) - -	56,400	1,324	5,621,500	2,216,500	7,838,000

“190. It

" 190. It will be observed that the increased receipts of the last few years (except in 1879-80) have been mainly derived from the Bengal sales, and not from the pass-duty on Malwa Opium. The receipts on account of Malwa Opium have varied according to no very precise law. The high receipts (3,139,345 l.) for 1879-80 were, it is believed, largely due to over speculation. Turning to Bengal Opium, it will be noticed that the great increase in the receipts has taken place during the last four years, and that this increase has been contemporaneous with the period during which a relatively large number of chests has been offered for sale.

Increased receipts due to Bengal sales.

" 191. We know, from the present state of the reserve (*vide ante*, para. 139), that we shall be able to offer 56,400 chests for sale during the whole of the financial year 1882-83; but we cannot speak with any confidence as to our ability to continue the sale of 56,400 chests annually after the close of the year 1882-83. When the yield of the poppy crop now in the ground is known, the desirability of giving the year's notice required by custom of a diminution in the number of chests of Bengal Opium to be offered for sale in 1883-84, will be matter for consideration. The position of affairs, therefore, is as follows: the net receipts from Opium for the year 1881-82 are now estimated at 7,838,000 l., being 613,000 l. less than the actuals of 1880-81. This considerable difference shows the necessity for caution. Further, we must look forward to the possibility of a diminution of the Revenue during the year 1883-84, by reason of a smaller number of chests than heretofore being offered for sale.

Future prospects.

" 192. In answering, therefore, the question of how far we may safely take off taxes in reliance on the Opium Revenue, a great deal depends on the nature of the tax we take off. If we abandon a source of Revenue which involves a permanent and absolute loss of money, and which, moreover, from whatsoever reason, it would be difficult, in the event of the Opium Revenue failing, to restore to its former position, then the course would be open to great objection. If, on the other hand, we reduce a duty with a fair hope that the reduction will increase consumption, and thus, after a while, recoup us for any loss, and if, moreover, the duty can, without any great fiscal disturbance, be re-imposed in the event of the Opium Revenue falling off, then the reduction of taxation would be unobjectionable. The Salt Duty falls within the latter of these two categories.

" 193. It has been decided, therefore, to estimate the net Opium Revenue in 1882-83 at 7,250,000 l., and simultaneously to afford some substantial relief to the tax-payers in the shape of a reduction of the Salt Duty. This estimate leaves a margin of 588,000 l. as compared with the Regular Estimate, for the current year, and is 1,201,000 l. below the actual receipts of 1880-81. Bengal prices, as I have already remarked, are falling, and the Malwa trade is unusually depressed. Under these circumstances, it would not be prudent to take a higher estimate than that which is now proposed.

" X.—THE SALT DUTY.

" 194. If the policy which has been pursued by successive Governments of India for the last 12 years in respect to salt be considered as a whole, it cannot be doubted that that policy has been eminently successful. The duty has, in the aggregate, been considerably reduced, yet the net Salt Revenue, which in 1868-69 stood at 5,176,000 l., stands, according to the Regular Estimate of the current year, at 6,809,000 l.* In Sir John Strachey's words, it has been 'found financially more profitable to levy the Salt Duty at a moderate rate on a maximum consumption than at a high rate on a restricted consumption.'

THE SALT DUTY.

General success of past policy.

" 195. There have, indeed, been some disadvantages to counterbalance the advantages which the policy has bestowed on the country in general. Whilst the inhabitants of Bengal and Northern India have been relieved of taxation, those of Madras, Bombay, and the Native States of Rajputana and Central India have been obliged to pay a higher price for their salt. The number of persons who have been relieved of taxation has, however, been numerically larger than the number on whom additional taxation has been imposed.

" 196. The

* " See Statement X. This figure is what the Regular Estimate would be, supposing no change to be made in the rate of duty."

Rates of duty
now levied.

" 196. The actual situation is as follows: a duty of Rs. 2-8 is levied all over British India, except on salt imported by sea into or manufactured in Bengal, and on salt consumed in the trans-Indus districts of the Punjab and in Burma. In Bengal the tax is Rs. 2-14 a maund. In the trans-Indus districts of the Punjab salt is consumed which is produced at the Kohat mines, and on which a duty varying from 2½ to 4 annas a maund is levied. A preventive line extends for some 320 miles along the Indus. In Burma the duty is only 3 annas a maund.

Advantages of
reduction.

" 197. The advantages to be gained by a reduction of the Salt Duty are two-fold. In the first place, it is exceedingly desirable to reduce the price of a necessary of life which is used by the poorest classes. In the second place, the general financial situation will, as I shall presently show (para. 201), be much strengthened.

Levy of general
Rate of Rs. 2 a
maund.

" 198. We propose, therefore, to reduce the Salt Duty to Rs. 2 a maund everywhere except in Burma and the trans-Indus Districts of the Punjab. The differential duty of 6 annas now levied in Bengal will thus disappear. It is not proposed to make any change in Burma, or, for the present, in the trans-Indus districts of the Punjab.

Increase of con-
sumption conse-
quent on a reduc-
tion of duty.

" 199. The extent to which the reduction of duty will stimulate consumption remains to be considered. The annual average licit consumption in the principal provinces of India per head of population according to the new census is stated in the margin. The differences are remarkable, but they must be viewed with modifications due to a variety of circumstances. It is especially to be borne in mind that the people of Northern India, both by reason of

Provinces.	lbs.
Madras - - - - -	12
Bombay - - - - -	10
Bengal - - - - -	9.1
Punjab - - - - -	7.5
North-Western Provinces and Oudh -	6
Sind - - - - -	5

the climatic influences to which they are exposed, and to the fact that their staple food consists of wheat and pulse, require less salt than those of Southern India. At the same time, the reports of the political officers in Rajputana go to show that the inhabitants of the Native States, in which the Salt Duty was recently enhanced, have greatly diminished the consumption both of themselves and of their cattle. I do not conceive that, in respect to this particular question, the inhabitants of Rajputana differ materially from those of the North-Western Provinces, Oudh, and the Punjab. I am, therefore, led to infer that if the rate of duty were lowered, the consumption of salt in Northern India might be considerably increased. Further, the consumption in Madras has not for the last 12 years reached the figure of 6,693,000 maunds, at which it stood in 1868-69, when the duty was raised from Rs. 1-8 to Rs. 1-13 a maund. It is almost certain, therefore, that consumption will be increased by so large a reduction as 30 per cent. in Bengal and 20 per cent. elsewhere. In matters of this sort the wisest policy is generally to act with boldness. A slight reduction in the duty would very probably not reach the consumer.

Salt Estimate for
1882-83.

" 200. We have no reliable data on which to make any very precise estimate of the increase of consumption which may be anticipated. So many disturbing causes have been at work in the last few years, during which the main changes have taken place, as to invalidate the accuracy of any calculations based on the figures which are available. For instance, in Madras the falling off in consumption from 6,215,000 maunds in 1877-78 to 5,988,000 maunds in 1878-79, must have been due not only to the enhancement of price, but also to the loss of life during the famine, which was estimated by the Famine Commissioners at 5 per cent. of the total population. Again, it is difficult to say to what extent the rise in the Salt Revenue of Northern India is due to increased consumption in British territory alone, and to what extent it represents the consumption of salt in the Native States since the abolition of the Customs Line. Further, sufficient time has not yet elapsed to enable a fair estimate to be formed of the normal consumption in the Native States. The old stocks, which remained on hand when the Customs Line was abolished, have scarcely yet been exhausted. On the whole, however, after a careful examination of the detail, I think that

we

we may safely take the Net Revenue for 1882-83 at 5,410,000 *l.*, being about 1,400,000 *l.* below the Regular Estimate for 1881-82 (6,809,000 *l.*) *

"201. I have said that, by reducing the Salt Duty, the general financial position will be strengthened. We hope that we shall be able to maintain the duty at Rs. 2 a maund, and we have at present no reason to suppose that we shall be unable to do so. By a return to a higher rate we should, of course, to some extent, at all events, sacrifice the main object we have in view, viz., to afford some relief from taxation to the poorest classes. At the same time I should observe that if any unforeseen circumstance, such as a heavy fall in the value of silver, takes place, and if, at the same time, the reduction in the Salt Duty does not result in any considerable increase in the consumption of salt, it would be open to us to return temporarily to a higher rate. This is an expedient to which the Government would have recourse with great reluctance. I allude, however, to the possibility of its adoption, for it is clear that should an emergency arise of a nature to diminish our other sources of Revenue or to increase our Expenditure, we shall be in a better position to meet it if the Salt Duty is Rs. 2 a maund than if it were levied at a higher rate.

Increase of strength to the general financial position.

"202. The method adopted for calculating the selling price of salt, exclusive of the duty, has recently been under the consideration of the Government. The general principle which should guide the action of Government in this matter is plain enough. Government salt should be sold at a price which covers the cost of production. If all the legitimate charges consequent on production and manufacture are not included, the State loses money and the private manufacturer of salt is placed at a disadvantage. If, on the other hand, a sum in excess of the legitimate charges is included in the calculation, the consumer really pays a higher price for his salt than is contemplated by the Legislature. This subject was fully discussed in a recent Government Resolution (see 'Gazette of India' of 21st January 1882). I need not, therefore, allude to it in detail. It will be sufficient for me to say that a distinction has now been made between those charges which, on the one hand, are common to all systems of collecting the Revenue, i.e., Customs, Excise, and Monopoly, and which arise out of the taxation of salt by the Government, and those which, on the other hand, are incidental to its manufacture. The former will be excluded from the calculation on which the selling price of Government salt is based. The latter will be included.

Method of calculating sale price of Government salt.

" XI.—THE CUSTOMS DUTIES.

"203. I now turn to the important question of the Customs Duties. I need not dwell at any length on the history of the reforms which during the last few years have been made in the Tariff. Every member of this Council must be familiar with the nature of those reforms.

THE CUSTOMS DUTIES.

"204. In 1875 the Tariff was carefully revised. The general rate of import duty was reduced from 7½ to 5 per cent., and a duty of 5 per cent. was imposed on foreign raw cotton. Cotton goods, oils, seeds, and spices were freed from export duty.

The Tariff of 1875.

"205. In March 1878 certain descriptions of grey goods were exempted from duty. The duty imposed on foreign raw cotton in 1875 was abolished. Prior to that time the articles liable to pay Customs duty on importation were classified into 62 major heads. Twenty-nine of these heads were exempted from duty.

The changes in March 1878.

"206. These measures, which were avowedly of a tentative nature, failed to give satisfaction. In February 1879, therefore, a Commission, consisting of Messrs. Hope & Maclean, was appointed to inquire into the matter. Briefly it may be said that the result of their investigations was to show that 'the really proximate source of the complaints which have arisen is the fact that there is little essential difference between the cloths which have been exempted, and large classes of cloth, otherwise styled, which have not.' It was determined, therefore, to exempt from duty all cotton goods containing no yarn of a higher number than 30s., and a notification to that effect was issued on 13th March 1879. Thus the matter now stands.

The changes in March 1879.

"207. The

* "See Statement X. This is what the figure of the Regular Estimate would be supposing no reduction to be made in the duty."

Effect of recent changes on the cotton trade.

“ 207. The effect produced on the cotton trade by the recent changes in the Tariff has been very remarkable, as the following figures of value of imports in lakhs of rupees (tens of thousands of pounds, at Rs. 10 the pound) will show :

	GREY PIECE GOODS.		Other Goods.	Total Cotton Goods.
	Free.	Dutiable.		
Average 1875-76 to 1877-78	- - -	1,078	860	1,938
„ 1878-79	33	832	826	1,691
„ 1879-80	458	581	927	1,966
„ 1880-81	983	372	1,306	2,661
„ 1881-82 (Estimate)	957	285	1,020	2,362

The Revenue from grey goods is fast disappearing.

“ 208. If we look at the figures month by month since April 1879, the results are still more remarkable. The monthly value of the duty-free grey piece-goods has risen from 5 to 82 per cent. (in January 1882) of the total imports of those goods, whilst the value of the dutiable grey piece-goods has declined in similar proportion, *i.e.*, from 95 per cent. to 18 per cent. In shirtings only the duty-free per-centage in January last was 94 per cent. The character of the trade has, in fact, completely altered. It has adapted itself to the new circumstances, with the result that the Revenue derived from the duty on grey goods is, to use the words of the Bengal Chamber of Commerce, ‘ dying a natural death.’

Administrative inconvenience of the present Tariff.

“ 209. There can be no question that, whether from the point of view of administrative convenience or from that of fiscal principle, the actual condition of affairs is open to grave objections. As regards administrative inconvenience, I will not lengthen this Statement by entering into the detail of the numerous complaints which are from time to time addressed to the Financial Department by those interested in the cotton trade, nor of the difficulties experienced by the Custom House officers in giving effect to the present law. I will only remark in general terms that the difficulty of distinguishing between dutiable and duty-free goods is very great. Honest traders are exposed to loss and inconvenience from no fault of their own. A small portion of yarn which is dutiable is occasionally mixed up in the same piece with that which is duty-free. This may happen not only without the cognisance of the importer, who must rely upon the invoice he receives from Manchester, but even without the knowledge of the manufacturer himself. It is difficult in such cases to say whether the apparent intention to evade the duties is fraudulent or accidental. Thus a constant battle is being waged between the importers and the Custom House officers. An attempt has, indeed, been made to frame regulations which shall obviate this state of things. Such regulations are, however, but the most feeble palliatives, and cannot attain the desired object. So long as the existing distinction is maintained, the minute inspection and consequent delays necessary to prevent a practice of evading the duty from springing up, must always be inconvenient to the trade, however considerate the Customs officials may be.

Objections to principle of present Tariff.

“ 210. Next, it is to be observed that, though direct protection to local manufacture no longer exists, the immediate effect of the partial repeal of the cotton duties has been to protect one class of Manchester grey goods against another, the line drawn being an arbitrary one. The manufacture and trade in grey goods for India has, in fact, been forced artificially in one direction by the Customs impost. A very remarkable instance of the effect of the present system is given in a memorial from Messrs. Leech & Sons, which was recently addressed to the Government of India. Messrs. Leech & Sons are Lancashire manufacturers,

manufacturers, whose Calcutta agents are Messrs. Kettlewell, Bullen & Co. They set forth that ever since the year 1834 they have supplied certain grey shirtings to the Indian market marked with a stamp in which they have a proprietary right. These grey shirtings are made of yarns averaging No. 32 *s.*, that is to say, they come just within the dutiable category, which comprises all yarns above 30 *s.* Other manufacturers have been able to produce a different class of goods, and so adapt themselves to the altered condition of the trade. Messrs. Leech, however, are unwilling to adopt a similar course. They are in this dilemma: either they will be driven out of the market by competition with duty-free cloths, or they must change their machinery, which will involve a heavy outlay of capital and a considerable risk of losing the position which they by their own exertions have acquired in the trade. The result of this anomalous state of things is that, during the last four months of the year 1880, Messrs. Leech paid no less than 36 per cent. of the total duty collected at the Port of Calcutta on grey goods.

" 211. This, however, is by no means the only anomaly which exists under the present Tariff. Not only is one class of Manchester goods protected against others, but to some extent English goods are protected against those manufactured in India. In April 1879 the Calcutta authorities represented that large classes of course grey piece-goods were distinguished or decorated by a narrow border, coloured or white, and made of yarn finer than 30 *s.*, and that, unless this trivial want of uniformity were condoned, they would be deprived of the exemption intended for them. Borders not exceeding 1½ inches in width were consequently allowed to pass free. Soon afterwards the Bombay authorities asked for a similar favour on behalf of the 4½-inch borders, which are in chief use among the colour-loving population of Western India. The application was granted. The result is that, while imported goods may pass free, though containing coloured (or white) borders of fine yarn aggregating over six per cent. the piece, the Indian mills have had to make their borders of yarn paying duty. The disadvantage to them was, perhaps, not very heavy, but it has helped to induce them to begin to dye and double the yarn made by themselves. The Bombay Commissioner of Customs in a recent report stated that 'yarn dyed and doubled in Bombay is now sold at prices as good as, or better than, those realised by imported yarn of similar quality. The duty is saved, and if the experiment is found profitable, the industry will extend.'

Manchester is protected against India.

" 212. The defects in the present Tariff which I have so far indicated apply mainly to grey goods only. They could, for the most part, be rectified by the abolition of the duty on those goods. I do not know, however, on what principle the taxation of white and coloured goods can be justified if grey goods are exempted from duty. On this point I invite attention to the following observations of the Bengal Chamber of Commerce. In a letter, dated 17th January 1880, the Committee of the Chamber says:—

Injustice of taxing white and coloured goods.

'Another anomaly is that white and coloured goods made of 30 *s.* yarn or under, and coloured yarns of 30 *s.* and under, are not admitted free like grey cloths and grey yarns. The intention which Government had in view, in taking its first steps towards the reduction of these duties was no doubt to remove the protection which our local mills were supposed to enjoy, and it was not thought that their production could possibly compete with anything but certain grey goods. There is no doubt, however, that the Natives do largely bleach and dye goods and yarns for themselves all over the country; and it therefore comes about that importers, who devote themselves more exclusively to white and coloured goods, are handicapped to the extent of the duty. There is no apparent reason why an importer should not be allowed to bleach or dye a piece of grey shirting made of 30 *s.* yarn, or under, if he chooses to do so, because there is no duty on colour *per se*. The duty on dyed yarn, for instance, is charged only upon the grey weight, and not upon the dyed weight. What practical difference, therefore, can there be to the customs whether 30 *s.* yarn is dyed or not, and *pari passu* what difference can be drawn in such a case betwixt yarn and goods made of such yarn, whether grey, coloured, or bleached?

'The Committee submit that there are strong and weighty reasons why what appears to them a substantial grievance should be removed. It is seen how the trade in duty-free grey goods and yarns has developed, and it seems only right and fair that merchants who devote themselves to the importation of white and coloured goods should be put in a position to extend their efforts in similar lines. It can be shown that even now many important classes of goods under these denominations could be imported made of duty-free yarns, and there is no reasonable doubt that the variety could be largely extended were the duty removed.'

THE GENERAL
IMPORT DUTIES.

"213. I now turn from the cotton duties to a consideration of the general import duties. The Calcutta Trades Association in March 1879, and again recently, urged with much force the many anomalies in the existing system under which these duties are levied. In a letter of 10th February 1882, the Association characterises the duties as 'protective, capricious, and opposed to economic principles,' and adds, that 'while harassing to the importer, they yield a revenue so insignificant as hardly to cover the cost of collection when the larger sources of revenue (*i.e.*, the Cotton Duties) are removed.'

"214. The Tariff of 1875 was complete in itself for the purposes for which it was designed, but the practical declaration on 18th March 1878, that a duty was indefensible if it either was *at all* protective or did not yield a sum absolutely as well as relatively large, introduced two disruptive forces into a machine not constructed to meet them, and necessarily shattered it.

The duties are
protective,

"215. The effect of applying the protective objection is well illustrated by the following extract from the speech of Sir William Muir (then Financial Member of Council) on the Tariff Bill, when before the Legislative Council on 5th August 1875. 'If Honourable Members,' he said, 'will cast their eye down the import schedule, they will find hardly any article which, in consequence of the vast area and varying conditions of our soil and climate, cannot be more or less produced in some part of our dominions.' Apparel of many kinds, hardware, jewellery, innumerable manufactures of metal, provisions and stores of many kinds, spices, sugar, tea, tobacco, with raw silk and fabrics of silk and wool, are all made in India, some to a large extent, and every import duty on them is protective. On what principle, again, are silk and woollen goods, or goods having cotton mixed with silk or wool, to be denied the exemption accorded to cotton goods? 'The duty on *Woollen Fabrics*,' the Calcutta Trades Association rightly argues, 'must, if only for the sake of consistency, follow the cotton duties.'

and yield only a
small Revenue.

"216. The effect of applying to individual dutiable items the objection of small receipts is equally destructive. Under the Tariff before 1878, the heads fitted into each other, so that articles of the same general nature were taxed under one designation or another, and disputes were avoided. But the exemption of 27 main heads on 18th March 1878, introduced endless confusion and inconsistency, since certain heads were freed which were really parts of, or connected with, others left dutiable. Thus, the freed head of 'Chemical products and preparations' overlaps the dutiable one of 'Drugs and Medicines.' 'Seeds' are in some cases also 'Spices,' 'Drugs,' or 'Provisions,' while both 'Oils' and 'Fruits' overlap 'Provisions,' the first-named articles in each case being alone exempt. 'Oils' also overlap 'Drugs' and 'Perfumery.' A carriage may be imported duty-free, but all the principal materials for building one in India are dutiable. The glass panels of a sideboard and the plates of a mirror are dutiable as "Glass," but the woodwork of the one and the gilt frame of the other are exempt as "Furniture." Manufactures of leather are free, but a leather portmanteau is dutiable because it is fitted with a metal lock. Spades are classed as agricultural implements and are thus exempted from duty, but shovels are dutiable. A garden engine is free, but a syringe, used for exactly the same purpose, is dutiable. Again, there are many heads still dutiable which seem to have just as good claims to exemption, whether in respect of yielding little duty, or on their own merits, as those which were exempted in 1878. Stationery, for instance, paid only 5,350 *l.* in 1880-81, of which the chief part came from schoolboys' slates. In the same year shells and cowries paid 1,102 *l.*, corks 1,600 *l.*, gums 3,237 *l.*, and paints 8,840 *l.*

Raw material is
taxed.

"217. Another objection to some of these duties is, that the raw materials of industry and articles contributing to production are taxed. Dyes, ivory, paints, colours and painters' materials, and, above all, unwrought metals, are illustrations of this objection.

Further practical
objections.

"218. Nor are these the only objections to the existing tariff. Many practical difficulties arise in giving effect to the law as it now stands. Of these difficulties I may mention a few examples.

Import of articles
by post.

"219. *First*, comes that of dealing with dutiable articles imported by letter post. There is no agency, except in the Presidency towns, by which the duty can

can be fixed and levied on the contents of letters; but the Calcutta Trades Association reasonably objects to the levy of duty at the Presidency towns alone. The objection might be mostly got over by exempting jewellery from duty, but it has no better claim to exemption than a dozen other articles.

“ 220. *Secondly*, come the special claims for exemption in individual cases, such as organs and painted windows for churches, mess necessities, volunteer uniforms, gas and water pipes, and many other articles. There are always a dozen reasons, and occasionally some pressure in favour of these exemptions, and any general rule can hardly be maintained. Special claims for exemption.

“ 221. *Thirdly*, difficulties of definition are great, and lead to much minor injustice. The Financial Department had not long ago to issue elaborate orders explaining to Customs officers the difference between machines and machinery. Difficulties of definition.

“ 222. To sum up this branch of the subject, I submit that the General Import Duties, which are still levied on thirty-one main heads, comprising many hundreds of items, not only are open to the numerous economic and practical objections which I have already enumerated, but also cause an amount of friction, scrutiny, and interference with trade quite incommensurate with the net Revenue they produce. Interference with trade, &c.

“ 223. The arguments in favour of abolishing the General Import Duties are even stronger than those which may be adduced in respect to the abolition of the Cotton Duties. The maintenance of the former, if the latter are to be abolished would, from every point of view, be open to great objection. General Import Duties open to great objections.

“ 224. Whether, therefore, we look to the Cotton Duties or to the General Import Duties, it is clear that it is undesirable to maintain the present Tariff.

“ 225. Various methods have from time to time been suggested to remedy the anomalies of the existing system. It has been proposed to levy a low and uniform rate of duty on all cotton goods, to excise Indian cotton, or to impose a low registration fee on all imports and exports. I need not discuss the merits and demerits of these proposals, for we are fortunately in a position to adopt a more thorough and satisfactory remedy. Proposals to remedy existing defects.

“ 226. A good deal of the controversy which has arisen on the subject of Customs reform in India, appears to be due to the fact that it has generally been assumed, and I admit that the assumption has until quite recently not been at all unreasonable, that the whole or partial repeal of the Customs Duties must of necessity be accompanied by the imposition of fresh taxation, probably direct taxation, which would be more unpopular than the present method of raising revenue by the levy of duties on imported goods. I am not called upon to discuss the relative merits and demerits of direct and indirect taxation, either in general or in respect to the particular form of taxation which, under present circumstances, is most suitable to India. The question is one which for many years past has divided Indian financiers and administrators into two opposite schools, and high authorities may be quoted on either side of the controversy. The substitution of a direct for an indirect tax is, however, not now under discussion. The issue the Government has had to decide is wholly different. That issue I may formulate in the following words, the ordinary Revenue of India exceeds the ordinary Expenditure. A remission of taxation is therefore possible. What form should that remission take? Real question to be decided by Government.

“ 227. After a full consideration of the various alternatives which might be adopted, the Government is of opinion that the form which a remission of taxation may most beneficially assume is the abolition of the whole of the Cotton Duties and of the General Import Duties. The Special Duties, namely, those on wine, beer, spirits and liqueurs, will remain; so also will the duty on arms and ammunition, salt and opium. With these exceptions, we propose that no import duties of any kind shall in the future be levied. Abolition of Cotton and General Import Duties.

“ 228. I have said that the adoption of this measure is possible without the imposition of any fresh taxes. It remains for me to adduce arithmetical proof in support of this position.

Loss of Revenue from abolition of Import Duties.

" 229. The loss of Revenue involved in the Customs reforms now proposed is estimated as follows :

Cotton Duties	-	-	-	-	-	-	-	£.	655,000
General Import Duties	-	-	-	-	-	-	-		564,000
TOTAL Gross Loss								- £.	1,219,000
Deduct:								£.	
Refunds	-	-	-	-	-	-	-		35,000
Saving in Establishments	-	-	-	-	-	-	-		75,000*
									110,000
TOTAL, Net Loss								- £.	1,108,000

The loss is much less than the surplus for 1882-83, supposing no changes to be made in Salt or Opium.

" 230. Supposing no change to be made during the coming year in the Salt or Customs Duties, and that the net Opium Revenue were estimated, as during the year 1881-82, at 6,500,000 *l.* net, there would remain a surplus of 2,105,000 *l.* This is 997,000 *l.* in excess of the loss which will be involved in the proposed Customs reforms. I state the case in this form as I wish to draw attention to the fact that, in taking off the Customs Duties, we are not increasing our reliance on Opium. We could take off those duties if we maintained the relatively low Opium estimate of 6,500,000 *l.* net. The case of Salt is different. In reducing the Salt Duty we do, to the extent of 750,000 *l.*, increase our reliance on Opium.

" 231. It is, of course, desirable to estimate for a moderate surplus. But to keep on taxes in order to secure too large a surplus is unjustifiable and opposed to sound financial principles. It is to be borne in mind that the surplus both of the current and of the coming year represents the excess of Revenue over Expenditure after providing 1,500,000 *l.* annually as an Insurance against Famine, of which sum 750,000 *l.* is applied to the Reduction of Debt.

General observations.

" 232. Before leaving this subject, I may perhaps be permitted to express a hope that the solution which the Government now offers of this difficult and important problem will be accepted by this Council and by the public opinion of India and England as satisfactory, and that it will finally set at rest the angry controversy which has for some years been waged. That controversy has unfortunately taken a form which no true friend of England or of India can view without regret. It has been represented (erroneously, as I venture to think) that in respect to the question now under discussion there is an antagonism of interests between the two countries.

" 233. I am not now concerned to go into the whole of the past history of this question, or to discuss whether, viewed by the light of subsequent events, the particular measures which have at each step been adopted to attain the desired end were the best of which the circumstances admitted. This much, however, I will say. As an incident of her connection with England, India has a right to profit from English experience and English economic history. That experience and that history show that by the adoption of Free Trade a country benefits, indeed, all the world, but more specially benefits itself. It may, perhaps, be urged that the fiscal conditions of England and India are so different that no analogy can be instituted between the two countries. For the purposes of the present discussion I believe this argument to be unsound. The wealth of India, like that of other countries, is in proportion, not only to its natural resources, but to the degree of liberty it may possess in the use of those resources. By the adoption of the measures now proposed, India will be more free to exchange her exportable produce for the products of foreign lands than would be possible were the import duties maintained. The desirability of removing, so far as is possible, all checks on the Indian import trade was pointed out by Sir Charles Trevelyan so long ago as 1864, in the following words: 'Our object,' he said, 'should be to remove, as far as possible, every obstruction to the freedom of trade

* "The saving in 1882-83 will not be so much as 75,000 *l.*, by reason of the cost incurred in giving gratuities on discharge, &c."

'trade, as was done in the analogous case at home. The great embarrassment of the trade of India has always been the want of imports to meet the vast quantity of exportable produce which the country is capable of sending forth. If we desire to relieve the trade of India, and to give free scope to its further extension, we should give all possible encouragement to her imports.'

"234. In addition to these general arguments, which would readily admit of further development, there is one consideration which applies specially to India, and which, I venture to think, is at the present moment of considerable importance. The desirability of rapidly extending our railway system is universally recognised. The main obstacle to any such rapid extension is the difficulty of attracting railway capital to India on terms which shall not be too onerous to the State. No fiscal measure of general application would be so likely to give a stimulus to railway construction as the removal of all restrictions on trade.

The reform will contribute to the extension of the railway system.

"235. I am, indeed, very far from saying that a free-trade policy should be carried out at all hazards. 'There is not,' Mr. Gladstone once said,* 'a free trade Government in this or any country which has not freely admitted that the state of the Revenue is an essential element in the consideration of the application even of the best principles of free trade.'" The question is essentially one of Revenue. Objectionable as is the present condition of the Tariff, we should be obliged, were our general financial position less favourable than it is, to bear for a time with some, at least, of the existing evils; but, under present circumstances, there is no necessity for withholding from India any longer the full advantages of free trade. The Government, therefore, brings forward these proposals in the firm belief that their adoption will be of the utmost benefit to India, and with the knowledge that, under present circumstances, they will be unaccompanied by any counterbalancing disadvantages.

And will be most beneficial to India.

"236. We propose to take the present opportunity for introducing two minor reforms into the Tariff.

Minor Tariff reforms.

"237. Methylated spirit at present pays a duty of 10 per cent. It is used to make varnish and ether; also to preserve specimens in museums. We propose, at the instance of the Bombay Chamber of Commerce, to reduce the rate of duty to 5 per cent. An analogous reduction will be made in the Excise duty. The loss to the Revenue will be trifling—about 250 l. a year.

Methylated spirit.

"238. Under the existing law, Perfumed Spirits imported in bottles not containing more than half a pint pay a 5 per cent. *ad valorem* duty. It has been pointed out by the Bombay and Bengal Governments that large quantities of Eau-de-Cologne are imported and used as potable spirit. The law is thus evaded, and the Revenue from Excise suffers. In consequence of the abolition of the General Import Duties, "Perfumery" will no longer be taxed, but we propose that perfumed spirit imported in wood or in bottles containing more than 4 oz. (rather less than a quarter of a pint) should be taxed as "Spirit" at the rate of Rs. 4 the imperial gallon, with an increasing duty in proportion as the strength of the spirit exceeds London proof.

Perfumed Spirits.

"XII.—THE LICENSE TAX.

"239. The last point, involving any question of fiscal principle with which I have to deal, is the License Tax. The main question which the Government has had to decide in connection with this subject is, whether a remission of taxation being possible, the License Tax should be abolished in preference to other taxes.

THE LICENSE TAX.

"240. In the autumn of 1880, His Excellency the Viceroy addressed a confidential circular to the heads of the several local Administrations with a view to obtaining their opinions as to the desirability of maintaining the present License Tax. The Governor of Madras (the Duke of Buckingham) and his colleagues were of opinion that the tax, though suitable for Municipal purposes,

Opinions of Local Governments.

was

* Debate in the House of Commons, 12th June 1879.

was objectionable as an Imperial resource, owing to the defective nature of the staff available in the rural districts for its assessment and collection. The Government of Bombay preferred another form of direct taxation to the License Tax.

“ With these exceptions there was unanimity of opinion on the following points :—

“ (1.) That the doubt and uncertainty produced in the minds of the people by frequent changes in the modes of taxation were greater evils than the taxes themselves, and that, therefore, any hasty change was much to be deprecated.

“ (2.) That any objections which originally existed on account of the pressure of the License Tax on the poorer classes had been met by raising the minimum assessable income to Rs. 500.

“ (3.) That the people were becoming accustomed to the tax; and that the method of its assessment and collection had been much improved.

Justice of direct taxation.

“ 241. The License Tax at present yields an annual net Revenue of about 524,000 l. This sum is paid by 228,447 persons.* The justice of imposing some tax upon the trading classes of the community cannot be questioned. The Bengal Chamber of Commerce, in a letter addressed quite recently (February 21st) to the Government of India, said, while speaking in condemnatory terms of the incidence of the present License Tax, that ‘ they are alive to the difficulty of bringing by any other means a large body of Her Majesty’s subjects under contribution to the expenditure of the State in any proportion approximate to the advantages they derive from such expenditure.’ The fact that those classes, who perhaps more than any others have benefited by British rule in India, pay so little, has long been recognised as a blot upon the Indian fiscal system.

There are some practical objections.

“ 242. That there are some practical objections to direct taxation generally, and that those objections apply in India as elsewhere, and even somewhat more in India than elsewhere, may be readily admitted. The question which the Government has had to decide is the degree of urgency to be attached to those objections.

Decision not to abolish the License Tax.

“ 243. The repeal of the License Tax would relieve the small number of people who now pay it, and would do little more. The mass of the tax-payers would obtain no relief. The general financial situation would in no way be strengthened. On the other hand, by the abolition of the import duties, and by the reduction of the duty on salt, relief will be afforded to the whole country, a stimulus will be given to trade, the general financial situation will be much strengthened, and it may reasonably be expected that in course of time the actual loss to the Treasury will be to some extent recouped by increased railway receipts and increased consumption of salt. There can, I venture to think, be no question on which side the balance of advantage lies. Under these circumstances the Government has decided not now to propose the abolition of the License Tax.

Is the present system to remain in force ?

“ 244. If, however, the License Tax is not to be abolished, the question remains for consideration, whether an immediate attempt should be made to remedy the defects which, it is admitted, exist in the present Acts regulating its assessment and collection.

Defects of present License Tax recognised.

“ 245. The difficulty of making practice agree with sound theory in the administration

	£.
* Madras	29,017
Bombay	52,973
Bengal	68,179
North Western Provinces and Oudh	49,545
Punjab	28,733
Total - - - £.	228,447

ministration of any system of direct taxation is well known, but the inconsistencies and defects of the License Tax Acts, which at present apply to the several Provinces of India, are glaring, and many of them are unquestionably quite remediable. Thus, excepting in the Madras Presidency, a summary License Tax is levied throughout the greater part of India. In Madras the tax approaches, in some respects, nearest to an Income Tax. Again, everywhere, excepting in the Bombay Presidency, the maximum fee leviable is Rs. 500. In Bombay it is Rs. 200. In Northern India there are two classes, sub-divided into eight grades. In Bengal there are six classes. In Madras there are eight classes. In Bombay there are eleven classes. In British Burma and Assam the tax is not levied at all. Some of these inconsistencies are difficult to defend. For instance, there can be no sort of reason why a rich trader in Bombay should not pay as much as another in a similar situation at Agra or Delhi. In fact, whatever opinions may be held in respect to direct taxation generally in India, there can be no doubt that the present License Tax is open to serious objections. Not only are there great inequalities in its incidence in various Provinces, but also it is open to the very great objections that, in respect to those classes who are taxed, it falls with disproportionate hardship on the less wealthy, and, further, that other classes, who might with justice be called upon to pay the tax, are altogether exempted.

“ 246. It is clear, therefore, that the License Tax in its present form cannot be incorporated into the permanent fiscal system of the country. Whilst, however, fully recognising the validity of the objections which may be urged against the tax as it now exists, we do not propose that any changes should be made at present.

No immediate change proposed.

“ 247. It is exceedingly desirable that any changes that are made should be final. The frequent changes in the *personnel* of the Indian Government have exercised a very baneful effect upon the manner in which the question of direct taxation has been treated. Fixity of policy has 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 whatsoever. It was impossible under such a procedure that any system of direct taxation should take root in the country. It was certain that these frequent changes would keep alive rather than allay the unpopularity originally attendant on the imposition of any direct tax. The practical result of the system which has been followed has been that the fundamental principle, that the tax which each individual is bound to pay ought to be certain and not arbitrary, has been violated. Frequent changes have rendered it difficult for the tax-payers to ascertain the true amount due from them, and have facilitated arbitrary and illegal exactions on the part of the tax-gatherers.

Desirability of finality in dealing with this question.

“ 248. After full consideration, therefore, we are of opinion that it will be desirable to continue to levy the License Tax in its present form, objectionable though it be, at all events until the experience of another year has enabled us to judge more thoroughly than is at present possible of the policy which should in the future be adopted in respect to this Tax.

“ 249. The Indian fiscal system may now be said to be in a state of transition, and, if we were to make any change now, we could feel no assurance that some further change might not be required in connection with the financial arrangements of 1883-84. The special features in connection with the actual financial position which render it desirable to postpone the further consideration of this question are :

Special reasons for postponing change of system.

“ (i.) That the economy which may result from our proposals in connection with military re-organisation is as yet uncertain.

“ (ii.) That the proposed Customs reforms and the reduction of the Salt Duty will certainly increase the Railway receipts, but to what extent it is impossible to foresee.

“ (iii.) That increased consumption will partially recoup us the loss consequent on the reduction of the Salt Duty, but to what extent is uncertain.

“(iv.) That during the year 1882-83 we have to provide a sum of 223,000 *l.* in order to complete the Frontier Railways, a charge which will not recur.

“(v.) That, for the reasons I have already given, we cannot count with certainty on being able to take so high an Opium Estimate in the future as that which we propose for 1882-83.

“(vi.) That it is within the range of possibility that we may be in a better position a year hence to judge of the future of silver than is at present possible.

No new general tax will be imposed.

“250. Although, however, the consideration of the question is postponed, I may at once say that the Government does not contemplate the imposition of any new general direct tax payable by all classes of the community. There are good reasons for supposing that during the last decade there has been, generally speaking, a considerable advance in the trade-wealth of the country, whilst the improvement in the position of the agricultural classes has been proportionately less rapid, at all events in some Provinces. The agricultural classes in most parts of the country are already sufficiently taxed. Whilst we consider that an amendment of the present system of direct taxation, so as to embrace in a more equitable manner all classes of the non-agricultural community, is not only open to no valid objections, but would, if it should become necessary, be just in itself, we should be opposed to the imposition of any direct tax which would add to the amount already contributed by the agricultural classes in the form of Land Revenue or Provincial Rates anything in excess of their fair share of the public burdens. So long as the agricultural classes contribute their fair share of the public burdens in either of these forms, we should not consider it necessary that they should be embraced in any system of direct taxation to which the non-agricultural community might be subject.

Summary of attitude of Government in respect to this question.

“251. In order to prevent any future misapprehension, it may be desirable to sum up in a few words the attitude of the Government in respect to the License Tax. It is as follows. We recognise the evils of the present Tax. We recognise that in its present form it cannot be incorporated into the permanent fiscal system of the country. Beyond this we do not at present go. We reserve to ourselves complete liberty of action in the future, either to propose the abolition of the License Tax, to recast it, or even, should such a course appear desirable when the financial arrangements for the year 1883-84 come under consideration, to allow it to continue in existence in its present form for a while longer.

XIII.—BUDGET ESTIMATES, 1882-83.

BUDGET ESTIMATES, 1882-83.

“252. The Budget Estimates for the coming year have been framed on the assumption that effect will be given to the various reforms to which I have alluded. They give the following results:—

Revenue	-	-	-	-	-	-	-	£.	66,459,000	
Expenditure	-	-	-	-	-	-	-		66,174,000	
								Surplus	- - £.	285,000

Observations on the Surplus.

“253. It has been laid down by successive Governments that, after providing for all ordinary expenditure, the Indian Budget should show a surplus of 500,000 *l.* to meet any unforeseen charges that may arise in the course of the year. The surplus which is at present anticipated during the year 1882-83 falls short of that sum by 215,000 *l.* The Estimates have been very carefully framed. Ample provision have been made for all expenditure that can now be foreseen. The net Opium Revenue has been taken at 588,000 *l.* less than the Regular Estimate for 1881-82, and at 1,201,000 *l.* less than the actual receipts of 1880-81. The net Railway receipts are taken at 468,000 *l.* less than the Regular Estimate for 1881-82.* A very moderate allowance has been made for increased consumption of salt consequent on the large reduction of duty. A reference

* Part of this difference appears under XXV & 32, Railways. Part is included in 1. Interest on Debt.

reference to the columns in Appendix II., in which the Budget Estimates for the coming year are compared with the Regular Estimates of the current year, will show that in most cases allowance has been made for a decrease of Revenue and for an increase of Expenditure.* At the same time it is to be borne in mind that the Opium trade is at present in a somewhat unsettled state. It is not at all impossible that even our present moderate estimate for Opium (7,250,000 *l.* net) may prove too high. Again, a bad harvest in India, or a partial cessation in the demand for wheat or other Indian produce in Europe, may produce a heavy falling off in the traffic receipts of Railways and at the same time depreciate exchange. High prices would also influence the Military and other Estimates. The instability of the value of silver is a permanent source of danger to the Indian Revenue. The consumption of salt may increase even less than is now anticipated. These, and other points, have all to be taken into consideration. There must always be some uncertainty as to the ultimate effect of such important reforms as those which are now proposed. Those reforms are, however, so desirable in themselves that we consider that the Estimates for the coming year may justifiably be based on a surplus of only 285,000 *l.* Further, it is to be borne in mind—and this is a consideration of great importance—that we already have in hand the surplus of the current year (1,577,000 *l.*), which amounts to more than three times the normal surplus (500,000 *l.*) for which it is, generally speaking, considered desirable to make provision.

“254. In the last Financial Statement (para. 104) I alluded to the fact that a Commission composed of high authorities had pronounced the possibility of reducing the cost of the Army, and I expressed an opinion that, when once we were free from Afghan complications, the question of reducing Military Expenditure was of all others that which most seriously demanded the attention of Government.

MILITARY
EXPENDITURE.

“255. This important subject has been fully considered by the Government during the course of the year, and although it has been deemed impossible to accept the proposals of the Commission in their entirety, at the same time the highest military authorities in India are of opinion that the cost of the Army can be materially reduced without the military strength of the Empire being impaired; indeed, that certain measures of re-organisation would not only prove economical but would also improve the efficiency of the Army.

Subject of Military
Reduction has
been considered.

“256. The whole military system has been carefully reviewed, and the proposals of the Government of India are now before the Secretary of State. I will not, however, dwell on this subject any further, as, in the course of the debate on the Bills which I am about to introduce, my Honourable Colleague in charge of the Military Department proposes to deal fully with it. The Budget Estimates for the year 1882-83 provide for a net Military Expenditure of 15,260,000 *l.*, being less than the ordinary net expenditure of any year since 1876-77.

Military Estimates
for 1882-83.

“257. *Loss by Exchange* has been taken at 2,775,000 *l.* net, being 519,000 *l.* less than the regular Estimate for the current year. The requirements of the Home Treasury during the course of the coming year are estimated at 15,592,000 *l.* (true sterling). Of this amount, 250,000 *l.* will be received from Her Majesty's Government at home in consideration of the Indian Government supplying the Hong Kong Military Treasure Chest. The remainder, viz., 15,342,000 *l.*, is the estimate of the amount of Council Bills to be drawn. The rate of exchange has been taken at 1 *s.* 8 *d.*

XXIX & 36.
Exchange.

“XIV.—ISSUE OF STOCK NOTES.

“258. Before I proceed to discuss the Estimate of Ways and Means for the year, it will be desirable to allude to a recent decision of the Government which bears upon this important question.

ISSUE OF STOCK
NOTES.

“259. The

* * There is a net decrease of expenditure in 1882-83 of 1,202,000 *l.*, but this decrease appears almost entirely under two heads. In the first place, the *Army* Expenditure is taken at 2,602,000 *l.* less than in 1881-82. This large difference is, of course, mainly due to the provision made in 1881-82 for War Expenditure. In the second place, there is a decrease of 520,000 *l.* under the head of *Loss by Exchange*. This is due to the requirements of the Home Treasury being about 1,500,000 *l.* less in 1882-83 than in 1881-82.

Imports of
Treasure.

“ 259. The value of the net imports of gold into India from 1860-61 to 1880-81, inclusive, was 78,308,300 *l.*; and of silver, during the same period, 151,478,300 *l.* It cannot be doubted that a considerable portion of this large amount is hoarded, either in the shape of coin or ornaments. Nothing, indeed, is more remarkable in India than the contrast between the large quantities of the precious metals which are imported annually, and the small amount of floating capital which is available for purposes of temporary accommodation in the market.

Advantages of
attracting petty
investments.

“ 260. The question of whether it would not be possible to devise some means for borrowing from *bonâ fide* local investors the amount we require annually for Productive Public Works, has for long occupied the attention of the Government. The advantages to be derived from any such scheme, supposing it to be practicable, are obvious. In the first place, we diminish the amount of the remittances to England, which have to be made either in the form of Secretary of State's bills or commercial bills when the holders of sterling or rupee securities are resident out of India. In the second place, we encourage thrift and the accumulation of capital, and afford a safe investment to the poorer classes. In the third place, we give to a certain number of people a direct interest in the stability of the Government.

Mr. Hope's
scheme.

“ 261. In 1879 a scheme based on a consideration of the American ‘Refunding Certificates’ and of the system of French ‘Rentés,’ was laid before the Government of India by Mr. Hope. In August 1880 the Secretary of State drew the attention of the Government of India to the subject in the following terms: ‘I concur in the opinion that, desirable as is the object of obtaining ‘subscriptions to loans in small amounts from the residents in the country, ‘it would not be wise to attempt to accomplish that purpose by any measure ‘distasteful to the large holders of your securities. The experience of other ‘countries, especially France, shows, however, that a very large amount of ‘money may be obtained in small sums from the natives of the country, if ‘facilities for their investment are afforded, and I request your Excellency ‘will carefully consider whether any such scheme can be applied to the circum- ‘stances of India without being open to the objections pointed out by your ‘Government.’

Scheme worth
trying.

“ 262. We have accordingly reconsidered this important question. The opinions, both official and unofficial, which were collected in 1879, show that the principles involved meet with almost unanimous approval. Doubts, however, were expressed as to whether a rate of interest not exceeding 4 per cent. was sufficiently high to attract small investors in India. My own view of the question coincides with that set forth in the “Bombay Gazette” of 12th November 1879, in the following terms: ‘In this particular matter the best ‘kind of ‘ventilation’ will be that of a practical experiment. No one can ‘say positively whether the plan will succeed or not, until it is tried; while ‘to try it would not cost much either in money or in trouble. The idea is ‘pretty generally accepted as a good one, if it will work; but whether it will ‘work or not can only be ascertained after a period of probation. After that, ‘should the plan not prove successful, then no harm would have been done, ‘and only the expense of printing a few Government Resolutions, together ‘with the supply of the Notes themselves, will have been incurred.’ We propose, therefore, to try the experiment.

“ 263. The difficulty indicated by the Secretary of State, namely, that nothing should be done to depreciate our ordinary stock, has, we hope, been obviated by providing that the new “Stock Notes,” as they will be called, shall be issued in denominations of small amount, that the interest shall be payable yearly instead of half-yearly, and that the Notes will be non-*enfaceable* to Europe. For the rest, the details of the scheme, into which I need not enter as they are fully explained in the Government Resolution attached to this Statement—(see Appendix B), have been framed with a view to making this new form of investment as attractive as possible to small local investors.

“ 264. It is not improbable that the Stock Notes will compete with the Savings Banks deposits. But if they do so, no harm will have been done; for, for all purposes of encouraging thrift, and the accumulation of capital amongst the people, they will answer the same purposes as the Savings Banks, whilst, from the Government point of view, Stock Notes will be a more convenient form

of investment than the Savings Banks, inasmuch as in the former case the capital will not be redeemable for at least 20 years, whilst in the latter case it is payable at call. It is thought that the obligation not to discharge the Notes for at least 20 years will be appreciated by investors, more especially as in consequence of the adoption of this course the rate of interest can legitimately be fixed slightly ($\frac{1}{4}$ per cent.) above that which is given for Savings Banks deposits.

“ XV.—WAYS AND MEANS.

“ 265. I now proceed to state the Estimate of *Ways and Means* for the coming year. WAYS AND MEANS,
1882.

“ 266. Last March it was estimated that the year 1881-82 would close with a balance of 10,000,000 *l.* It is now estimated that the closing balance of the year will be 14,200,000 *l.* Closing balance,
1881-82.

“ 267. We estimate that the balance on 31st March 1883 will be 10,848,000 *l.* This estimate provides for a capital expenditure during the year of 2,765,000 *l.* on *Productive Public Works*, and of 485,000 *l.* on the East Indian Railway. Closing balance,
1882-83.

“ 268. In deciding whether a loan is necessary to meet this Capital Expenditure, which, I need hardly say, stands outside the ordinary account, the important point to consider is, not so much the estimated closing cash balance on 31st March 1883, as the minimum balance during the months of October, November, and December. During these months, the balances are always lower than at any other period of the year. It is, of course, economical to work with as low a cash balance as possible, but in view of the limited extent to which temporary accommodation can be obtained in the Indian market, it is not at all desirable to let the Government cash balance sink too low. The business of the country can be carried on with a cash balance of 8,000,000 *l.*, but it is not desirable that the balance should be allowed to sink below 8,500,000 *l.* A closing cash balance of 10,848,000 *l.* would correspond with a balance of about 7,400,000 *l.* in the month of November. According to this estimate, therefore, the balances would require strengthening during the year to the extent of 1,000,000 *l.* to 1,500,000 *l.* Minimum balance
in autumn months.

“ 269. On the other hand, the following points have to be taken into consideration :— Special points to
be considered.

“ In the first place, the Estimates of Revenue and Expenditure are cautious. Unless anything unforeseen occurs, the results will probably show an improvement over the Estimates.

“ In the second place, the creation of the Post Office Savings Banks will probably strengthen the balances to a greater extent than 80,000 *l.*, for which sum only credit has on this account been taken.*

“ In the third place, the issue of Stock Notes will contribute a certain addition to the balances of the year. No credit has, however, been taken on this account in the present estimate of *Ways and Means*.

“ In the fourth place, it is not impossible that during the course of the year the Bombay Port Trust may repay to the Government a loan of 760,000 *l.* No credit has, however, been taken on this account.

“ The experience of a few months is necessary in order to enable us to judge of the extent to which these various considerations will affect the Estimate of *Ways and Means* for the year.

“ 270. It has been usual, in notifying the intentions of Government in respect to borrowing, to speak under reserve. Indeed, of late years a note has always Usual reservation.

* Should the new Savings Bank scheme result in a large increase of deposits, it will eventually, in all probability, become necessary either permanently to strengthen the Cash Balance or to adopt some special method for financing these deposits. The whole of this money is, I need hardly say, held at call.

always been attached to the Estimate of *Ways and Means* (see Statement VII) to the effect that

‘ the estimates in this Statement of the amounts to be borrowed, and to be supplied to the Home Treasury by Bills, are the best that can now be made; but they are subject to modification as the year goes on: the Government must not be understood to pledge itself that the Secretary of State will raise by Bills the exact amount stated; or that the exact amount stated will be borrowed during the year; or that it will be borrowed in India or in England, as the case may be.’

Special attention drawn to reservation.

“ 271. I take the present opportunity of drawing special attention to this reservation. I am fully aware of how desirable it is that the Government should state as distinctly as possible what are its intentions in respect to borrowing. At the same time I must point out that to frame, twelve months in advance, an accurate estimate of the cash necessary to carry on the whole work of Government in India, is at all times a matter of very great difficulty. The difficulty is especially great this year owing, in the first place, to the large fiscal reforms which are about to be introduced, the full effect of which upon several heads of Revenue, notably *Salt* and *Railways*, can only be learnt by experience; and, in the second place, owing to the uncertainty which must for the present prevail as to the extent to which the new Stock Notes will be taken up. All that the Government can do is to place the public fully in possession of the facts of the case as they now stand, and to indicate what is the most probable conclusion that is to be drawn from these facts. I cannot at present go further than to say (1) that it is uncertain whether we shall require any loan or not; (2) that if we have to borrow at all, it is not probable that we shall require more than 1,500,000 *l.* at most; and (3) that unless any extraordinary and unforeseen circumstance, such, for instance, as a famine, should arise, it is probable that our requirements will not be greater than could be supplied by the local banks temporarily, under arrangements by which they would be repaid before the opening of the export season. But it must be clearly understood that I can at present give no sort of pledge as to the course the Government will ultimately pursue, and that we reserve to ourselves the most complete liberty of action during the year to take whatever steps further experience may show to be necessary.

“ XVI.—CONCLUSION.

CONCLUSION.

Length of Statement.

“ 272. I regret the length to which this Statement has extended. It is difficult, in making an Indian Financial Statement, to draw the line between saying too much and saying too little. The English practice of merely giving the broad features of the finance of the year has many advantages. The objection to applying this method to India is that, if the details are not given in the Financial Statement, they do not come under the consideration of the public at all until the Accounts are finally made up. Last year I endeavoured to make my Statement as short as possible. The result, so far as I could judge from the comments of the Press both in England and India, was that the broad features of the financial position were generally well understood, but that misapprehension prevailed on some points which might, perhaps, have been removed had my Statement been less brief. This year my Statement is necessarily much longer, as the subjects which I have had to treat are of greater importance; but I have endeavoured, so far as is possible, to avoid descending into too great detail. I think it is, on the whole, better to omit explanations on matters of comparatively minor importance than to run the risk of the main issues being obscured amidst a mass of detail. I need, however, hardly add that there is not a single item in the Estimates about which full explanation cannot be given, if the necessity for doing so should arise.

RECAPITULATION.

“ 273. It will be desirable, finally, to recapitulate briefly the main facts of the present Financial Statement, to state the issues which call for the decision of this Council, and to indicate the features of the Statement which, although they do not necessitate legislation, are of sufficient importance to demand special attention.

“ 274. The main facts are as follows:—

Deficit of 1880-81.

“ (i.) The accounts of the year 1880-81 close with a deficit of 4,044,000 *l.* This deficit was wholly due to the expenditure on the war. Excluding the net expenditure on account of the war, there was a surplus of 6,320,000 *l.*

“ (ii.). We

" (ii.) We estimate that the year 1881-82 will close with a surplus of 1,577,000 *l.* after payment to the Provincial Governments of 670,000 *l.* for their Afghan war contribution, and of 360,000 *l.* in connection with the renewal of the quinquennial contracts. On the other hand, about 250,000 *l.* of the English war contribution has been credited to the year in excess of the War Expenditure, thus abnormally increasing the surplus. But for these extraordinary items of Revenue and Expenditure, the surplus would have been 2,357,000 *l.*

Surplus of
1881-82.

" (iii.) We estimate the surplus of the year 1882-83 at 285,000 *l.* If no taxes were taken off and the Opium Revenue were taken at 7,250,000 *l.* net, the surplus would be 3,171,000 *l.* (*see* Statement X).

Surplus of
1882-83.

" 275. The proposals now made by the Government which involve legislation, are—

Proposals
involving
legislation.

" (i.) The remission of the Patwari Cess in the North Western Provinces and the payment by Government of the patwaris in Oudh, who are now paid by the landowners. This proposal involves a virtual remission of taxation to the extent of 316,000 *l.*

Remission of the
Patwari Cess in
the North
Western
Provinces.

" (ii.) The total abolition of the Cotton Duties and the General Import Duties. This involves a remission of taxation to the extent of 1,219,000 *l.*

Abolition of Import
Duties.

" (iii.) The reduction of the rate of the duty on salt to *Rs.* 2 a maund everywhere except in the trans-Indus districts of the Punjab and in British Burma. This involves a loss of Revenue of about 1,400,000 *l.* Legislation is not absolutely required in order to introduce this change, but as the present Salt Act requires some amendments, independently of any change in the rate of duty, we propose to take this opportunity to bring a Bill to effect these amendments under the consideration of the Council.

Reduction of Salt
Duty.

" 276. The remaining points of special importance which do not involve legislation are—

Other points not
involving
legislation.

" (i.) The improvement in the position of the Subordinate Civil Services, which it is estimated will cost about 50,000 *l.* a year.

Subordinate Civil
Services.

" (ii.) The arrangements in connection with the renewal of the Provincial contracts.

Provincial
contracts.

" (iii.) The policy of the Government in respect to Opium. The net Revenue from this source has been taken at 7,250,000 *l.* in the Estimates for the coming year.

Opium.

" (iv.) The attitude of the Government in respect to the License Tax. It is proposed to make no change at present, but we reserve to ourselves complete liberty of action for the future.

The License Tax.

" (v.) The introduction of a scheme to facilitate borrowing from small local investors by the issue of Stock Notes.

Stock Notes.

" 277. To these must be added the steps which have been taken so far to reduce the cost of the Army and to improve its efficiency. As I have already mentioned, my honourable colleague, General Wilson, who can speak both with far greater authority and a more intimate knowledge of the subject than any to which I can pretend, will, in the course of the debate, explain fully the actual position of affairs in respect to Military Expenditure.

Military
Expenditure.

" 278. I commend these measures to the attention of this Council and of the public in the confident belief that they will receive fair and impartial consideration, and in the firm conviction that their adoption will benefit India.

Conclusion.

" 279. I cannot close this Statement without cordially acknowledging the obligations the Government is under to Mr. Hope, the able Secretary in the Financial Department. Mr. Hope's wide economic knowledge, his great experience of every branch of the Indian administration, and the keen interest which he feels in every measure tending to promote the welfare of the people of India, have been invaluable in the consideration of the important measures which have recently been under discussion."

Services rendered
by Mr. Hope.

INDIAN TARIFF BILL.

Major the Honourable Evelyn Baring then moved for leave to introduce a Bill to amend the law relating to Customs duties, and for other purposes.

The Honourable Mr. Inglis asked if he rightly understood that the Customs Bill, if passed on Friday next, would take effect at once; and, secondly, that goods would be dealt with under Section 37 of Act VIII. of 1878, that is, that goods in bond, and goods afloat, and goods landed but not "entered," would get the benefit of the reduction, but not goods for which, before the passing of the Bill on Friday, a bill of entry had been delivered to the Customs Collector under Section 86.

Major the Honourable E. Baring, in reply, said that his honourable friend had rightly understood the scope of the Bill in respect to both the questions: the answer to both of them was in the affirmative.

The Motion was put and agreed to.

Major the Honourable E. Baring also applied to His Excellency the President to suspend the Rules for the Conduct of Business.

The President declared the Rules suspended.

Major the Honourable E. Baring then introduced the Bill.

SALT BILL.

Major the Honourable E. Baring also moved for leave to introduce a Bill for regulating the Duty on Salt, and for other purposes.

The Motion was put and agreed to.

Major the Honourable E. Baring also applied to his Excellency the President to suspend the Rules for the Conduct of Business.

The President declared the Rules suspended.

Major the Honourable E. Baring then introduced the Bill.

NORTH WESTERN PROVINCES AND OUDH KÁNÚNGOS
AND PATWÁRÍS BILL.

Major the Honourable E. Baring also moved for leave to introduce a Bill to amend the law relating to Kánúngos and Patwárís, in the North Western Provinces and Oudh.

The Motion was put and agreed to.

Major the Honourable E. Baring also applied to his Excellency the President to suspend the Rules for the Conduct of Business.

The President declared the Rules suspended.

Major the Honourable E. Baring then introduced the Bill.

The Council adjourned to Friday, the 10th March 1882.

Calcutta, 8 March 1882.

R. J. Crosthwaite,
Officiating Secretary to the Government
of India, Legislative Department.

STATEMENTS.

STATEMENTS.

I.—REVENUE AND EXPENDITURE of the

ESTIMATES, 1882-83.

REVENUE.	Accounts, 1880-81.	Budget Estimates, 1881-82.	Regular Estimates, 1881-82.	Increase.	Decrease.	Budget Estimates, 1882-83.	Budget Estimates, 1882-83, compared with Regular Estimates, 1881-82.	
							Increase.	Decrease.
	£.	£.	£.	£.	£.	£.	£.	£.
CIVIL:								
I.—Land Revenue -	21,910,314	22,495,000	22,449,000	-	46,000	22,172,000	-	277,000
II.—Tributes -	742,209	705,000	721,000	16,000	-	701,000	-	20,000
III.—Forest -	709,320	770,000	820,000	50,000	-	809,000	-	11,000
IV.—Excise -	3,135,226	3,031,000	3,411,000	380,000	-	3,331,000	-	60,000
V.—Assessed Taxes -	558,720	550,000	538,000	-	12,000	538,000	-	-
VI.—Provincial Rates -	2,776,370	2,863,000	2,885,000	22,000	-	2,649,000	-	236,000
VII.—Customs -	2,539,612	2,367,000	2,290,000	-	77,000	1,181,000	-	1,109,000
VIII.—Salt -	7,115,968	7,153,000	7,213,000	60,000	-	6,049,000	-	1,164,000
IX.—Opium -	10,480,051	8,763,000	9,900,000	1,137,000	-	9,500,000	-	400,000
X.—Stamps -	3,250,581	3,290,000	3,328,000	38,000	-	3,342,000	14,000	-
XI.—Registration -	281,230	290,000	280,000	-	10,000	284,000	4,000	-
XII.—Mint -	89,565	89,000	58,000	-	31,000	145,000	87,000	-
XIII.—Post Office -	1,018,653	967,000	976,000	9,000	-	967,000	-	9,000
XIV.—Telegraph -	539,087	481,000	476,000	-	5,000	525,000	49,000	-
XV.—Minor Departments -	78,492	101,000	113,000	12,000	-	66,000	-	47,000
XVI.—Law and Justice -	687,764	664,000	643,000	-	21,000	659,000	16,000	-
XVII.—Police -	241,769	236,000	242,000	6,000	-	248,000	6,000	-
XVIII.—Marine -	246,519	210,000	206,000	-	4,000	183,000	-	23,000
XIX.—Education -	170,238	143,000	179,000	36,000	-	177,000	-	2,000
XX.—Medical -	43,368	42,000	43,000	1,000	-	41,000	-	2,000
XXI.—Stationery and Printing.	62,462	61,000	60,000	-	1,000	59,000	-	1,000
XXII.—Interest -	875,679	678,000	892,000	214,000	-	652,000	-	240,000
XXIII.—Superannuations -	315,999	315,000	312,000	-	3,000	307,000	-	5,000
XXIV.—Miscellaneous -	731,742	271,000	379,000	108,000	-	268,000	-	111,000
XXV.—Railways -	7,952,973	7,950,000	9,087,000	1,137,000	-	8,910,000	-	177,000
XXVI.—Irrigation and Navigation.	829,402	903,000	923,000	20,000	-	962,000	39,000	-
XXVII.—Other Public Works -	547,313	485,000	557,000	72,000	-	485,000	-	72,000
XXVIII.—Army -	924,127	814,000	969,000	155,000	-	868,000	-	101,000
English Contribution for Afghan War:	2,695,000	3,000,000	2,305,000	-	695,000	-	-	2,305,000
Military Operations in Afghanistan:	602,607	61,000	267,000	206,000	-	-	-	267,000
XXIX.—Gain by Exchange -	407,521	412,000	391,000	-	21,000	381,000	-	10,000
GRAND TOTAL - - - £.	72,559,901	70,160,000	72,913,000	2,753,000	-	66,459,000	-	6,454,000
DEFICIT - - -	4,044,139	-	-	-	-	-	-	-

STATEMENTS.

GOVERNMENT OF INDIA in India and in England.

ESTIMATES, 1882-83.

EXPENDITURE.	Accounts, 1880-81.	Budget Estimates, 1881-82.	Regular Estimates, 1881-82.	Increase.	Decrease.	Budget Estimates, 1882-83.	Budget Estimates, 1882-83, compared with Regular Estimates, 1881-82.	
							Increase.	Decrease.
CIVIL:	£.	£.	£.	£.	£.	£.	£.	£.
1.—Interest on Debt - -	6,051,065	6,287,000	6,414,000	127,000	-	6,391,000	-	23,000
2.—Interest, other Accounts -	413,973	408,000	445,000	36,000	-	459,000	14,000	-
3.—Refunds and Drawbacks -	469,206	350,000	423,000	73,000	-	511,000	88,000	-
4.—Land Revenue - - - -	2,983,679	3,032,000	3,037,000	5,000	-	3,168,000	131,000	-
5.—Forest - - - - -	465,976	571,000	600,000	29,000	-	581,000	-	19,000
6.—Excise - - - - -	95,404	99,000	99,000	-	-	99,000	-	-
7.—Assessed Taxes - - -	21,237	15,000	14,000	-	1,000	15,000	1,000	-
8.—Provincial Rates - - -	46,435	48,000	49,000	1,000	-	49,000	-	-
9.—Customs - - - - -	198,927	206,000	196,000	-	10,000	163,000	-	33,000
10.—Salt - - - - -	363,537	428,000	544,000	116,000	-	639,000	95,000	-
11.—Opium - - - - -	2,028,757	2,263,000	2,062,000	-	201,000	2,250,000	188,000	-
12.—Stamps - - - - -	107,465	114,000	109,000	-	5,000	119,000	10,000	-
13.—Registration - - - -	173,351	186,000	178,000	-	8,000	186,000	8,000	-
14.—Mint - - - - -	92,618	105,000	94,000	-	11,000	108,000	14,000	-
15.—Post Office - - - - -	1,175,505	1,098,000	1,150,000	52,000	-	1,173,000	23,000	-
16.—Telegraph - - - - -	497,834	562,000	567,000	5,000	-	637,000	70,000	-
17.—Administration - - -	1,532,056	1,519,000	1,502,000	-	17,000	1,504,000	2,000	-
18.—Minor Departments -	401,140	458,000	547,000	89,000	-	442,000	-	105,000
19.—Law and Justice - - -	3,203,613	3,351,000	3,181,000	-	170,000	3,347,000	166,000	-
20.—Police - - - - -	2,524,198	2,571,000	2,551,000	-	20,000	3,635,000	84,000	-
21.—Marine - - - - -	551,586	735,000	620,000	-	115,000	621,000	1,000	-
22.—Education - - - - -	998,408	1,058,000	1,057,000	-	1,000	1,149,000	92,000	-
23.—Ecclesiastical - - - -	158,638	159,000	160,000	1,000	-	163,000	3,000	-
24.—Medical - - - - -	666,735	698,000	678,000	-	20,000	703,000	25,000	-
25.—Stationery and Printing	485,010	512,000	562,000	50,000	-	440,000	-	122,000
26.—Political - - - - -	531,183	562,000	663,000	101,000	-	520,000	-	143,000
27.—Allowances and Assign- ments.	1,998,773	1,943,000	1,932,000	-	11,000	1,939,000	7,000	-
28.—Civil Furlough Allowances -	223,741	234,000	223,000	-	11,000	234,000	11,000	-
29.—Superannuations - - -	2,150,553	2,064,000	2,073,000	9,000	-	2,101,000	28,000	-
30.—Miscellaneous - - - -	280,130	271,000	293,000	22,000	-	271,000	-	22,000
31.—Famine Relief and Insurance:								
Relief - - - - -	34,469	-	23,000	23,000	-	-	-	23,000
Protective Works - - -	-	750,000	727,000	-	23,000	750,000	23,000	-
Reduction of Debt - - -	-	750,000	750,000	-	-	750,000	-	-
32.—Railways - - - - -	6,478,559	7,189,000	7,124,000	-	65,000	7,592,000	468,000	-
Subsidized Railways - - -	-	-	39,000	39,000	-	50,000	11,000	-
Frontier Railways - - -	2,293,615	790,000	209,000	-	581,000	223,000	14,000	-
33.—Irrigation and Navigation -	1,185,114	1,385,000	1,382,000	-	3,000	1,527,000	145,000	-
34.—Other Public Works - -	4,312,997	5,035,000	5,322,000	287,000	-	5,371,000	49,000	-
35.—Army - - - - -	16,717,713	16,459,000	17,119,000	660,000	-	16,128,000	-	991,000
Military Operations in Afghanistan.	11,368,489	2,271,000	1,611,000	-	660,000	-	-	1,611,000
36.—Loss by Exchange - - -	3,124,330	3,475,000	3,685,000	210,000	-	3,156,000	-	529,000
	76,306,079	70,012,000	70,014,000	2,000	-	68,164,000	-	1,850,000
Provincial and Local { Surpluses -	+ 336,686	+ 114,000	+ 1,357,000	+ 1,243,000	-	-	-	+ 1,357,000
{ Deficits -	- 38,725	- 821,000	- 35,000	-	- 786,000	- 1,990,000	- 1,955,000	-
TOTAL - - - - -	£. 76,604,040	69,305,000	71,336,000	2,031,000	-	66,174,000	-	5,162,000
SURPLUS - - - - -	-	855,000	1,577,000	722,000	-	285,000	-	1,292,000
37.—Productive Public Works -	3,238,070	2,608,000	2,656,000	48,000	-	2,765,000	109,000	-
Ditto - ditto, East Indian Railway.	418,435	660,000	1,035,000	175,000	-	485,000	-	550,000
Ditto - ditto, Madras Irrigation and Canal Com- pany's Undertaking.	-	1,405,000	-	-	1,405,000	-	-	-

J. Westland,
Comptroller General.

T. C. Hope,
Secretary to the Government of India.

II.—REVENUE AND EXPENDITURE of the GOVERNMENT of INDIA in India

ESTIMATES, 1882-83.

REVENUE.	Accounts, 1880-81.	Budget Estimates, 1881-82.	Regular Estimates, 1881-82.	Increase.	Decrease.	Budget Estimates, 1882-83.	Budget Estimates, 1882-83, compared with Regular Estimates, 1881-82.	
							Increase.	Decrease.
	£.	£.	£.	£.	£.	£.	£.	£.
CIVIL:								
I.—Land Revenue - -	21,112,995	21,788,000	21,770,000	-	18,000	21,487,000	-	283,000
II.—Tributes - - -	742,209	705,000	721,000	16,000	-	701,000	-	20,000
III.—Forest - - -	709,320	770,000	820,000	50,000	-	809,000	-	11,000
IV.—Excise - - -	3,135,226	3,031,000	3,411,000	380,000	-	3,331,000	-	80,000
V.—Assessed Taxes - -	558,720	550,000	538,000	-	12,000	533,000	-	-
VI.—Provincial Rates -	2,776,370	2,863,000	2,885,000	22,000	-	2,649,000	-	236,000
VII.—Customs - - -	2,539,612	2,367,000	2,290,000	-	77,000	1,181,000	-	1,109,000
VIII.—Salt - - -	7,115,988	7,153,000	7,213,000	60,000	-	6,049,000	-	1,164,000
IX.—Opium - - -	10,480,051	8,763,000	9,900,000	1,137,000	-	9,500,000	-	400,000
X.—Stamps - - -	3,250,581	3,290,000	3,328,000	38,000	-	3,342,000	14,000	-
XI.—Registration - -	281,230	290,000	280,000	-	10,000	284,000	4,000	-
XII.—Mint - - -	89,565	89,000	58,000	-	31,000	145,000	87,000	-
XIII.—Post Office - -	1,018,653	967,000	976,000	9,000	-	967,000	-	9,000
XIV.—Telegraph - - -	539,087	481,000	476,000	-	5,000	525,000	49,000	-
XV.—Minor Departments -	78,492	101,000	113,000	12,000	-	66,000	-	47,000
XVI.—Law and Justice -	687,764	664,000	643,000	-	21,000	659,000	16,000	-
XVII.—Police - - -	241,769	236,000	242,000	6,000	-	248,000	6,000	-
XVIII.—Marine - - -	246,519	210,000	206,000	-	4,000	183,000	-	23,000
XIX.—Education - - -	170,238	143,000	179,000	36,000	-	177,000	-	2,000
XX.—Medical - - -	43,368	42,000	43,000	1,000	-	41,000	-	2,000
XXI.—Stationery and Printing.	62,462	61,000	60,000	-	1,000	59,000	-	1,000
XXII.—Interest - - -	875,679	678,000	892,000	214,000	-	652,000	-	240,000
XXIII.—Superannuations -	315,999	315,000	312,000	-	3,000	307,000	-	5,000
XXIV.—Miscellaneous - -	731,742	271,000	379,000	108,000	-	268,000	-	111,000
XXV.—Railways Subsidized -	-	-	2,000	2,000	-	1,000	-	1,000
XXVI.—Irrigation and Navigation.	197,908	180,000	129,000	-	51,000	133,000	4,000	-
XXVII.—Other Public Works -	547,313	435,000	557,000	72,000	-	485,000	-	72,000
XXVIII.—Army - - -	924,127	814,000	969,000	155,000	-	863,000	-	101,000
English Contribution for Afghan War.	2,695,000	3,000,000	2,305,000	-	695,000	-	-	2,305,000
Military Operations in Afghanistan.	602,607	61,000	267,000	206,000	-	-	-	267,000
XXIX.—Gain by Exchange -	407,521	412,000	391,000	-	21,000	381,000	-	10,000
TOTAL - - - £.	63,178,115	60,780,000	62,355,000	1,575,000	-	56,036,000	-	6,319,000
REVENUE FROM PRODUCTIVE PUBLIC WORKS:								
XXV.—Railways:								
State (Gross Earnings)	2,269,135	2,420,000	2,485,000	65,000	-	2,776,000	291,000	-
Guaranteed (Net Traffic Receipts.)	2,913,313	2,730,000	3,490,000	760,000	-	3,473,000	-	17,000
East Indian Railway -	2,770,525	2,800,000	3,110,000	310,000	-	2,660,900	-	450,000
XXVI.—Irrigation and Navigation:								
Direct Receipts - -	639,144	730,000	804,000	65,000	-	844,000	40,000	-
Madras Irrigation and Canal Company (Net Traffic Receipts, &c.)	-7,650	-16,000	-10,000	6,000	-	-15,000	-	5,000
I.—Portion of Land Revenue due to Irrigation.	797,319	707,000	679,000	-	28,000	685,000	6,000	-
TOTAL - - - £.	9,981,786	9,380,000	10,558,000	1,178,000	-	10,423,000	-	135,000
GRAND TOTAL REVENUE - £.	72,559,901	70,160,000	72,913,000	2,753,000	-	66,459,000	-	6,454,000
DEFICIT - - - - £.	4,044,139	-	-	-	-	-	-	-

and in *England* (distinguishing Revenue and Charges of Productive Public Works).

ESTIMATES, 1882-83.

EXPENDITURE.	Accounts, 1880-81.	Budget Estimates, 1881-82.	Regular Estimates, 1881-82.	Increase.	Decrease.	Budget Estimates, 1882-83.	Budget Estimates, 1882-83, compared with Regular Estimates, 1881-82.	
							Increase.	Decrease.
	£.	£.	£.	£.	£.	£.	£.	£.
CIVIL:								
1.—Interest on Debt - -	3,669,195	3,898,000	4,087,000	249,000	-	3,917,000	-	170,000
2.—Interest, other Accounts -	413,973	409,000	445,000	36,000	-	459,000	14,000	-
3.—Refunds and Drawbacks -	469,206	350,000	423,000	73,000	-	511,000	88,000	-
4.—Land Revenue - - -	2,983,679	3,032,000	3,037,000	5,000	-	3,168,000	131,000	-
5.—Forest - - - - -	465,976	571,000	600,000	29,000	-	581,000	-	19,000
6.—Excise - - - - -	95,404	99,000	99,000	-	-	99,000	-	-
7.—Assessed Taxes - - -	21,237	15,000	14,000	-	1,000	15,000	1,000	-
8.—Provincial Rates - - -	46,435	48,000	49,000	1,000	-	49,000	-	-
9.—Customs - - - - -	198,927	206,000	196,000	-	10,000	163,000	-	33,000
10.—Salt - - - - -	363,537	428,000	544,000	116,000	-	639,000	95,000	-
11.—Opium - - - - -	2,028,757	2,263,000	2,062,000	-	201,000	2,250,000	188,000	-
12.—Stamps - - - - -	107,465	114,000	109,000	-	5,000	119,000	10,000	-
13.—Registration - - - -	173,351	186,000	178,000	-	8,000	186,000	8,000	-
14.—Mint - - - - -	92,618	105,000	94,000	-	11,000	108,000	14,000	-
15.—Post Office - - - -	1,175,505	1,098,000	1,150,000	52,000	-	1,178,000	23,000	-
16.—Telegraph - - - - -	497,834	562,000	567,000	5,000	-	637,000	70,000	-
17.—Administration - - -	1,532,056	1,519,000	1,502,000	-	17,000	1,504,000	2,000	-
18.—Minor Departments - -	401,140	458,000	547,000	89,000	-	442,000	-	105,000
19.—Law and Justice - - -	3,203,613	3,351,000	3,181,000	-	170,000	3,347,000	166,000	-
20.—Police - - - - -	2,524,198	2,571,000	2,551,000	-	20,000	2,635,000	84,000	-
21.—Marine - - - - -	551,586	735,000	620,000	-	115,000	621,000	1,000	-
22.—Education - - - - -	998,468	1,058,000	1,057,000	-	1,000	1,149,000	92,000	-
23.—Ecclesiastical - - - -	158,638	159,000	160,000	1,000	-	163,000	3,000	-
24.—Medical - - - - -	666,735	698,000	678,000	-	20,000	703,000	25,000	-
25.—Stationery and Printing -	485,010	512,000	562,000	50,000	-	440,000	-	122,000
26.—Political - - - - -	531,183	562,000	663,000	101,000	-	520,000	-	143,000
27.—Allowances and Assignments	1,898,773	1,943,000	1,932,000	-	11,000	1,939,000	7,000	-
28.—Civil Furlough Allowances	223,741	234,000	223,000	-	11,000	234,000	11,000	-
29.—Superannuations - - -	2,150,553	2,064,000	2,073,000	9,000	-	2,101,000	28,000	-
30.—Miscellaneous - - - -	280,130	271,000	293,000	22,000	-	271,000	-	22,000
31.—Famine Relief and Insurance:								
Relief - - - - -	34,469	-	23,000	23,000	-	-	-	23,000
Protective Works - - - -	-	750,000	727,000	-	23,000	750,000	23,000	-
Reduction of Debt - - - -	-	750,000	750,000	-	-	750,000	-	-
32.—Railways - - - - -	77,003	417,000	281,000	-	136,000	592,000	311,000	-
Subsidized Railways - - -	-	-	39,000	39,000	-	50,000	11,000	-
Frontier Railways - - - -	2,293,615	790,000	209,000	-	581,000	223,000	14,000	-
33.—Irrigation and Navigation -	709,103	926,000	879,000	-	47,000	974,000	95,000	-
34.—Other Public Works - - -	4,312,997	5,035,000	5,322,000	287,000	-	5,371,000	49,000	-
35.—Army - - - - -	16,717,713	16,459,000	17,119,000	660,000	-	16,128,000	-	991,000
" Military Operations in Afghanistan.	11,368,489	2,271,000	1,611,000	-	660,000	-	-	1,611,000
36.—Loss by Exchange - - -	3,124,330	3,475,000	3,685,000	210,000	-	3,156,000	-	529,000
	67,046,642	60,332,000	60,341,000	9,000	-	58,137,000	-	2,204,000
Provincial and Local.	+336,686	+114,000	+1,357,000	+1,243,000	-	-	-	+1,357,000
{ Surpluses								
{ Deficits -	-38,725	-821,000	-35,000	-	-786,000	-1,990,000	-1,955,000	-
EXPENDITURE, ORDINARY £.	67,344,603	59,625,000	61,663,000	2,038,000	-	56,147,000	-	5,516,000
EXPENDITURE ON PRODUCTIVE PUBLIC WORKS (Working Expenses and Interest):								
32.—Railways:								
State—(Working and Maintenance).	1,607,528	1,669,000	1,716,000	47,000	-	1,741,000	25,000	-
Guaranteed (Interest, Surplus Profits, &c.)	3,677,809	3,516,000	3,690,000	174,000	-	3,825,000	135,000	-
East Indian Railway -	1,116,219	1,587,000	1,437,000	-	150,000	1,434,000	-	3,000
33.—Irrigation and Navigation:								
Working and Maintenance	425,473	426,000	453,000	27,000	-	503,000	50,000	-
Madras Irrigation and Canal Company (Interest, &c.)	50,538	33,000	50,000	17,000	-	50,000	-	-
1.—Interest on Debt - - -	2,381,870	2,449,000	2,327,000	-	122,000	2,474,000	147,000	-
TOTAL - - - - - £.	9,259,437	9,680,000	9,673,000	-	7,000	10,027,000	354,000	-
GRAND TOTAL - - - - - £.	76,604,040	69,305,000	71,336,000	2,031,000	-	66,174,000	-	5,162,000
SURPLUS - - - - - £.								
37.—Productive Public Works -	3,238,070	2,608,000	2,656,000	48,000	-	2,765,000	109,000	1,292,000
Ditto, East Indian Railway	418,435	860,000	1,035,000	175,000	-	485,000	-	550,000
Ditto, Madras Irrigation and Canal Company's Undertakings.	-	1,405,000	-	-	1,405,000	-	-	-

J. Westland,
Comptroller General.

T. C. Hope,
Secretary to the Government of India.

III.—REVENUE and EXPENDITURE of the GOVERNMENT of INDIA in India

REVENUE.	REGULAR ESTIMATES, 1881-82.				BUDGET ESTIMATES, 1882-83.			
	Imperial.	Provincial.	Local.	TOTAL.	Imperial.	Provincial.	Local.	TOTAL.
	£.	£.	£.	£.	£.	£.	£.	£.
Opening Balance - - - -	- -	1,950,000	1,386,200	- -	- -	3,267,600	1,395,000	-
I.—Land Revenue - - - -	21,219,300	1,099,600	130,100	22,449,000	13,695,800	8,358,800	117,400	22,172,000
II.—Tributes - - - -	721,000	- -	-	721,000	701,000	- -	-	701,000
III.—Forest - - - -	757,100	35,900	27,000	820,000	398,200	384,100	26,700	809,000
IV.—Excise - - - -	645,900	2,763,700	1,400	3,411,000	1,676,900	1,652,800	1,300	3,331,000
V.—Assessed Taxes - - - -	375,400	162,600	-	538,000	269,000	269,000	-	538,000
VI.—Provincial Rates - - - -	176,800	457,200	2,251,000	2,885,000	400	639,700	2,008,900	2,649,000
VII.—Customs - - - -	2,043,900	246,100	-	2,290,000	1,006,600	174,400	-	1,181,000
VIII.—Salt - - - -	7,187,100	25,900	-	7,213,000	6,020,700	23,300	-	6,049,000
IX.—Opium - - - -	9,900,000	- -	-	9,900,000	9,500,000	- -	-	9,500,000
X.—Stamps - - - -	574,100	2,753,900	-	3,328,000	1,687,900	1,654,100	-	3,342,000
XI.—Registration - - - -	600	279,400	-	280,000	142,500	141,500	-	284,000
XII.—Mint - - - -	58,000	- -	-	58,000	145,000	- -	-	145,000
XIII.—Post Office - - - -	971,800	3,400	800	976,000	962,500	3,400	1,100	967,000
XIV.—Telegraph - - - -	476,000	- -	-	476,000	525,000	- -	-	525,000
XV.—Minor Departments - - - -	60,000	42,900	10,100	113,000	9,000	46,300	10,700	66,000
XVI.—Law and Justice - - - -	84,700	557,900	400	643,000	40,800	617,600	600	659,000
XVII.—Police - - - -	400	201,400	40,200	242,000	200	210,500	37,700	248,000
XVIII.—Marine - - - -	77,600	123,400	-	206,000	74,400	108,600	-	183,000
XIX.—Education - - - -	1,400	126,400	51,200	179,000	1,500	124,900	50,600	177,000
XX.—Medical - - - -	4,300	33,600	5,100	43,000	1,700	35,600	3,700	41,000
XXI.—Stationery and Printing - - - -	14,700	45,300	-	60,000	7,000	52,000	-	59,000
XXII.—Interest - - - -	859,000	13,100	19,900	892,000	628,800	10,400	12,800	652,000
XXIII.—Pensions - - - -	294,500	14,000	3,500	312,000	272,500	31,000	3,500	307,000
XXIV.—Miscellaneous - - - -	65,300	184,200	129,500	379,000	44,900	120,300	102,800	268,000
XXV.—Railways - - - -	8,523,100	563,900	-	9,087,000	8,281,300	628,700	-	8,910,000
XXVI.—Irrigation and Navigation. - - - -	315,600	606,200	1,200	923,000	275,900	685,000	1,100	962,000
XXVII.—Other Public Works - - - -	72,200	325,400	159,400	557,000	59,300	311,700	113,400	485,000
XXVIII.—Army - - - -	969,000	- -	-	969,000	868,000	- -	-	868,000
„ English Contribution for Afghan War. - - - -	2,305,000	- -	-	2,305,000	-	-	-	-
„ Military Operations in Afghanistan. - - - -	267,000	- -	-	267,000	-	-	-	-
XXIX.—Gain by Exchange - - - -	390,000	1,000	-	391,000	381,000	- -	-	381,000
TOTAL REVENUE - - - - £.	59,410,800	10,671,400	2,830,800	72,913,000	47,678,000	16,288,700	2,492,300	66,459,000
Deposits and Advances (Local) - - - -	- -	- -	468,100	- -	- -	- -	466,700	- -
GRAND TOTAL - - - - £.	- -	12,621,400	4,685,100	- -	- -	19,556,300	4,354,000	- -

and in *England*, in the THREE DIVISIONS, IMPERIAL, PROVINCIAL, and LOCAL.

EXPENDITURE.	REGULAR ESTIMATES, 1881-82.				BUDGET ESTIMATES, 1882-83.			
	Imperial.	Provincial.	Local.	TOTAL.	Imperial.	Provincial.	Local.	TOTAL.
	£.	£.	£.	£.	£.	£.	£.	£.
1.—Interest on Debt - -	5,732,500	681,500	-	6,414,000	5,662,700	723,300	-	6,386,000
2.—Interest, other Accounts - -	440,500	900	3,600	445,000	455,000	-	4,000	459,000
3.—Refunds and Drawbacks - -	228,800	180,800	13,400	423,000	164,900	339,100	7,000	511,000
4.—Land Revenue - -	851,600	1,639,900	545,500	3,037,000	258,700	2,575,600	333,700	3,168,000
5.—Forest - -	558,200	21,600	20,200	600,000	287,700	268,100	23,200	581,000
6.—Excise - -	21,500	76,700	800	99,000	49,600	48,600	800	99,000
7.—Assessed Taxes - -	700	13,300	-	14,000	7,700	7,300	-	15,000
8.—Provincial Rates - -	-	5,200	44,100	49,000	-	5,900	43,200	49,000
9.—Customs - -	22,600	173,400	-	196,000	-	163,200	-	163,000
10.—Salt - -	486,000	58,000	-	544,000	575,500	63,500	-	639,000
11.—Opium - -	2,062,000	-	-	2,062,000	2,250,000	-	-	2,250,000
12.—Stamps - -	14,400	94,600	-	109,000	102,500	56,500	-	119,000
13.—Registration - -	300	177,700	-	178,000	93,200	92,800	-	186,000
14.—Mint - -	94,000	-	-	94,000	108,000	-	-	108,000
15.—Post Office - -	1,055,900	35,600	58,500	1,150,000	1,070,900	96,000	66,100	1,173,000
16.—Telegraph - -	567,000	-	-	567,000	637,000	-	-	637,000
17.—Administration - -	884,100	589,300	28,600	1,502,000	788,500	686,300	29,200	1,504,000
18.—Minor Departments - -	396,500	119,500	37,000	547,000	270,700	136,000	35,300	442,000
19.—Law and Justice - -	567,700	2,613,100	200	3,181,000	175,700	3,171,100	200	3,347,000
20.—Police - -	82,200	2,205,500	263,300	2,551,000	79,000	2,371,500	284,500	2,635,000
21.—Marine - -	473,900	146,100	-	620,000	483,300	137,700	-	621,000
22.—Education - -	9,300	721,300	325,900	1,057,000	9,600	771,100	368,300	1,149,000
23.—Ecclesiastical - -	119,700	40,300	-	160,000	163,000	-	-	163,000
24.—Medical - -	174,300	405,300	98,400	678,000	21,000	571,100	110,900	703,000
25.—Stationery and Printing - -	248,400	313,000	2,600	562,000	92,000	345,300	2,700	440,000
26.—Political - -	662,300	600	100	663,000	519,500	400	100	520,000
27.—Allowances - -	1,217,000	715,000	-	1,932,000	1,253,100	685,900	-	1,939,000
28.—C. F. & A. Allowances - -	222,500	500	-	223,000	234,000	-	-	234,000
29.—Superannuation - -	1,908,000	166,200	800	2,073,000	1,603,800	496,300	900	2,101,000
30.—Miscellaneous - -	79,000	122,100	91,900	293,000	57,800	114,500	98,700	271,000
31.—Famine Relief and Insurance—								
Relief - -	200	22,800	-	23,000	-	-	-	-
Protective Works - -	727,000	-	-	727,000	750,000	-	-	750,000
Reduction of Debt - -	750,000	-	-	750,000	750,000	-	-	750,000
32.—Railways - -	6,633,900	490,100	-	7,124,000	6,923,700	668,300	-	7,592,000
Subsidised Railways - -	39,000	-	-	39,000	50,000	-	-	50,000
Frontier Railways - -	209,000	-	-	209,000	223,000	-	-	223,000
33.—Irrigation and Navigation - -	742,100	635,700	4,200	1,382,000	795,400	722,700	8,900	1,527,000
34.—Other Public Works - -	1,677,400	2,215,200	1,429,400	5,322,000	1,510,700	2,265,900	1,594,400	5,371,000
35.—Army - -	17,119,000	-	-	17,119,000	16,128,000	-	-	16,128,000
" Military Operations in Afghanistan. - -	1,611,000	-	-	1,611,000	-	-	-	-
36.—Loss by Exchange - -	3,685,000	-	-	3,685,000	3,156,000	-	-	3,156,000
TOTAL EXPENDITURE - -	52,370,200	14,675,300	2,968,500	70,014,000	47,720,900	17,429,000	3,014,100	68,164,000
37.—Productive Public Works - -	3,691,000	-	-	3,691,000	3,250,000	-	-	3,250,000
Add—Contributions to Imperial - -	-	17,000	-	17,000	-	323,600	-	323,600
" Provincial - -	-	-	55,100	55,100	-	-	103,000	103,000
" Local - -	-	106,900	-	106,900	-	302,300	-	302,300
TOTAL - -	56,061,200	14,890,100	3,023,600	73,974,900	50,970,900	18,059,900	3,117,100	72,147,900
Deduct—Imperial Allotment - -	-	4,811,200	-	4,811,200	-	-	-	-
Contribution from Imperial. - -	-	670,000	-	670,000	-	600	-	600
Contribution from Provincial. - -	-	-	196,900	196,900	-	-	302,300	302,300
Contribution from Local. - -	-	55,100	-	55,100	-	103,000	-	103,000
TOTAL FOR DEDUCTION - -	-	5,536,300	196,900	5,733,200	-	103,600	302,300	405,900
Net Expenditure - -	56,061,200	9,353,800	2,826,700	68,241,700	50,970,900	17,956,300	2,814,800	71,742,000
Deposit and Advances (Local) - -	-	-	463,400	463,400	-	-	450,800	450,800
Closing Balance - -	-	3,267,600	1,395,000	4,662,600	-	1,600,000	1,088,400	2,688,400
GRAND TOTAL - -	-	12,621,400	4,685,100	17,306,500	-	19,556,300	4,354,000	23,912,300
*Surplus - -	-	1,317,600	4,100	1,321,700	-	-	-	-
or Deficit - -	-	-	-	-	-	1,667,600	322,500	1,990,100

* Being difference between Total Revenue and Net Expenditure.

J. Westland,
Comptroller General.

T. C. Hop,
Secretary to the Government of India.

IV.—RECEIPTS and DISBURSEMENTS at the TREASURIES of

RECEIPTS.	Accounts, 1880-81.	Budget Estimates, 1881-82.	Regular Estimates, 1881-82.	Increase.	Decrease.	Budget Estimates, 1882-83.	Budget Estimates, 1882-83, compared with Regular Estimates, 1881-82.	
							Increase.	Decrease.
	£.	£.	£.	£.	£.	£.	£.	£.
I.—Imperial Revenue	72,862,022	70,160,000	72,913,000	2,753,000	-	66,459,000	-	6,454,000
II.—Public Debt*	8,488,407	7,105,000	5,620,000	-	1,485,000	1,950,000	-	3,670,000
III.—Treasury Notes and Service Funds.	997,763	1,030,000	1,045,000	15,000	-	1,091,000	46,000	-
IV.—Savings Banks De- posits.	2,058,490	769,000	1,534,000	765,000	-	1,635,000	101,000	-
V.—Political and other Excluded Funds.	596,690	452,000	612,000	160,000	-	623,000	11,000	-
VI.—Provincial and Local Surplus.	336,686	114,000	1,357,000	1,243,000	-	-	-	1,357,000
VII.—Deposits and Ad- vances.	25,167,826	24,366,000	16,978,000	-	7,388,000	19,646,000	2,668,000	-
VIII.—Loans to Municipal- ities, Native States, &c.	932,124	215,000	306,000	91,000	-	210,000	-	96,000
IX.—Guaranteed Railway Capital.	1,842,061	1,643,000	2,145,000	502,000	-	2,729,000	584,000	-
X.—Money Orders	4,570,858	5,433,000	5,602,000	169,000	-	5,602,000	-	-
XI.—Remittances in India	21,785,293	15,990,000	15,520,000	-	410,000	13,082,000	-	2,438,000
XII.—Secretary of State's Bills drawn.*	15,239,677	17,200,000	17,504,000	304,000	-	15,342,000	-	2,162,000
XIII.—Remittances between India and England.	2,104,084	2,005,000	1,877,000	-	128,000	2,070,000	193,000	-
TOTAL - - - £.	156,981,981	146,422,000	143,013,000	-	3,409,000	130,439,000	-	12,574,000
Balance - - -	15,300,001	16,510,000	17,498,850	988,850	-	17,251,000	-	247,850
GRAND TOTAL - - - £.	172,281,982	162,932,000	160,511,850	-	2,420,150	147,690,000	-	12,821,850

* The Estimates in this Statement of the amounts to be supplied to the Home Treasury by Bills in 1882-83 must not be understood to pledge itself that the Secretary

ABSTRACT of the above, showing how the WAYS and MEANS are provided. - -

ACCOUNTS, 1880-81.			REGULAR ESTIMATES, 1881-82.		
	£.		£.		£.
Public Debt	3,679,815	Deficit of Imperial Revenue	7,398,523	Public Debt	927,000
Treasury Notes and Service Funds.	247,367	Political and other Excluded Funds.	518,792	Treasury Notes and Service Funds.	251,000
Savings Banks Deposits	943,694	Loans to Municipalities, Native States, &c.	174,526	Savings Banks Deposits	90,000
Surplus of Provincial and Local Revenue.	297,961	Guaranteed Railway Capital	165,600	Political and other Excluded Funds.	10,000
Deposits and Advances	4,493,470	Balance increased	2,198,849	Surplus of Provincial and Local Revenue.	1,322,000
Money Orders	20,501			Loans to Municipalities, Native States, &c.	170,000
Secretary of State's Bills drawn.	97,462			Money Orders	18,000
Remittances	676,020			Remittances	775,150
				Balance reduced	247,850
TOTAL - - - £.	10,456,290	TOTAL - - - £.	10,456,290	TOTAL - - - £.	3,811,000

Fort William, Department of Finance and Commerce, }
8 March 1882.

E. W. Kellner,
Deputy Comptroller General.

the GOVERNMENT of INDIA in *India* and in *England*.

DISBURSEMENTS.	Accounts, 1880-81.	Budget Estimates, 1881-2.	Regular Estimates, 1881-82.	Increase.	Decrease.	Budget Estimates, 1882-83.	Budget Estimates, 1882-83, compared with Regular Estimates, 1881-82.	
							Increase.	Decrease.
	£.	£.	£.	£.	£.	£.	£.	£.
1.—Imperial Expenditure	80,260,545	74,178,000	75,027,000	849,000	-	69,424,000	-	5,603,000
2.—Public Debt	4,808,592	4,588,000	4,693,000	110,000	-	3,138,000	-	1,555,000
3.—Treasury Notes and Service Funds.	750,396	817,000	794,000	-	23,000	827,000	33,000	-
4.—Savings Banks Deposits.	1,114,796	1,146,000	1,444,000	298,000	-	1,385,000	-	59,000
5.—Political and other Excluded Funds.	1,115,482	492,000	602,000	110,000	-	580,000	-	22,000
6.—Provincial and Local Deficits.	38,725	821,000	35,000	-	786,000	1,990,000	1,955,000	-
7.—Deposits and Advances	20,674,356	26,915,000	18,234,000	-	8,681,000	17,849,000	-	985,000
8.—Loans to Municipalities, Native States, &c.	1,106,650	113,000	136,000	23,000	-	125,000	-	11,000
9.—Guaranteed Railway Capital.	2,007,661	2,159,000	2,586,000	427,000	-	3,271,000	685,000	-
10.—Money Orders	4,550,357	5,433,000	5,584,000	151,000	-	5,584,000	-	-
11.—Remittances in India	21,394,055	14,998,000	14,677,850	-	320,150	13,091,000	-	1,586,850
12.—Secretary of State's Bills paid.	15,142,215	17,200,000	17,504,000	304,000	-	15,342,000	-	2,162,000
13.—Remittances between India and England.	1,819,302	2,087,000	1,944,000	-	143,000	2,089,000	145,000	-
TOTAL - - - £.	154,783,132	150,942,000	143,260,850	-	7,681,150	134,695,000	-	8,565,850
Balance - - - -	17,498,850	11,990,000	17,251,000	5,261,000	-	12,995,000	-	4,256,000
GRAND TOTAL - - £.	172,281,982	162,932,000	160,511,850	-	2,420,150	147,690,000	-	12,821,850

are the best that can now be made; but they are subject to modification as the year goes on; the Government of State will raise by Bills the exact amount stated.

- - ABSTRACT of the above, showing how the WAYS and MEANS are provided.

REGULAR ESTIMATES, 1881-82.		BUDGET ESTIMATES, 1882-83.			
	£.		£.		£.
Deficit of Imperial Revenue	2,114,000	Treasury Notes and Service Funds.	264,000	Deficit of Imperial Revenue	2,965,000
Deposits and Advances	1,256,000	Savings Banks Deposits	250,000	Public Debt	1,188,000
Guaranteed Railway Capital	441,000	Political and other Excluded Funds.	43,000	Deficit of Provincial and Local Revenue.	1,990,000
		Deposits and Advances	1,797,000	Guaranteed Railway Capital	542,000
		Loans to Municipalities, Native States, &c.	85,000	Remittances	28,000
		Money Orders	18,000		
		Balance reduced	4,256,000		
TOTAL - - - £.	3,811,000	TOTAL - - - £.	6,713,000	TOTAL - - - £.	6,713,000

J. Westland,
Comptroller General.

T. C. Hops,
Secretary to the Government of India.

V.—REVENUE and EXPENDITURE of the GOVERNMENT of INDIA in India.

ESTIMATES, 1882-83.

REVENUE.	Accounts, 1880-81.	Budget	Regular	Increase.	Decrease.	Budget	Budget Estimates, 1882-83, compared with Regular Estimates, 1881-82.	
		Estimates, 1881-82.	Estimates, 1881-82.			Estimates, 1882-83.	Increase.	Decrease.
	£	£	£	£	£	£	£	£
CIVIL :								
I.—Land Revenue - -	21,112,995	21,788,000	21,770,000	-	18,000	21,487,000	-	283,000
II.—Tributes - - -	742,209	705,000	721,000	16,000	-	701,000	-	20,000
III.—Forest - - -	707,718	768,100	818,000	49,900	-	806,900	-	11,100
IV.—Excise - - -	3,135,226	3,031,000	3,411,000	380,000	-	3,331,000	-	80,000
V.—Assessed Taxes -	558,720	550,000	538,000	-	12,000	538,000	-	-
VI.—Provincial Rates -	2,776,370	2,863,000	2,865,000	22,000	-	2,649,000	-	236,000
VII.—Customs - - -	2,539,612	2,367,000	2,290,000	-	77,000	1,181,000	-	1,109,000
VIII.—Salt - - -	7,115,988	7,153,000	7,213,000	60,000	-	6,049,000	-	1,164,000
IX.—Opium - - -	10,480,051	8,763,000	9,900,000	1,137,000	-	9,500,000	-	400,000
X.—Stamps - - -	3,250,581	3,290,000	3,328,000	38,000	-	3,342,000	14,000	-
XI.—Registration - -	281,230	290,000	280,000	-	10,000	284,000	4,000	-
XII.—Mint - - -	89,525	89,000	58,000	-	31,000	145,000	87,000	-
XIII.—Post Office - -	1,018,653	967,000	976,000	9,000	-	967,000	-	9,000
XIV.—Telegraph - - -	508,743	452,600	422,800	-	29,800	493,700	70,900	-
XV.—Minor Departments -	62,401	62,500	68,600	6,100	-	65,500	-	3,100
XVI.—Law and Justice -	687,764	664,000	643,000	-	21,000	659,000	16,000	-
XVII.—Police - - -	241,769	236,000	242,000	6,000	-	248,000	6,000	-
XVIII.—Marine - - -	246,519	210,000	206,000	-	4,000	183,000	-	23,000
XIX.—Education - - -	170,238	143,000	179,000	36,000	-	177,000	-	2,000
XX.—Medical - - -	41,258	37,700	39,000	1,300	-	39,000	-	-
XXI.—Stationery and Printing.	63,396	61,000	60,000	-	1,000	59,000	-	1,000
XXII.—Interest - - -	678,129	668,000	838,000	170,000	-	647,000	-	191,000
XXIII.—Superannuation Contributions.	212,546	215,600	208,100	-	7,500	206,800	-	1,300
XXIV.—Miscellaneous - -	636,362	265,000	365,800	100,800	-	262,000	-	103,800
XXV.—Railways (Subsidized)	-	-	-309	-309	-	-	-	-309
XXVI.—Irrigation and Navigation.	197,908	180,000	129,000	-	51,000	133,000	4,000	-
XXVII.—Other Public Works -	533,502	472,500	543,300	70,800	-	463,000	-	74,300
XXVIII.—Army - - -	837,075	777,000	902,500	125,500	-	813,500	-	89,000
" Military Operations in Afghanistan.	602,607	61,000	267,000	206,000	-	-	-	267,000
XXIX.—Gain by Exchange -	407,521	412,000	391,000	-	21,000	381,000	-	10,000
TOTAL - - - £.	59,935,616	57,542,000	59,692,800	2,150,800	-	55,817,400	-	3,875,400
REVENUE FROM PRODUCTIVE PUBLIC WORKS :								
XXV.—Railways :								
State (Gross Earnings)	2,268,905	2,420,000	2,484,800	64,800	-	2,775,800	291,000	-
Guaranteed (Net Traffic Receipts).	2,913,313	2,729,800	3,490,009	760,200	-	3,473,090	-	17,000
East Indian Railway	2,770,525	2,800,000	3,110,000	310,000	-	2,660,000	-	450,000
XXVI.—Irrigation and Navigation:								
Direct Receipts - -	638,656	738,500	803,800	65,300	-	843,800	40,000	-
Madras Irrigation and Canal Company (Net Traffic Receipts, &c.).	-7,650	-16,000	-10,000	6,000	-	-15,000	-	5,000
I.—Portion of Land Revenue due to Irrigation.	797,319	707,000	679,000	-	28,000	685,000	6,000	-
TOTAL - - - £.	9,381,068	9,379,300	10,557,600	1,178,300	-	10,422,600	-	135,000
GRAND TOTAL - - £.	69,316,684	66,921,300	70,250,400	3,329,100	-	66,240,000	-	4,010,400

V.—REVENUE and EXPENDITURE of the GOVERNMENT of INDIA in India.

ESTIMATES, 1882-83.

EXPENDITURE.	Accounts, 1880-81.	Budget Estimates, 1881-82.	Regular Estimates, 1881-82.	Increase.	Decrease	Budget Estimates, 1882-83.	Budget Estimates, 1882-83, compared with Regular Estimates, 1881-82.	
							Increase.	Decrease.
CIVIL:	£.	£.	£.	£.	£.	£.	£.	£.
1.—Interest on Debt	1,327,977	1,367,300	1,580,700	213,400	—	1,477,300	—	103,400
2.—Interest, other Accounts	413,412	407,300	442,300	35,000	—	457,200	14,900	—
3.—Refunds and Drawbacks	469,206	350,000	423,000	73,000	—	511,000	88,000	—
4.—Land Revenue	2,982,998	3,031,100	3,036,400	5,300	—	3,167,000	130,600	—
5.—Forest	461,908	565,800	594,800	29,000	—	575,800	—	19,000
6.—Excise	95,404	99,000	99,000	—	—	99,000	—	—
7.—Assessed Taxes	21,237	15,000	14,000	—	1,000	15,000	1,000	—
8.—Provincial Rates	46,435	48,000	49,000	1,000	—	49,000	—	—
9.—Customs	198,927	206,000	196,000	—	10,000	163,000	—	33,000
10.—Salt	363,536	428,000	544,000	116,000	—	639,000	95,000	—
11.—Opium	2,028,669	2,262,500	2,060,900	—	201,600	2,249,900	189,000	—
12.—Stamps	75,863	74,000	77,400	3,400	—	80,000	2,600	—
13.—Registration	173,351	186,000	178,000	—	8,000	186,000	8,000	—
14.—Mint	89,227	85,200	71,200	—	14,000	104,400	33,200	—
15.—Post Office	1,069,147	997,900	1,051,300	53,400	—	1,069,400	18,100	—
16.—Telegraph	408,955	459,600	455,900	—	3,700	514,900	59,000	—
17.—Administration	1,291,483	1,298,900	1,275,300	—	23,600	1,286,300	11,000	—
18.—Minor Departments	371,289	438,700	525,500	86,800	—	420,800	—	104,700
19.—Law and Justice	3,203,347	3,349,600	3,180,700	—	168,900	3,345,700	165,000	—
20.—Police	2,524,198	2,571,800	2,551,000	—	20,000	2,635,000	84,000	—
21.—Marine	398,915	432,100	394,000	—	38,100	376,300	—	17,700
22.—Education	998,061	1,057,600	1,056,800	—	1,000	1,148,600	92,000	—
23.—Ecclesiastical	157,983	158,200	159,500	1,300	—	162,000	2,500	—
24.—Medical	659,532	690,500	670,500	—	20,000	695,500	25,000	—
25.—Stationery and Printing	410,401	424,400	434,400	10,000	—	309,000	—	125,400
26.—Political	444,896	535,700	636,200	100,500	—	492,700	—	143,500
27.—Allowances and Assignments	1,873,872	1,881,900	1,910,900	29,000	—	1,873,900	—	37,000
28.—Civil Furlough Allowances	6,217	4,000	5,000	1,000	—	4,000	—	1,000
29.—Superannuations	779,589	708,000	706,000	—	2,000	741,000	35,000	—
30.—Miscellaneous	249,307	251,000	271,000	20,000	—	253,000	—	18,000
31.—Famine Relief and Insurance—								
Relief	32,638	—	22,800	22,800	—	—	—	22,800
Protective Works	—	750,000	727,000	—	23,000	750,000	23,000	—
Reduction of Debt	—	750,000	750,000	—	—	750,000	—	—
32.—Railways	77,003	417,000	281,000	—	136,000	592,000	311,000	—
Subsidized Railways	—	—	34,700	34,700	—	33,500	—	1,200
Frontier Railways	1,508,918	386,000	—131,000	—	517,000	120,000	251,000	—
33.—Irrigation and Navigation	703,317	925,900	878,800	—	47,100	978,800	95,000	—
34.—Other Public Works	4,224,748	4,939,400	5,221,000	281,600	—	5,220,300	59,300	—
35.—Army	12,613,468	12,392,000	13,034,800	642,800	—	12,103,000	—	931,800
Military Operations in Afghanistan.	11,297,926	2,271,000	1,610,000	—	661,000	—	—	1,610,000
36.—Loss by Exchange	3,124,330	3,475,000	3,685,000	210,000	—	3,156,000	—	529,000
	57,263,190	50,690,600	50,764,600	74,000	—	48,860,300	—	1,904,300
Provincial and Local								
Surpluses + and	+336,686	+114,000	+1,357,000	+1,243,000	—	—	—	+1,357,000
Deficit—	—38,725	—821,000	—35,000	—	—786,000	—1,990,000	—1,955,000	—
TOTAL	£. 57,566,151	£. 49,983,600	£. 52,086,600	2,103,000	—	£. 46,870,300	—	£. 5,216,300
EXPENDITURE ON PRODUCTIVE PUBLIC WORKS (WORKING EXPENSES AND INTEREST):								
32.—Railways:								
State Working and Maintenance.	1,607,528	1,669,000	1,716,000	47,000	—	1,741,000	25,000	—
Guaranteed (Interest Surplus, Profits, &c.).	423,305	249,000	425,000	176,000	—	547,000	122,000	—
East Indian Railway	123,046	204,600	199,600	—	5,000	214,700	15,100	—
33.—Irrigation and Navigation:								
Working and Maintenance	425,347	426,000	453,000	27,000	—	503,000	50,000	—
Madras Irrigation and Canal Company (Interest, &c.).	555	—200	—200	—	—	—200	—	—
1.—Interest on Debt	2,037,876	2,209,400	1,973,100	—	236,300	2,132,000	158,900	—
TOTAL	£. 4,617,657	£. 4,757,800	£. 4,766,500	8,700	—	£. 5,137,500	371,000	—
GRAND TOTAL	£. 62,183,808	£. 54,741,400	£. 56,853,100	2,111,700	—	£. 52,007,800	—	£. 4,845,300
37.—Productive Public Works	2,667,392	2,150,000	2,211,000	61,000	—	2,215,000	4,000	—
Ditto, — E. I. Railway	418,435	860,000	535,000	—	325,000	485,000	—	50,000

J. Westland,
Comptroller General.

T. C. Hope,
Secretary to the Government of India.

FINANCIAL STATEMENT OF THE

VI.—REVENUE and EXPENDITURE of the

ESTIMATES, 1882-83

R E V E N U E.	Accounts, 1880-81.	Budget Estimate, 1881-82.	Regular Estimates, 1881-82.	Increase.	Decrease.	Budget Estimates, 1882-83.	Budget Estimates, 1882-83, compared with Regular Estimates, 1881-82.	
							Increase.	Decrease.
	£.	£.	£.	£.	£.	£.	£.	£.
III.—Forest - - - -	1,602	1,900	2,000	100	-	2,100	100	-
XII.—Mint - - - -	40	-	-	-	-	-	-	-
XIV.—Telegraph - - -	30,344	28,400	53,200	24,800	-	31,300	-	21,900
XV.—Minor Department -	16,091	38,500	44,400	5,900	-	500	-	43,900
XX.—Medical - - - -	2,110	4,300	4,000	-	300	2,000	-	2,000
XXI.—Stationery and Printing	66	-	-	-	-	-	-	-
XXII.—Interest - - - -	197,550	10,000	54,000	44,000	-	5,000	-	49,000
XXIII.—Superannuation Contributions.	103,453	99,400	103,900	4,500	-	100,200	-	3,700
XXIV.—Miscellaneous - -	95,380	6,000	13,200	7,200	-	6,000	-	7,200
XXV.—Railways - - - -	-	-	2,300	2,300	-	1,000	-	1,300
XXVII.—Other Public Works -	13,811	12,500	13,700	1,200	-	16,000	2,300	-
XXVIII.—Army - - - -	87,052	37,000	66,500	29,500	-	54,500	-	12,000
English Contribution for Afghan War.	2,695,000	3,000,000	2,305,000	-	695,000	-	-	2,305,000
TOTAL - - - £.	3,242,499	3,238,000	2,662,200	-	575,800	218,600	-	2,443,600
REVENUE FROM PRODUCTIVE PUBLIC WORKS :								
XXV.—Railways - - - -	230	200	200	-	-	200	-	-
XXVI.—Irrigation - - - -	488	500	200	-	300	200	-	-
£.	718	700	400	-	300	400	-	-
TOTAL - - - £.	3,243,217	3,238,700	2,662,600	-	576,100	219,000	-	2,443,600

Fort William, Department of Finance and Commerce, }
8 March 1882.

E. W. Kellner,
Deputy Controller General.

HOME TREASURY of the GOVERNMENT of INDIA.

ESTIMATES, 1882-83.

EXPENDITURE.	Accounts, 1880-81.	Budget Estimates, 1881-82.	Regular Estimates, 1881-82.	Increase.	Decrease.	Budget Estimates, 1882-83.	Budget Estimates, 1882-83, compared with Regular Estimates, 1881-82.	
							Increase.	Decrease.
	£.	£.	£.	£.	£.	£.	£.	£.
1.—Interest on Debt - -	2,341,218	2,470,700	2,506,300	35,600	-	2,439,700	-	66,600
2.—Interest, other Accounts - -	561	1,700	2,700	1,000	-	1,800	-	900
4.—Land Revenue - - -	681	900	600	-	300	1,000	400	-
5.—Forest - - - - -	4,068	5,200	5,200	-	-	5,200	-	-
10.—Salt - - - - -	1	-	-	-	-	-	-	-
11.—Opium - - - - -	88	500	1,100	600	-	100	-	1,000
12.—Stamps - - - - -	31,802	40,000	31,600	-	8,400	39,000	7,400	-
14.—Mint - - - - -	3,391	19,800	22,800	3,000	-	3,600	-	19,200
15.—Post Office - - - - -	106,358	109,100	98,700	-	1,400	103,600	4,900	-
16.—Telegraph - - - - -	88,879	102,400	111,100	8,700	-	122,100	11,000	-
17.—Administration - - - - -	240,573	220,100	226,700	6,600	-	217,700	-	9,000
18.—Minor Departments - - - - -	29,851	19,300	21,500	2,200	-	21,200	-	300
19.—Law and Justice - - - - -	266	1,400	300	-	1,100	1,300	1,000	-
21.—Marine - - - - -	152,671	302,900	226,000	-	76,900	244,700	18,700	-
22.—Education - - - - -	407	400	400	-	-	400	-	-
23.—Ecclesiastical - - - - -	655	800	500	-	300	1,000	500	-
24.—Medical - - - - -	7,203	7,500	7,500	-	-	7,500	-	-
25.—Stationery and Printing - - - - -	74,609	87,600	127,600	40,000	-	131,000	3,400	-
26.—Political - - - - -	86,287	26,300	26,800	500	-	27,300	500	-
27.—Allowances and Assignments.	24,901	61,100	21,100	-	40,000	65,100	44,000	-
28.—Civil Furlough Allowances	217,524	230,000	218,000	-	12,000	230,000	12,000	-
29.—Superannuations - - - - -	1,370,964	1,356,000	1,367,000	11,000	-	1,360,000	-	7,000
30.—Miscellaneous - - - - -	30,823	20,000	22,000	2,000	-	18,000	-	4,000
31.—Famine Relief - - - - -	1,831	-	200	200	-	-	-	200
32.—Railways (Frontier Railways).	694,697	404,000	340,000	-	64,000	103,000	-	237,000
Subsidized Railways - - - - -	-	-	4,300	4,300	-	16,500	12,200	-
33.—Irrigation - - - - -	5,286	100	200	100	-	200	-	-
34.—Other Public Works - - - - -	88,249	95,600	101,000	5,400	-	90,700	-	10,300
35.—Army - - - - -	4,104,245	4,067,000	4,084,200	17,200	-	4,025,000	-	59,200
" Military Operations in Afghanistan.	70,563	-	1,000	1,000	-	-	-	1,000
TOTAL - - - £.	9,778,452	9,641,400	9,576,400	-	65,000	9,276,700	-	299,700
EXPENDITURE ON PRODUCTIVE PUBLIC WORKS:								
1.—Interest - - - - -	343,994	239,600	353,900	114,300	-	342,000	-	11,900
32.—Railways (Guaranteed) - - - - -	3,254,504	3,267,000	3,265,000	-	2,000	3,278,000	13,000	-
" E. I. Railway - - - - -	993,173	1,382,400	1,237,400	-	145,000	1,219,300	-	18,100
33.—Irrigation (Madras Irrigation and Canal Company)	50,109	33,200	50,200	17,000	-	50,200	-	-
	4,641,780	4,922,200	4,906,500	-	15,700	4,889,500	-	17,000
TOTAL - - - £.	14,420,232	14,563,600	14,482,900	-	80,700	14,166,200	-	316,700
37.—Productive Public Works -	570,678	458,000	445,000	-	13,000	550,000	105,000	-
Ditto ditto, E. I. Railway - - - - -	-	-	500,000	500,000	-	-	-	500,000
Ditto ditto, Madras Irrigation and Canal Company's Undertakings.	-	1,405,000	-	-	1,405,000	-	-	-

J. Westland,
Comptroller General.

T. C. Hope,
Secretary to the Government of India.

FINANCIAL STATEMENT OF THE

VII.—RECEIPTS and DISBURSEMENTS at the TREASURIES

RECEIPTS.	Accounts, 1880-81.	Budget Estimates, 1881-82.	Regular Estimates, 1881-82.	Increase.	Decrease.	Budget Estimates, 1882-83.	Budget Estimates, 1882-83, compared with Regular Estimates, 1881-82.	
							Increase.	Decrease.
	£.	£.	£.	£.	£.	£.	£.	£.
I.—Imperial Revenue	69,618,805	66,921,300	70,250,400	3,329,100	-	66,240,000	-	4,010,400
II.—Public Debt (a)	3,451,163	3,000,000	3,000,700	700	-	-	-	3,000,700
III.—Treasury Notes and Service Funds.	994,057	1,026,200	1,041,000	14,800	-	1,087,000	46,000	-
IV.—Savings Banks Deposits	2,058,490	769,000	1,534,000	765,000	-	1,635,000	101,000	-
V.—Political and other ex- cluded Funds.	596,690	452,000	612,000	160,000	-	623,000	11,000	-
VI.—Provincial and Local Surplus.	336,686	114,000	1,357,000	1,243,000	-	-	-	1,357,000
VII.—Deposits and Advances	25,162,130	24,863,000	16,961,500	-	7,401,500	19,143,000	2,181,500	-
VIII.—Loans to Municipalities, Native States, &c.	932,124	215,000	306,000	91,000	-	210,000	-	96,000
IX.—Guaranteed Railway Capital.	1,602,478	1,542,600	1,479,500	-	63,100	1,674,000	194,500	-
X.—Money Orders	4,570,858	5,433,000	5,602,000	169,000	-	5,602,000	-	-
XI.—Remittances in India	21,785,293	15,930,000	15,520,000	-	410,000	13,082,000	-	2,438,000
XIII.—Remittances between India and England.	1,803,187	1,879,500	1,570,900	-	308,600	1,722,000	151,100	-
TOTAL	£. 132,911,961	121,645,600	119,235,000	-	2,410,600	111,018,000	-	8,217,000
Balance	13,029,894	12,799,993	13,371,101	571,108	-	14,199,651	828,550	-
GRAND TOTAL	£. 145,941,855	134,445,593	132,606,101	-	1,839,492	125,217,651	-	7,988,450

(a) The Estimates in this Statement of the amounts to be supplied to the Home Treasury by Bills in 1882-83 are the best that itself that the Secretary of State will raise

ABSTRACT of the above, showing how the WAYS and MEANS are provided.

ACCOUNTS, 1880-81.			REGULAR ESTIMATES, 1881-82.		
	£.		£.		£.
Surplus of Imperial Revenue	4,349,170	Political and other Excluded Funds.	518,792	Surplus of Imperial Revenue	10,651,300
Public Debt	3,087,482	Loans to Municipalities, Native States, &c.	174,526	Public Debt	2,770,400
Treasury Notes and Service Funds.	244,105	Secretary of State's Bills Paid.	15,142,215	Treasury Notes and Service Funds.	247,500
Savings Banks Deposits	943,694	Balance increased	341,207	Savings Banks Deposits	90,000
Surplus of Provincial and Local Revenue.	297,961			Political and other excluded Funds.	10,000
Deposits and Advances	4,688,568			Surplus of Provincial and Local Revenue.	1,322,000
Loans to Municipalities, Native States, &c.	-			Deposits and Advances	546,300
Guaranteed Railway Capital	572,972			Loans to Municipalities, Native States, &c.	170,000
Money Orders	20,501			Guaranteed Railway Capital	355,000
Remittances	1,972,287			Money Orders	18,000
TOTAL	£. 16,176,740	TOTAL	£. 16,176,740	TOTAL	£. 18,332,550

Fort William, Department of Finance and Commerce,
8 March 1882.

E. W. Kellner,
Deputy Comptroller General.

of the GOVERNMENT OF INDIA in India.

DISBURSEMENTS.	Accounts, 1880-81.	Budget Estimates, 1881-82.	Regular Estimates, 1881-82.	Increase.	Decrease.	Budget Estimates, 1882-83.	Budget Estimates, 1882-83, compared with Regular Estimates, 1881-82.	
							Increase.	Decrease.
	£.	£.	£.	£.	£.	£.	£.	£.
1.—Imperial Expenditure -	65,209,635	57,751,400	59,599,100	1,847,700	-	54,707,800	-	4,891,300
2.—Public Debt - - -	363,681	30,800	230,300	199,500	-	590,000	359,700	-
3.—Treasury Notes, and Service Funds.	749,952	816,400	793,500	-	22,900	826,500	33,000	-
4.—Savings Banks Deposits	1,114,796	1,146,000	1,444,000	298,000	-	1,385,000	-	59,000
5.—Political and other excluded Funds.	1,115,482	492,000	602,000	110,000	-	580,000	-	22,000
6.—Provincial and Local Deficits.	38,725	821,000	35,000	-	786,000	1,990,000	1,955,000	-
7.—Deposits and Advances -	20,473,562	24,412,000	16,415,200	-	7,996,800	17,846,000	1,430,800	-
8.—Loans to Municipalities, Native States, &c.	1,106,650	113,000	136,000	23,000	-	125,000	-	11,000
9.—Guaranteed Railway Capital.	1,029,506	1,054,400	1,124,500	70,100	-	1,901,000	776,500	-
10.—Money Orders - - -	4,550,357	5,433,000	5,584,000	151,000	-	5,584,000	-	-
11.—Remittances in India - -	21,394,055	14,998,000	14,677,850	-	320,150	13,091,000	-	1,586,850
12.—Secretary of State's Bills paid (a).	15,142,215	17,200,000	17,504,000	304,000	-	15,342,000	-	2,162,000
13.—Remittances between India and England.	222,138	178,200	261,000	82,800	-	401,000	140,000	-
TOTAL - - - £.	132,570,754	124,446,200	118,406,450	-	6,039,750	114,369,300	-	4,037,150
Balance - - -	13,371,101	9,999,393	14,199,651	4,200,258	-	10,848,351	-	3,351,300
GRAND TOTAL - - - £.	145,941,855	134,445,593	132,606,101	-	1,839,492	125,217,651	-	7,388,450

can now be made; but they are subject to modification as the year goes on. The Government must not be understood to pledge by Bills the exact amount stated.

ABSTRACT of the above, showing how the WAYS and MEANS are provided.

REGULAR ESTIMATES, 1881-82.		BUDGET ESTIMATES, 1882-83.			
	£.		£.		£.
Secretary of State's Bills Paid.	17,504,000	Surplus of Imperial Revenue	11,532,200	Public Debt - - -	590,000
Balance increased - - -	828,550	Treasury Notes and Service Funds.	260,500	Deficits of Provincial and Local Revenue.	1,990,000
		Savings Banks' Deposits -	250,000	Guaranteed Railway Capital	227,000
		Political and other excluded Funds.	43,000	Secretary of State's Bills paid.	15,342,000
		Deposits and Advances -	1,297,000		
		Loans to Municipalities, Native States, &c.	85,000		
		Money Orders - - -	18,000		
		Remittances - - -	1,812,000		
		Balance Reduced - - -	3,351,300		
TOTAL - - - £.	18,332,550	TOTAL - - - £.	18,149,000	TOTAL - - - £.	18,140,000

J. Westland,
Comptroller General.

T. C. Hope,
Secretary to the Government of India.

VIII.—RECEIPTS and DISBURSEMENTS at

RECEIPTS.	Accounts, 1880-81.	Budget Estimates, 1881-82.	Regular Estimates, 1881-82.	Increase.	Decrease.	Budget Estimates, 1882-83.	Budget Estimates, 1882-83, compared with Regular Estimates, 1881-82.	
							Increase.	Decrease.
I.—Public Revenue	£. 3,243,217	£. 3,238,700	£. 2,662,600	-	576,100	£. 219,000	-	£. 2,443,600
II.—Public Debt*	5,037,244	4,105,000	2,619,300	-	1,485,700	1,950,000	-	669,300
III.—Service Funds	3,706	3,800	4,000	200	-	4,000	-	-
VII.—Deposits and Advances	5,696	3,000	16,500	13,500	-	503,000	486,500	-
IX.—Guaranteed Railway Capital.	239,583	100,400	665,500	565,100	-	1,055,000	389,500	-
XII.—Secretary of State's Bills drawn.	15,239,677	17,200,000	17,504,000	304,000	-	15,342,000	-	2,162,000
XIII.—Remittances between India and England	300,897	125,500	306,100	180,600	-	348,000	41,900	-
TOTAL	£. 24,070,020	£. 24,776,400	£. 23,778,000	-	998,400	£. 19,421,000	-	£. 4,357,000
Balance	2,270,107	3,710,007	4,127,749	417,742	-	3,051,349	-	1,076,400
GRAND TOTAL	£. 26,340,127	£. 28,486,407	£. 27,905,749	-	580,658	£. 22,472,349	-	£. 5,433,400

* The Estimates in this Statement of the amount to be supplied to the Home Treasury by Bills in 1882-83 and of the Debt not be understood to pledge itself that the Secretary of State will raise by Bills the exact

ABSTRACT of the above, showing how the

ACCOUNTS, 1880-81.			REGULAR ESTIMATES, 1881-82.		
	£.		£.		£.
Net Public Debt	592,333	Deficit of Revenue	11,747,693	Service Funds	3,500
Service Funds	3,263	Net Deposits and Advances	195,098	Secretary of State's Bills drawn.	17,504,000
Secretary of State's Bills drawn.	15,239,677	Net Guaranteed Railway Capital.	738,572	Balance decreased	1,076,400
		Net Remittances between India and England.	1,296,267		
		Balance increased	1,857,642	TOTAL	£. 18,583,900
TOTAL	£. 15,835,272	TOTAL	£. 15,835,272		

Fort William, Department of Finance and Commerce,
8 March 1882.

E. W. Kellner,
Deputy Comptroller General.

IX.—CLOSING BALANCES of the

	ACTUALS, 1880-81.			
	Provincial.	Local.	Local Deposits and Advances.	TOTAL.
	£.	£.	£.	£.
India General	-	6,416	175	6,591
Central Provinces	66,382	45,809	-942	111,249
British Burma	288,597	97,531	-	386,128
Assam	58,016	1,852	-1,551	58,017
Bengal	499,112	197,687	-2,964	693,835
North-Western Provinces and Oudh	666,561	258,592	-1,126	924,027
Punjab	150,314	96,583	-458	246,409
Madras	73,071	498,792	45,467	617,330
Bombay	148,003	144,746	-8	292,741
TOTAL	£. 1,950,056	1,348,008	36,263	3,336,327

Fort William, Department of Finance and Commerce,
8 March 1882.

E. W. Kellner,
Deputy Comptroller General.

the HOME TREASURY of the GOVERNMENT of INDIA.

DISBURSEMENTS.	Accounts, 1880-81.	Budget, Estimates, 1881-82.	Regular Estimates, 1881-82.	Increase.	Decrease.	Budget Estimates, 1882-83.	Budget Estimates, 1882-83, compared with the Regular Estimates, 1881-82.	
							Increase.	Decrease.
	£.	£.	£.	£.	£.	£.	£.	£.
1.—Public Expenditure - -	14,990,910	16,426,600	15,427,900	-	998,700	14,716,200	-	711,700
2.—Public Debt - - -	4,444,911	4,552,200	4,462,700	-	89,500	2,548,000	-	1,914,700
3.—Service Funds - - -	444	600	500	-	100	500	-	-
7.—Deposits and Advances -	200,794	2,503,000	1,818,800	-	684,200	3,000	-	1,815,800
9.—Guaranteed Railway Capital.	978,155	1,104,600	1,461,500	356,900	-	1,370,000	-	91,500
13.—Remittances between India and England.	1,597,164	1,908,800	1,683,000	-	225,800	1,688,000	5,000	-
TOTAL - - - £.	22,212,378	26,495,800	24,854,400	-	1,641,400	20,325,700	-	4,528,700
Balance - - - -	4,127,749	1,990,607	3,051,349	1,060,742	-	2,146,649	-	904,700
GRAND TOTAL - £.	26,340,127	28,486,407	27,905,749	-	580,658	22,472,349	-	5,433,400

transactions are the best that can now be made; but they are subject to modification as the year goes on: the Government must amount stated, or that the debt transactions will be carried out as estimated.

WAYS and MEANS are Provided.

REGULAR ESTIMATES, 1881-82.		BUDGET ESTIMATE, 1882-83.			
	£.		£.	£.	
Deficit of Revenue - -	12,765,300	Service Funds - - -	3,500	Deficit of Revenue - -	14,497,200
Net Public Debt - - -	1,843,400	Deposits and Advances -	500,000	Net Debt - - - -	598,000
Net Deposits and Advances	1,802,300	Secretary of State's Bills drawn.	15,342,000	Net Guaranteed Railway Capital.	915,000
Net Guaranteed Railway Capital.	796,000	Balance decreased - -	904,700	Net Miscellaneous Remittances between India and England.	1,840,000
Net Miscellaneous Remittances between India and England.	1,376,900	TOTAL - - - £.	16,750,200	TOTAL - - - £.	16,750,200
TOTAL - - - £.	18,583,900				

J. Westland,
Comptroller General.

T. C. Hope,
Secretary to the Government of India.

PROVINCIAL GOVERNMENTS.

REGULAR ESTIMATE, 1881-82.				BUDGET ESTIMATE, 1882-83.			
Provincial.	Local.	Local Deposits and Advances.	TOTAL.	Provincial.	Local.	Local Deposits and Advances.	TOTAL.
£.	£.	£.	£.	£.	£.	£.	£.
	2,100	200	2,300		-1,200	200	-1,000
1 145,700	35,500	-6,300	174,900	147,800	24,000	-6,500	165,500
2 290,600	64,800	-	355,400	88,200	13,200	-	101,400
3 98,900	2,000	-1,900	99,000	67,400	2,000	-1,900	67,500
4 208,800	160,300	12,000	890,100	84,600	93,800	27,000	205,400
5 1,062,600	290,700	100	1,353,400	621,000	260,800	1,300	883,100
6 301,700	117,300	-500	418,500	178,300	118,800	-500	296,600
7 107,200	506,700	39,700	653,600	126,300	413,200	39,700	579,200
8 552,100	163,600	-300	715,400	286,400	104,900	-600	390,700
9 3,267,600	1,352,000	43,000	4,662,600	1,600,000	1,029,500	58,900	2,688,400

J. Westland,
Comptroller General.

T. C. Hope,
Secretary to the Government of India.

X.—STATEMENT showing the NET

In thousands of Conventional £.

R E V E N U E.	1880-81.	1881-82.		1882-83.	
	Actuals.	Budget.	Regular.	Budget.	
				Preliminary.*	Final.
	£.	£.	£.	£.	£.
Land Revenue - - - - -	18,129	18,756	18,733	18,394	18,319
Assessed Taxes - - - - -	538	535	524	523	523
Customs - - - - -	2,341	2,161	2,094	2,200	1,018
Salt - - - - -	6,753	6,725	6,669	6,833	5,410
Opium - - - - -	8,451	6,500	7,838	7,250	7,250
Excise - - - - -	3,040	2,932	3,312	3,232	3,232
Stamps - - - - -	3,143	3,176	3,219	3,223	3,223
Registration - - - - -	103	104	102	98	98
Forest - - - - -	243	199	220	228	228
Tributes and Contributions, Mint and Miscellaneous, less Refunds and Drawbacks.	722	339	348	189	224
Provincial Rates - - - - -	2,730	2,815	2,836	2,841	2,600
Provincial and Local Adjustments, Ordinary -	-298	707	-652	1,990	1,990
Ditto - Special - - - - -	-	-	-670	-	-
TOTAL NET REVENUE - £.	45,900	44,949	44,573	47,001	44,115
Deficit - - - - -	4,044	-	-	-	-
TOTAL - - - - £.	49,944	44,949	44,573	47,001	44,115

* These figures show the Budget as it would stand if no remissions of taxation were made, and the payment of Patwaris in Oudh was not undertaken by the State.

Fort William, Department of Finance and Commerce, }
8 March 1882.

E. W. Kellner,
Deputy Comptroller General.

REVENUE and EXPENDITURE of INDIA.

In thousands of Conventional £.

EXPENDITURE.	1880-81.	1881-82.		1882-83.	
	Actuals.	Budget.	Regular.	Budget.	
				Preliminary.*	Final.
	£.	£.	£.	£.	£.
Administration - - - - -	1,532	1,519	1,502	1,504	1,504
Law and Justice - - - - -	2,516	2,687	2,538	2,688	2,688
Police - - - - -	2,282	2,335	2,309	2,387	2,387
Education - - - - -	828	915	878	972	972
Ecclesiastical - - - - -	159	159	160	163	163
Minor Departments,—Marine, Medical, Stationery and Printing, Post Office, and Telegraph.	1,789	2,201	2,250	2,175	2,175
Political, and Allowances, &c., under Treaties - - - - -	2,430	2,505	2,595	2,459	2,459
Furlough and Superannuation, &c., Allowances - - - - -	2,058	1,983	1,984	2,028	2,028
ARMY:					
Ordinary - - - - -	15,794	15,645	16,150	15,260	15,260
		Actuals, 1880-81.	Budget, Estimate, 1881-82.	Regular, Final.	
		£.	£.	£.	
War and Frontier Railways - - - - -	13,060	3,000	1,553		
English Contribution for Afghan War	2,695	3,000	2,305		
Famine Relief and Insurance - - - - -	35	1,500	1,500	1,500	1,500
Interest, exclusive of that for Productive Public Works - - - - -	3,207	3,569	3,640	3,724	3,724
Loss by Exchange - - - - -	2,717	3,063	3,294	2,775	2,775
Public Works, Ordinary - - - - -	4,354	5,713	5,833	6,591	6,591†
	50,066	43,794	43,881	44,226	44,226
PRODUCTIVE PUBLIC WORKS:*					
		Actuals, 1880-81.	Budget, Estimate, 1881-82.	Regular, 1881-82.	Budget, Preliminary. Final.
		£.	£.	£.	£.
+Land and other Receipts	8,905	8,921	10,055	9,870	9,870
—Interest and charges.	8,783	9,221	9,170	9,474	9,474
TOTAL NET EXPENDITURE - - - £.	49,944	44,094	42,999	43,830	43,830
Surplus - - - - -	-	855	1,577	3,171	285
TOTAL - - - £.	49,944	44,949	44,573	47,001	44,115

† Includes 223 Frontier Railways.

J. Westland,
Comptroller General.

T. C. Hope,
Secretary to the Government of India.

APPENDIX A.

TABLE I.—MISCELLANEOUS.

	1875-76.	1876-77.	1877-78.	1878-79.	1879-80.	1880-81.	1881-82.	1882-83.
	£.	£.	£.	£.	£.	£.	£.	£.
Deficit of Recorded Revenue compared with whole recorded Expenditure.	2,601,684	5,992,082	8,334,139	2,337,507	4,547,279	7,700,644	Estimates. 2,114,000	Estimates. 2,965,000
Productive Public Works, Capital Expenditure	4,270,629	3,809,284	4,701,052	4,381,898	3,364,330	3,656,505	3,601,000	3,250,000
Recorded Revenue compared with the recorded Expenditure, excluding Expenditure on Productive Public Works:								
Surplus - - - - -	1,668,045			2,044,391			1,577,000	285,000
Deficit - - - - -		2,182,778	3,543,087		1,182,949	4,044,139		
Net Public Debt incurred - - - - -	4,109,522	4,750,145	7,345,416	4,199,268	5,105,160*	5,679,815	927,000	-1,188,000
Net Public Debt incurred, including Capital transactions with Guaranteed Railway, and other Companies, and Native States, &c.	2,878,300	3,317,000	6,496,200	3,209,100	5,756,708	5,339,444	656,000	-1,645,000
Value of Commodities exported, excluding Gold and Silver.	58,091,000	61,014,000	65,222,000	60,937,000	67,212,000	74,581,000		
Value of Commodities imported, excluding Gold and Silver.	38,887,000	37,428,000	41,464,000	37,800,000	41,166,000	53,117,000		
Excess of Exports over Imports, excluding Gold and Silver.	19,204,000	23,586,000	23,758,000	23,137,000	26,046,000	21,464,000		
Net Imports of Gold - - - - -	1,545,000	207,000	468,000	(exports) 898,000	1,750,000	3,655,000		
Net Imports of Silver - - - - -	1,553,000	7,109,000	14,676,000	3,970,000	7,870,000	3,893,000		
TOTAL Net Imports of Gold and Silver - - - - -	3,098,000	7,406,000	15,144,000	3,074,000	9,620,000	7,548,000		
Excess of Exports over Imports, including Gold and Silver.	16,106,000	16,180,000	8,614,000	20,063,000	16,426,000	13,916,000		
Grand Total Value of Imports and Exports of all kinds.	104,480,000	113,008,000	120,252,000	109,777,000	122,069,000	138,126,000		
Secretary of State's Bills sold (Rupees) - - - - -	Rs. 13,75,00,000	Rs. 14,85,70,000	Rs. 11,69,85,000	Rs. 18,78,21,000	Rs. 18,95,71,000	Rs. 18,32,77,000	Rs. 21,23,48,000	Rs. 18,71,10,000
Sterling equivalent received - - - - -	£. 12,300,000	£. 12,096,000	£. 10,134,000	£. 15,485,000†	£. 15,740,000‡	£. 15,230,677	£. 17,589,600§	£. 15,592,600
Silver coined at the Indian Mints - - - - -	2,550,000	6,271,000	16,180,000	7,210,770	10,257,093	4,249,676	917,830	-
Gold coined in Germany - - - - -	12,756,000	2,873,000	7,112,000	5,475,340	1,500,877	-	-	-
Silver coined in Germany - - - - -	6,802,000	9,523,000	1,009,000	88,498	-	-	-	-

181.

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Maximum price of an oz. troy standard silver in London.	57½ d. (27th April)	58½ d. (18th Jan.)	55½ (8th Oct.)	54½ d. (2nd April)	53½ (Nov.)	52½ (July)	52½
Minimum - - ditto - - ditto - -	52½ d. (22nd March)	47 d. (7th July)	53½ (21st June)	48½ d. (21st Dec.)	49½ (April)	51 (Jan.)	50½ (July)
	<i>Rs. a.</i>	<i>Rs. a.</i>	<i>Rs. a.</i>	<i>Rs. a.</i>	<i>Rs. a.</i>	<i>Rs. a.</i>	<i>Rs. a.</i>
Maximum price of a sovereign in Calcutta	11 12	13 - (7th July)	11 14 (5th Sept.)	12 11 (March)	12 11 (May)	12-1 to 6 (through-	12-6 to 4 through-
Minimum - - ditto - - ditto - -	11 -	11 3 (6th Feb.)	11 4 (10th April)	11 11 (11th June)	11 15 (Jan.)	out the year).	out.
Average exchange upon Secretary of State's Bills sold per rupee.	1 s. 9 64 d.	1 s. 8 49 d.	1 s. 8 79 d.	1 s. 7 761 d.	1 s. 7 94 d.	1 s. 7 956 d.	1 s. 7 88 d.
Fixed rate of exchange for the adjustment of transactions between the Indian and Imperial Treasuries.	1 s. 10½ d.	1 s. 9½ d.	1 s. 9½ d.	1 s. 9 d.	1 s. 7½ d.	1 s. 8½ d.	1 s. 8 d.
Maximum rate of discount on Loans on demand at the Bank of Bengal, Calcutta.	9 (May)	11 (April)	12 (May)	9 (1st April)	9 (April)	7 (April)	9 (Feb.)
Minimum - - ditto - - ditto - -	4 (Nov. and Dec.)	5 (Aug. and Sept.)	(Dec. and Jan.)	3 (7th Nov.)	3 (Jan.)	3 (Nov. to Jan.)	4 (June)
Maximum rate of discount at the Bank of England.	4 (Oct. and Jan.)	2 throughout the year.	5 (Oct. and Nov.)	6 (Oct. and Nov.)	3 (April to Oct.)	3 (April)	6 (Feb.)
Minimum - - ditto - - ditto - -	2 (Aug.)	2 (subsequently).	2½ (30th May)	2 (Nov. to Feb.)	2½	2½ (throughout first half year).	2½ (throughout first half year).
	£.	£.	£.	£.	£.	£.	£.
Maximum money balances of the three Presidency Banks.	7,041,800 (July)	6,382,700 (July)	7,574,900 (Jan.)	6,978,500 (July)	7,733,500 (Feb.)	7,472,500 (Feb.)	6,097,600 (July)
Minimum - - ditto - - ditto - -	4,762,300 (May)	4,132,500 (Oct.)	3,672,200 (April)	4,589,300 (Jan.)	4,150,400 (April)	4,442,700 (March)	3,340,600 (Jan.)
Maximum price in Calcutta of Government Four per cent. Rupee Securities.	102½ (3rd June)	102½ (25th July)	98½ (27th June)	97 (July and Aug.)	95½ (July)	102½ (Mar.)	106 6 (June)
Minimum - - ditto - - ditto - -	99 (21st March)	96½ (13th Jan.)	92 (8th Sept.)	91½ (March)	91½ (May)	93 10 (May)	99 8 (Aug.)
	£.	£.	£.	£.	£.	£.	£.
Maximum amount outstanding on London Register of Rupee Securities encased for interest drafts.	14,407,861 (Oct.)	14,125,982 (April)	14,588,744	15,950,002 (Feb.)	19,431,239 (Mar.)	19,739,473 (June)	21,328,200 (Feb.)
Minimum - - ditto - - ditto - -	14,111,441 (April)	12,655,322 (Dec.)	13,057,964	13,826,393 (Oct.)	10,908,182 (May)	18,719,445 (Jan.)	19,013,628 (April)
Maximum price in London of such securities (in gold).	93½ (7th April)	93 (15th Dec.)	84½ (5th April)	81½ (1st April)	80½ (Oct.)	84½ (Feb.)	87 (July)
Minimum - - ditto - - ditto - -	82 (4th March)	77 (6th July)	81½ (23rd Jan.)	72 (23rd Oct.)	71½ (May)	78 (May)	82½ (Sept.)
Maximum price in London of Secretary of State's Four per cent. Sterling Bonds.	106½ (5th Aug.)	104½ (22nd Feb.)	104½ (30th Aug.)	104½ (July and Aug.)	105½	105½ (Jan.)	106½ (July)
Minimum - - ditto - - ditto - -	102½ (3rd June)	101 (20th Oct.)	100½ (21st Mar.)	97 (Oct.)	100½	101½ (Sept.)	103½ (Sept.)
	£.	£.	£.	£.	£.	£.	£.
Maximum Government Paper Currency outstanding.	12,161,224 (22nd Oct.)	12,551,185 (7th Feb.)	15,757,790 (15th Jan.)	14,584,900 (Sept.)	14,329,700 (Jan.)	14,513,100 (Dec.)	14,422,600 (Sept.)
Minimum - - ditto - - ditto - -	10,068,628 (7th May)	10,532,294 (15th May)	11,130,528 (30th April)	11,423,600 (March)	11,113,800 (June)	12,528,400 (April)	12,877,900 (April)
Number of Savings Banks - - - -	330	340	343	338	371	388	363
Number of Depositors in Savings Banks	73,401	80,004	83,518	84,503	91,288	107,778	113,295
	£.	£.	£.	£.	£.	£.	£.
Amount deposited in Savings Banks	1,895,452	1,936,193	1,925,335	1,912,401	2,282,823	3,213,071	3,188,370
Average of each Deposit	25	24	23	22	25	29	28
Net addition to Deposits	148,659	40,741	10,858 (Decrease)	12,934 (Decrease)	370,422	930,848	25,301 (Decrease)
	<i>Frs.</i>	<i>Frs.</i>	<i>Frs.</i>	<i>Frs.</i>	<i>Frs.</i>	<i>Frs.</i>	<i>Frs.</i>
Cash reserve at the Bank of France in December of each year—in 000's of francs.	1,679,300	2,169,000	2,042,500	2,041,700	1,979,017	1,786,873	1,817,164
Silver - - ditto - - ditto - -	505,000	638,600	865,400	1,058,100	1,220,501	1,222,604	1,161,468
Per-centage of Silver on the Total Reserve	31	30	43	52	62	68	64

* Exclusive of 9,730,862 l., Debt incurred for the purchase of the East Indian Railway.

† Includes 1,516,193 l., amount remitted by Bills of Exchange on India.

‡ Includes 486,947 l., Gold remittances from India.

§ Includes 85,000 l. Hong Kong Bills. || Includes 250,000 l., Hong Kong Bills.

APPENDIX A.—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

TABLE II.—SEA-BORNE TRADE for the YEAR. (Principle ARTICLES arranged in Order of their DECLARED VALUE.)

No.	EXPORTS.		1876-77.	1877-78.	1878-79.	1879-80.	1880-81.		
1	Cotton :	Quantity - - - - -	Cwt.	4,557,914	3,459,077	2,966,060	3,948,476	4,541,539	
		Value - - - - -	£.	11,746,184	9,383,534	7,913,046	11,145,453	13,241,734	
	Raw -	Average declared value per lb. - - - - -	Annas Pence, at average exchange - - - - -		3/8	3/10	3/10	4/-	4/2
					4/71	4/98	4/73	4/98	5/20
	Twist and Yarn -	Quantity - - - - -	Lbs.	7,926,710	15,600,291	21,332,508	25,862,474	26,901,346	
		Value - - - - -	£.	367,303	682,059	886,481	1,109,234	1,282,576	
		Average declared value per lb. - - - - -	annas	7/5	7/-	6/7	6/10	7/8	
		Other manufactures—Value - - - - -	£.	445,079	460,674	511,498	512,513	626,558	
		Average declared value per yard - - - - -	Grey or unbleached annas Coloured, printed, or dyed - - - - -		2/6	2/3	2/1	2/-	2/-
					5/3	4/10	4/7	4/5	4/9
Percentage of manufactures on whole value exported - - - - -		6/47	10/85	15/01	12/70	12/60			
2	Opium -	Quantity - - - - -	Chests.	96,870	92,820	91,200	105,507	92,190	
		Value - - - - -	£.	12,404,748	12,374,355	12,993,979	14,323,314	13,600,148	
		Average declared value per chest, in rupees	Rs.	1,281	1,333	1,425	1,358	1,475	
3	Rice and Paddy	Quantity - - - - -	Cwt.	19,914,334	18,428,386	21,237,233	22,165,765	27,266,040	
		Value - - - - -	£.	5,815,221	6,950,276	8,973,722	8,402,502	9,057,153	
		Average declared value of husked rice per cwt. - - - - -	Rupees - Shillings, at average exchange - - - - -		2 15 1	3 12 6	4 4 4	3 12 11	3 5 7
	5/02			6/55	7/03	6/33	5/57		
4	Seeds -	Quantity - - - - -	Cwt.	9,582,865	12,187,020	7,200,977	7,091,469	10,229,109	
		Value - - - - -	£.	5,319,124	7,360,284	4,675,036	4,685,893	6,345,209	
		Average declared value of linseed, per cwt. - - - - -	Rupees - Shillings, at average exchange - - - - -		5 5 11	5 13 10	6 3 11	6 8 8	6 2 8
	9/17			10/16	10/28	10/87	10/26		
5	Jute -	Raw and manufactured—Value - - - - -	£.	3,356,124	4,289,241	4,898,860	5,565,394	5,064,701	
		Average declared value of raw jute per cwt. - - - - -	Rupees - Shillings, at average exchange - - - - -		5 13 1	6 7 3	6 5 -	6 8 8	6 12 4
					9/94	11/18	10/39	10/87	11/26
Percentage of manufactures on whole value exported - - - - -		21/43	17/97	22/42	21/48	22/32			
6	Hides and Skins -	Quantity - - - - -	No.	19,792,877	22,016,317	21,223,403	24,291,356	23,395,702	
		Value - - - - -	£.	2,098,684	3,756,888	3,096,847	3,738,005	3,793,565	
		Percentage of dressed or manufactured to whole value - - - - -		49/77	48/29	42/06	36/35	43/23	
7	Indigo -	Quantity - - - - -	Cwt.	100,384	120,605	105,051	100,923	116,870	
		Value - - - - -	£.	2,962,785	3,494,334	2,960,462	2,947,227	3,571,581	
		Average declared value per cwt. - - - - -	Rupees - Sterling at average exchange - - - - -		295 2 4	289 11 9	281 13 -	292 - 5	305 9 8
	25/19			25/09	23/20	24/26	25/41		

APPENDIX A.—COMMERCIAL AND FINANCIAL STATISTICS—continued.

TABLE II.—Sea-borne Trade for the Year, &c.—continued.

No.	EXPORTS.	1876-77.	1877-78.	1878-79.	1879-80.	1880-81.	
8	Wheat -						
	Quantity - - - - - Cwt.	5,583,336	6,340,150	1,044,709	2,195,550	7,444,375	
	Value - - - - - £.	1,956,332	2,856,990	513,778	1,121,015	3,277,942	
	Average declared value per cwt. - - - - -						
		Rupees - - - - -	3 8 -	4 8 1	4 14 8	5 1 8	4 6 5
		Shillings, at average exchange - - - - -	5.98	7.80	8.09	8.48	7.32
9	Tea -						
	Quantity - - - - - Lbs.	27,784,124	33,459,075	34,432,573	38,173,521	46,413,510	
	Value - - - - - £.	2,607,425	3,044,571	3,138,424	3,051,020	3,054,240	
	Average declared value per lb. - - - - -						
		Annas - - - - -	15/-	14/6	14/7	12/9	10/6
		Shillings, at average exchange - - - - -	1.60	1.57	1.50	1.33	1.09
10	Coffee -						
	Quantity - - - - - Cwt.	302,489	297,327	341,186	359,313	369,357	
	Value - - - - - £.	1,345,822	1,338,499	1,543,643	1,626,747	1,599,669	
	Average declared value per cwt. - - - - -						
		Rupees - - - - -	44 7 10	45 - 3	45 3 11	45 4 5	43 4 11
		Shillings, at average exchange - - - - -	75.97	77.98	74.50	75.23	72.02
11	Wool -						
	Raw and manufactured—Value - - - - - £.	1,293,490	1,151,518	1,243,275	1,242,486	1,224,412	
	Average declared value of raw wool per lb. - - - - -						
		Annas - - - - -	7/2	6/6	6/4	6/8	7/2
		Pence, at average exchange - - - - -	9.22	8.44	7.82	8.31	8.04
12	Silk -						
	Raw and manufactured—Value - - - - - £.	1,000,566	854,629	746,687	744,059	771,016	
	Average declared value of raw silk per lb. - - - - -						
		Rupees - - - - -	5 7 8	4 10 5	4 4 7	3 10 11	4 3 4
		Shillings, at average exchange - - - - -	9.25	8.06	7.06	6.12	7.00
13	Oils - - - - - Value - - - - - £.	377,740	371,552	537,579	569,455	581,139	
14	Enc - - - - - Value - - - - - £.	536,976	362,048	298,716	371,496	578,320	
15	Teak Wood -						
	Quantity - - - - - Cubic tons	45,108	50,939	37,413	38,620	65,026	
	Value - - - - - £.	332,764	406,652	268,959	281,959	500,047	
	Average declared value per cubic ton - - - - -						
		Rupees - - - - -	73 12 4	71 6 8	71 14 3	73 - 2	76 3 2
		Sterling, at average exchange - - - - -	6.29	6.19	5.92	6.07	6.34
16	Saltpetre -						
	Quantity - - - - - Cwt.	466,218	389,002	382,405	509,372	352,995	
	Value - - - - - £.	381,706	379,002	361,766	409,797	351,728	
	Average declared value per cwt. - - - - -						
		Rupees - - - - -	8 3 -	0 11 11	9 7 4	9 3 7	9 15 5
		Shillings, at average exchange - - - - -	13.96	16.88	15.57	15.33	16.57
17	Sugar - - - - - Value - - - - - £.	925,196	745,851	204,360	205,871	311,751	

APPENDIX A.—COMMERCIAL AND FINANCIAL STATISTICS—continued.

TABLE II.—Sea-borne Trade for the Year, &c.—continued.

No.	IMPORTS.	1876-77.	1877-78.	1878-79.	1879-80.	1880-81.
1	Cotton:					
	Quantity - - - - - Lbs.	33,270,208	36,196,661	33,145,651	33,212,952	45,877,379
	Twist and Yarn - Value - - - - - £.	2,733,535	2,850,616	2,779,774	2,745,306	3,699,273
	Average declared value, per lb., annas - - - - -	13'14	12'60	13'42	13'23	12'90
	Average declared value, per lb., pence, at average exchange - - - - -	1 s. 4'83 d.	1 s. 4'37 d.	1 s. 4'57 d.	1 s. 4'48 d.	1 s. 4'09 d.
	Other manufactures - Value - - - - - £.	16,012,932	17,332,639	14,137,694	16,923,747	22,914,314
	TOTAL COTTON GOODS—Gross Imports - - - - - £.	18,746,467	20,183,255	16,917,468	19,669,052	26,613,587
	Re-exports:					
	Twist and Yarn - Quantity - - - - - Lbs.	839,539	934,437	754,648	842,239	625,840
	Value - - - - - £.	58,423	62,733	51,217	54,712	47,475
	Other manufactures—Value - - - - - £.	1,064,392	1,089,614	1,132,627	1,061,457	1,151,417
	Total Re-exports - - - - - £.	1,122,815	1,152,347	1,183,844	1,116,169	1,198,892
	TOTAL COTTON GOODS—Net Imports - - - - - £.	17,623,652	19,030,908	15,733,624	18,552,884	25,414,695
2	Metals - - - - - Value £.	3,722,165	3,736,958	3,372,903	3,444,195	3,846,996
3	Railway plant and rolling-stock - - - - - " "	1,194,145	1,727,560	1,491,831	1,528,497	2,742,689
4	Silk (raw and manufactured) - - - - - " "	1,036,684	1,482,951	1,491,285	1,521,126	2,417,402
5	Sugar - - - - - " "	403,556	798,036	1,480,880	1,068,788	1,611,157
6	Liquors - - - - - " "	1,585,345	1,683,655	1,372,487	1,496,108	1,537,812
7	Woollen manufactures - - - - - " "	911,890	955,142	961,666	1,028,450	1,466,121
8	Coal (excluding coke and patent fuel) - - - - -					
	Quantity - - - - - Tons	523,384	603,731	473,027	587,634	712,020
	Value - - - - - £.	918,309	1,004,942	881,444	1,125,482	1,260,060
	Average declared value per ton, in rupees - - - - -	17'54	16'64	18'63	19'15	17'98
	Average declared value per ton, in shillings, at average exchange - - - - -	30'34	28'83	30'68	31'52	29'90
9	Provisions - - - - - Value £.	661,059	858,797	975,835	1,046,832	920,181
10	Machinery and mill-work - - - - - " "	963,504	873,960	893,875	644,192	835,503
11	Apparel - - - - - " "	542,915	579,108	546,089	561,293	688,403
	Quantity - - - - - Tons	298,776	254,231	274,180	352,238	373,376
	Value - - - - - £.	430,890	401,366	593,612	762,532	665,317
12	Salt - - - - -					
	Average declared value per ton, in rupees - - - - -	14'42	15'78	21'65	21'65	17'82
	Average declared value per ton, in shillings, at average exchange - - - - -	24'62	27'35	35'65	35'97	29'63
13	Spices - - - - - Value £.	432,989	488,884	509,043	526,328	542,861
14	Oils - - - - - " "	78,413	295,667	369,865	545,931	529,175

TABLE III.—SEA-BORNE TRADE for the first TEN MONTHS of the Year (Principal ARTICLES arranged in order of their Declared VALUE).

	1877-78.	1878-79.	1879-80.	1880-81.	1881-82.
	£.	£.	£.	£.	£.
Value of Commodities Exported, excluding Gold and Silver - - - - -	52,210,342	47,821,206	51,518,840	58,278,889	64,518,336
Value of Commodities Imported, excluding Gold and Silver - - - - -	34,457,473	32,426,305	33,530,283	44,019,148	40,975,795
EXCESS EXPORTS - - - - - £.	17,752,869	15,394,901	17,988,557	14,259,741	23,542,541
Net Imports of Silver - - - - -	13,117,467	2,187,577	6,881,284	3,331,588	2,846,788
Net Imports of Gold - - - - -	278,765	— 482,078	1,388,522	2,958,798	4,214,854
TOTAL NET IMPORTS of Gold and Silver - - - - - £.	13,396,232	1,705,499	8,069,806	6,290,386	7,061,642
GRAND TOTAL IMPORTS AND EXPORTS OF ALL KINDS - - - - - £.	104,112,057	88,090,522	96,913,709	111,081,061	114,406,777

APPENDIX A.—COMMERCIAL AND FINANCIAL STATISTICS—continued.

TABLE III.—Sea-borne Trade for the first Ten Months of the Year, &c.—continued.

No.	EXPORTS.	Ten Months, 1st April to 31st January.					
		1877-78.	1878-79.	1879-80.	1880-81.	1881-82.	
1	Cotton, raw	Quantity - - - - - Cwts.	2,585,377	2,281,507	2,895,634	3,399,355	3,855,588
		Value - - - - - £.	6,949,554	6,149,132	7,989,392	10,045,853	10,290,948
		Average value per lb. - - - - - Rs.	- 3 10	- 3 10	- 3 11	4 3	- 3 1
	Manufactures :						
	Twist and Yarn	Quantity - - - - - Lbs.	12,779,989	18,306,631	20,446,026	22,632,378	26,346,512
	Value - - - - - £.	558,913	767,675	854,727	1,076,159	1,185,811	
	Average value per lb. - - - - - Rs.	- 6 11	- 6 8	- 6 8	- 7 7	- 7 2	
	Other manufactures—Value - - - - - £.	392,895	431,644	420,627	526,904	540,953	
	TOTAL COTTON (Raw and Manufactured) - - - - - £.	7,901,362	7,348,651	9,264,746	11,648,916	12,017,722	
2	Opium	Quantity - - - - - Chests	77,387	76,165	91,082	75,444	75,959
		Value - - - - - £.	10,264,066	10,917,614	12,299,005	11,115,263	10,656,680
		Average value per chest - - - - - Rs.	1,326 5 3	1,433 6 8	1,350 5 2	1,473 5 -	1,402 15 3
3	Wheat	Quantity - - - - - Cwts.	6,206,669	1,035,857	1,810,650	6,292,924	18,052,526
		Value - - - - - £.	2,790,304	508,125	917,109	2,762,759	7,844,119
		Average value per cwt. - - - - - Rs.	4 7 11	4 14 6	5 1 -	4 6 3	4 5 6
4	Rice and Paddy	Quantity - - - - - Cwts.	10,186,650	12,420,606	12,723,419	16,369,942	17,765,895
		Value - - - - - £.	4,017,310	5,699,274	5,150,492	5,690,268	5,398,390
		Average value per cwt. - - - - - Rs.	3 15 1	4 9 5	4 - 9	3 7 7	3 - 7
5	Seeds	Quantity - - - - - Cwts.	11,239,493	6,357,845	5,766,213	8,700,116	8,535,775
		Value - - - - - £.	6,758,930	4,069,485	3,764,064	5,369,367	4,985,915
		Average value per cwt. - - - - - Rs.	6 - 2	6 6 11	6 8 5	6 2 9	5 13 6
6	Jute (Raw and Manufactured)—Value - - - - - £.	3,679,332	4,076,573	4,539,802	4,172,591	4,857,656	
7	Indigo	Quantity - - - - - Cwts.	90,577	64,514	78,533	87,477	115,725
		Value - - - - - £.	2,632,728	1,767,026	2,256,424	2,734,908	3,531,771
		Average value per cwt. - - - - - Rs.	290 10 7	273 15 -	287 5 2	312 10 3	305 2 11
8	Tea	Quantity - - - - - Lbs.	30,306,610	30,692,313	34,273,392	42,347,398	43,667,412
		Value - - - - - £.	2,770,735	2,808,432	2,749,011	2,797,637	3,261,579
		Average value per lb. - - - - - Rs.	- 14 7	- 14 8	- 12 10	- 10 7	- 11 11
9	Hides and Skins	Quantity - - - - - Cwts.	709,852	630,278	709,708	632,180	637,183
		Value - - - - - £.	2,990,696	2,455,043	2,785,714	2,919,811	3,099,954
		Average value per cwt. - - - - - Rs.	42 2 1	38 15 2	39 4 -	46 3 -	48 10 5
10	Coffee	Quantity - - - - - Cwts.	191,693	201,626	188,171	269,445	204,121
		Value - - - - - £.	846,358	885,939	833,663	1,160,862	858,252
		Average value per cwt. - - - - - Rs.	44 2 5	43 15 -	44 4 10	43 1 4	42 - 9
11	Wool (Raw and Manufactured)—Value - - - - - £.	939,198	1,049,930	1,007,620	1,045,637	827,203	
12	Lac - - - - - £.	299,599	234,712	220,109	414,104	538,509	
13	Sugar - - - - - £.	673,022	184,724	156,542	279,767	511,156	
14	Silk (Raw and Manufactured)—Value - - - - - £.	766,098	607,139	584,584	581,255	502,787	
15	Teak	Quantity - - - - - Cubic tons.	44,153	34,115	30,835	52,822	48,569
		Value - - - - - £.	311,678	247,752	222,888	398,647	434,522
		Average value per cubic ton - - - - - Rs.	70 2 9	72 9 11	72 4 6	75 7 6	89 7 5
16	Oils - - - - - £.	308,569	424,437	457,190	433,030	370,265	
17	Saltpetre	Quantity - - - - - Cwts.	311,682	311,091	421,245	301,935	271,558
		Value - - - - - £.	304,068	296,222	386,478	298,924	276,184
		Average value per cwt. - - - - - Rs.	9 12 1	9 8 4	9 2 10	9 14 4	10 2 8

APPENDIX A.—COMMERCIAL AND FINANCIAL STATISTICS—*continued.*TABLE III.—Sea-borne Trade for the first Ten Months of the Year, &c.—*concluded.*

No.	I M P O R T S.	Ten Months, 1st April to 31st January.						
		1877-78.	1878-79.	1879-80.	1880-81.	1881-82.		
1	Cotton—							
	Twist and Yarn	Quantity - - - - Lbs.	30,872,371	29,736,857	27,309,908	38,777,313	34,326,157	
		Value - - - - - £.	2,425,336	2,480,030	2,248,420	3,133,285	2,706,304	
		Average Value per lb. - Rs.	- 12 7	- 13 4	- 13 2	- 12 11	- 12 7	
		Ditto - in sterling at average exchange -	1 s. 4½ d.	1 s. 4½ d.	1 s. 4½ d.	1 s. 4 d.	1 s. 3½ d.	
		Other Manufactures—Value - - - - - £.	14,512,524	12,274,502	13,819,121	18,908,436	17,205,010	
		Total Cotton Goods—Gross Imports - £.	16,937,860	14,754,532	16,067,541	22,041,721	19,911,404	
		Re-exports—						
		Twist and Yarn	Quantity - - - - Lbs.	736,160	651,373	730,083	479,928	632,768
			Value - - - - - £.	49,811	43,308	47,720	36,840	43,563
		Average Value per lb. - Rs.	- 10 10	- 10 11	- 10 5	- 12 3	- 11 -	
		Other Manufactures—Value - - - - - £.	875,357	966,712	857,854	899,570	1,018,796	
		Total Re-exports - - - - - £.	925,168	1,011,220	905,574	936,410	1,062,559	
	TOTAL COTTON GOODS—Net Imports - £.	16,012,692	13,743,312	15,161,967	21,105,311	18,849,045		
2	Metals - - - - - Value £.	3,008,118	2,919,762	2,849,490	3,100,352	2,911,296		
3	Railway Plant and Rolling Stock - - - - - " "	1,227,159	1,249,238	1,080,073	2,278,383	1,899,919		
4	Silk (Raw and Manufactured) - - - - - " "	1,271,782	1,308,615	1,263,584	2,046,391	1,748,234		
5	Liquors - - - - - " "	1,431,367	1,113,119	1,248,620	1,257,911	1,203,906		
6	Woollen manufactures - - - - - " "	849,529	846,254	901,063	1,315,961	1,166,313		
7	Sugar - - - - - " "	657,043	1,137,030	853,947	1,330,169	1,071,975		
8	Machinery and Millwork - - - - - " "	724,078	781,963	549,056	650,035	985,866		
9	Provisions - - - - - " "	714,619	831,861	883,442	769,765	894,292		
10	Coal (excluding Coke and Patent Fuel)	Quantity - - - - Tons	469,270	377,684	449,267	514,951	528,290	
		Value - - - - - £.	764,610	708,320	860,501	945,191	835,022	
		Average Value per Ton - Rs.	16 4 8	18 12 1	19 2 5	18 5 8	15 12 11	
11	Apparel - - - - - Value	491,306	464,159	466,912	587,827	579,682		
12	Salt - - - - -	Quantity - - - - Tons	217,202	223,563	277,156	321,146	303,541	
		Value - - - - - £.	324,628	477,375	611,324	562,651	491,246	
		Average Value per Ton - Rs.	14 15 1	21 5 7	22 - 9	17 6 4	16 2 11	
13	Oils - - - - - Value £.	253,369	289,122	445,185	479,508	444,411		
14	Spices - - - - - " "	389,049	430,862	406,200	462,766	425,013		

APPENDIX A.—COMMERCIAL AND FINANCIAL STATISTICS—continued.

TABLE IV.—WHOLESALE PRICES of TYPICAL COMMODITIES in GOLD and SILVER in *London* and *Calcutta* in December of each Year.

(Prices of March 1873 = 100.)

In LONDON— (Prices quoted from the London "Economist"):	Measured in Gold.							Measured in Silver.*						
	1875.	1876.	1877.	1878.	1879.	1880.	1881.	1875.	1876.	1877.	1878.	1879.	1880.	1881.
Scotch pig-iron (warrants)	54	49	43	36	55	43	44	58	51	48	44	63	50	51
Coals, Hetton, Wallsend, (London).	75	57	55	60	50	52	51	79	59	61	72	57	60	59
Copper, Chili bars - -	92	85	74	64	74	68	79	98	90	82	77	85	78	91
Straits tin - - - -	56	52	45	42	62	63	76	60	54	50	50	71	73	86
Wheat - - - - -	83	01	94	72	85	77	80	88	96	104	87	97	89	92
Flour, town made - - -	90	82	98	69	86	81	91	96	86	109	83	98	93	105
Beef, inferior - - - -	128	98	85	90	85	100	97	136	102	94	108	97	116	112
Cotton, No. 40, mule twist	86	80	71	61	77	75	77	91	84	78	73	87	87	89
Wool, Southdown hogs -	85	80	76	65	71	76	68	91	85	84	78	81	87	78
Sugar, foreign Muscovado	77	113	74	80	95	80	71	82	119	82	96	108	92	82
Coffee - - - - -	105	101	98	73	83	71	64	111	106	109	88	94	81	74
Saltpetre - - - - -	83	87	98	89	96	102	105	88	92	109	108	110	118	121
Gold - - - - -	-	-	-	-	-	-	-	106	105	111	120	114	115	115
Silver - - - - -	94	95	90	83	88	86	87	-	-	-	-	-	-	-
In CALCUTTA—(Prices quoted from the "Calcutta Price Current"):														
Grey Shirtings (8½ lbs.) - - - -	-	-	-	-	-	-	-	84	78	73	74	81	80	78
Mule Twist, white, good, No. 40 -	-	-	-	-	-	-	-	87	87	75	75	88	83	81
" " Turkey red, No. 40 (12 lbs.)	-	-	-	-	-	-	-	94	85	85	78	77	69	69
" " orange, No. 40—60 - - -	-	-	-	-	-	-	-	87	90	83	73	87	88	85
Copper, sheathing - - - - -	-	-	-	-	-	-	-	102	93	83	80	87	80	87
Iron, flat, bolt, bar, and square -	-	-	-	-	-	-	-	78	68	60	56	76	56	65
Spelter, hard - - - - -	-	-	-	-	-	-	-	148	143	130	107	121	95	96
Hides, buffalo, slaughtered - - -	-	-	-	-	-	-	-	75	104	75	69	96	93	88
Indigo, good - - - - -	-	-	-	-	-	-	-	90	110	86	100	119	105	113
Jute, picked - - - - -	-	-	-	-	-	-	-	125	150	147	153	169	148	140
Lac dye, fine - - - - -	-	-	-	-	-	-	-	55	69	58	54	73	49	36
Shell lac, fine orange - - - - -	-	-	-	-	-	-	-	119	68	49	50	153	122	93
Linseed, fine bold clean - - - -	-	-	-	-	-	-	-	92	102	103	-	120	104	93
Rice, Ballam - - - - -	-	-	-	-	-	-	-	195	159	168	259	153	103	97
Silk, raw, Cossimbazar - - - - -	-	-	-	-	-	-	-	40	98	80	69	87	80	86
Tea, good Souchong - - - - -	-	-	-	-	-	-	-	104	123	100	77	82	64	83
Wheat, Doodiah - - - - -	-	-	-	-	-	-	-	78	96	104	109	109	92	92
Gold - - - - -	-	-	-	-	-	-	-	102	103	105	109	110	115	115

* The values measured in silver in London have been calculated from the values in gold on the basis of the price of standard silver in London.

APPENDIX A.—COMMERCIAL AND FINANCIAL STATISTICS—continued.

TABLE V.—ACTUAL CAPITAL EXPENDITURE ON STATE RAILWAYS in 1880-81, and ESTIMATED EXPENDITURE on such WORKS in 1881-82 and 1882-83, and to the end of 1882-83.

	Accounts, 1880-81.	1881-82, Regular Estimate.	1882-83, Budget Estimate.	To end of 1882-83.	Sanctioned Outlay.	Balance remaining Unspent.
	£.	£.	£.	£.	£.	£.
East Indian	418,435	1,035,000	485,000	11,675,000	—	—
Rajputana	277,338	309,450	468,930	8,235,000	8,235,000	—
Western Rajputana	458,669					
Sindhia-Nimach	77,828	52,700				
Nimach-Nasirabad	363,436	264,300				
Sindhia	53,118	35,000	20,000	889,000	889,000	—
Holkar	13,078	24,600	11,300	1,285,000	1,285,000	—
Wardha Coal	13,331	16,130	15,500	609,000	609,000	—
Nagpur-Chhatisgarh	204,403	242,020	97,160	926,000	1,037,460	111,460
Rangoon and Irawadi Valley	15,133	26,700	41,700	1,331,000	1,331,000	—
Rangoon and Tsit-toung Valley	—	205,570	376,100	582,000	1,170,000	588,000
Northern Bengal	35,764	—7,700	1,500	2,103,000	2,103,000	—
Tirhut	48,320	—18,300	28,450	604,000	604,000	—
Tirhut Extension	5,496	317,900	316,750	642,000	600,000	—42,000
Patna and Gaya	30,981	22,170	18,450	398,000	398,000	—
Nalhatti	—260	—860	—300	33,000	33,000	—
Calcutta and South-Eastern	8,508	—2,500	—2,450	677,000	677,000	—
Cawnpore-Farrukhabad	106,895	20,267	5,000	330,000	330,000	—
Ghazipur-Dildaruagar	14,120	8,500	10,000	78,000	78,000	—
Muttra-Hathras	—915	640	150	109,000	109,000	—
Muttra-Achnera	40,870	20,710	—	67,000	67,000	—
Bareilly Pilibhit*	—	—	25,000	25,000	25,000*	—
Dhond and Manmad	—33,889	3,330	12,750	1,010,000	1,010,000	—
Indus Valley	280,290	321,950	262,175	6,993,000	6,993,000	—
Punjab Northern	617,826	120,600	34,700	4,569,000	4,569,000	—
Amritsur-Pathankot	—	20,000	180,000	200,000	450,000	250,000
Stores Reserve	—76,770	—66,277	—55,165	155,000	—	—155,000
PRODUCTIVE PUBLIC WORKS } Outlay	£. 2,553,620	1,936,900	1,867,700	31,850,000	32,602,460	752,460
Railways constructed wholly from ORDINARY FUNDS:						
Frontier Railways:						
Punjab Northern, Northern Section.	1,021,508	1,093,200	182,500	2,605,000	—	—
Kandahar:						
Upper Section	380,440	—596,000	—	—	—	—
Lower Section	405,547	179,550	30,800	1,328,000	—	—
Stores and Reserve, &c.	486,120	—468,010	9,700	165,000	—	—
Bhopal	—	70,000	55,000	125,000	125,000	—
Sonarpur-Diamond-Harbour	12,152	100,000	88,800	201,000	235,980	34,980
Parbatipur-Dinajpur	—	25,000	60,000	85,000	119,108	34,108
Cawnpore-Farrukhabad Extension*	—	—	100,000	100,000*	—	—
Jumna Bridge*	—	—	30,000	30,000*	—	—
Patri Salt Branch	—	—	—	82,000	90,000	8,000
TOTAL ORDINARY	£. 2,305,767	403,740	556,800	4,721,000	—	—
GRAND TOTAL	£. 4,859,387	2,340,640	2,424,500	36,571,000	—	—

* Estimates not yet sanctioned.

APPENDIX A.—COMMERCIAL AND FINANCIAL STATISTICS—continued.

TABLE VI.—ACTUAL CAPITAL EXPENDITURE ON WORKS OF IRRIGATION, &c., for which Capital and Revenue Accounts are kept, in 1880-81, and ESTIMATED EXPENDITURE on such Works in 1881-82, 1882-83, and to the end of 1882-83, &c.

	1880-81, Actuals.	1881-82, Regular Estimate.	1882-83, Budget Estimate.	To end of 1882-83.			Estimated Cost (Current Sanctions).	Balance of Current Sanctions remaining to be spent.
				Outlay against Current Sanctions.	Outlay against Sanctions that have expired.	TOTAL.		
PRODUCTIVE PUBLIC WORKS:	£.	£	£.	£.	£.	£.	£.	£.
Oriassa Canals - - - -	45,059	52,500	60,600	2,035,700	-	2,035,700	1,969,900	-
Midnapur Canal - - - -	23,045	20,000	29,800	821,900	-	821,900	824,900	3,000
Tidal Canal - - - -	-	-	-	177,300	-	177,300	177,300	-
Son Canal - - - -	82,140	67,500	49,600	2,375,200	-	2,375,200	2,736,300	361,100
Ganges Canal - - - -	20,541	30,000	51,100	658,800	1,982,900	2,641,700	991,300	392,500
Agra Canal - - - -	2,926	5,000	7,400	792,500	-	792,500	800,800	8,300
Lower Ganges Canal - - -	172,882	(c) 120,000	129,500	2,090,800	360,300	2,451,100	2,553,500	402,700
Eastern Jumna Canal - - -	(a) -	5,000	12,000	81,700	197,600	279,300	146,600	64,900
Western Jumna Canal - - -	49,700	57,400	60,000	547,100	311,900	859,000	759,700	212,600
Bari Doab Canal - - - -	525	1,800	6,300	360,200	1,143,400	1,503,600	508,800	148,600
Other projects - - - -	217,032	287,800	490,900	-	-	5,126,500	-	-
TOTAL - - - £.	614,450	647,000	897,200	-	-	19,064,100	-	-
IRRIGATION AND NAVIGATION WORKS. (Not classed as Productive Public Works):								
Eastern Jumna Canal - - -	6,358	(b)	(b)	(b)	(b)	(b)	(b)	-
Other Projects - - - -	208,599	214,000	203,400	-	-	3,244,000	-	-
TOTAL - - - £.	214,957	214,000	203,400	-	-	3,244,000	-	-
GRAND TOTAL - - - £.	829,407	861,000	1,100,600	-	-	22,308,100	-	-

(a) Shown under Irrigation and Navigation. (b) Transferred to head "Productive Public Works."
(c) Includes Rs. 1,00,000, additions sanctioned by the Government of India.

APPENDIX A.—COMMERCIAL AND FINANCIAL STATISTICS—continued.

TABLE VII.—GROSS EARNINGS, WORKING EXPENSES, and NET TRAFFIC EARNINGS of GUARANTEED and STATE RAILWAYS to the end of 1880-81, with REGULAR ESTIMATES for 1881-82, and BUDGET ESTIMATES for 1882-83.

	ACTUALS.					Regular	Budget
	1876-77.	1877-78.	1878-79.	1879-80.	1880-81.	Estimates, 1881-82.	Estimates, 1882-83.
GUARANTEED RAILWAYS:							
Open mileage at beginning of year	Miles. 4,308	Miles. 4,495	Miles. 4,532	Miles. 4,541	Miles. 4,569	Miles. 4,600	Miles. 4,600
<i>Gross Earnings:</i>	£.	£.	£.	£.	£.	£.	£.
East Indian	-	-	-	-	* 18,660	-	-
Eastern Bengal	387,620	512,204	478,168	534,503	564,194	645,000	610,000
Madras	913,924	1,175,479	713,611	683,419	657,887	660,000	660,000
South Indian	230,248	341,467	334,795	357,154	377,290	377,500	388,000
Bombay, Baroda, and Central India	727,917	835,860	794,367	777,224	888,794	1,030,000	1,120,000
Great Indian Peninsula	3,009,666	3,737,727	3,221,746	2,717,443	2,865,799	3,500,000	3,400,000
Oudh and Rohilkund	403,362	629,316	552,706	472,410	514,783	550,000	590,000
Scinde, Punjab, and Delhi	1,085,138	1,252,560	1,298,414	1,791,478	2,013,528	1,500,000	1,500,000
TOTAL	£. 6,757,875	8,484,613	7,393,807	7,333,631	7,900,935	8,262,500	8,268,000
<i>Working Expenses:</i>							
Eastern Bengal	185,568	203,438	240,713	283,034	295,698	345,000	352,500
Madras	625,623	819,082	551,076	456,984	460,256	460,000	480,000
South Indian	125,755	182,275	257,097	261,834	240,113	257,500	248,000
Bombay, Baroda, and Central India	394,689	424,253	478,968	448,183	511,789	450,000	480,000
Great Indian Peninsula	1,652,220	1,961,167	1,855,875	1,763,109	1,661,963	1,700,000	1,750,000
Oudh and Rohilkund	256,958	429,913	323,254	318,341	307,584	355,000	375,000
Scinde, Punjab, and Delhi	867,598	815,328	951,500	1,325,799	1,510,219	1,205,000	1,110,000
TOTAL	£. 4,108,411	4,835,456	4,658,483	4,857,284	4,987,622	4,772,500	4,795,500
<i>Net Traffic Earnings:</i>							
East Indian	-	-	-	-	* 18,660	-	-
Eastern Bengal	202,052	308,766	237,455	251,469	263,496	300,000	257,500
Madras	288,301	356,397	162,535	226,433	197,631	200,000	180,000
South Indian	104,493	159,192	77,698	95,320	137,177	120,000	140,000
Bombay, Baroda, and Central India	333,228	411,607	315,399	320,041	377,005	580,000	640,000
Great Indian Peninsula	1,357,446	1,776,560	1,365,871	954,334	1,203,836	1,800,000	1,650,000
Oudh and Rohilkund	146,404	199,403	229,452	154,069	207,199	195,000	215,000
Scinde, Punjab, and Delhi	217,540	437,232	346,914	465,679	503,309	295,000	390,000
TOTAL	£. 2,649,464	3,649,157	2,735,324	2,476,347	2,913,313	3,490,000	3,472,500
STATE RAILWAYS.							
EAST INDIAN RAILWAY:							
Open mileage at beginning of year	Miles. 1,503	Miles. 1,503	Miles. 1,503	Miles. 1,503	Miles. 1,504	Miles. 1,504	Miles. 1,504
Gross earnings	£. 4,116,900	£. 4,899,785	£. 4,405,367	£. 4,611,878	£. 4,252,841	£. 4,600,000	£. 4,346,400
Working expenses	1,652,231	1,797,288	1,861,906	1,516,487	1,482,316	1,490,000	1,686,400
Net Traffic earnings	2,464,669	3,012,497	2,543,461	3,095,391	2,770,525	3,110,000	2,660,000

* Balance of stores belonging to the collieries borne on the Revenue Books on 31st December 1879, omitted to be adjusted in 1879-80.

APPENDIX A.—COMMERCIAL AND FINANCIAL STATISTICS—continued.

	ACTUALS.					Regular	Budget
	1876-77.	1877-78.	1878-79.	1879-80.	1880-81.	Estimates, 1881-82.	Estimates, 1882-83.
OTHER STATE RAILWAYS :	<i>Miles.</i>	<i>Miles.</i>	<i>Miles.</i>	<i>Miles.</i>	<i>Miles.</i>	<i>Miles.</i>	<i>Miles.</i>
Open mileage at beginning of year - - -	683	806	1,287	2,014	2,489	3,030	3,310
Gross Earnings :	£.	£.	£.	£.	£.	£.	£.
Rents of premises on account of the East Indian Railway realised in England	-	-	-	-	230	500	200
Rajputana and Western Rajputana (Northern Section)	239,349	261,434	330,077	379,397	460,327	785,000	1,150,000
Western Rajputana (Southern Section)	-	-	-	17,244	-	-	-
Holkar and Nimach	39,272	62,666	93,511	120,392	151,622	200,000	52,500
Sindhia	-	1,319	10,812	10,556	22,880	32,500	35,000
Wardha Coal	3,685	10,639	11,373	29,775	24,586	52,000	52,500
Punjab Northern	50,154	76,412	108,400	182,537	401,140	317,500	375,000
Indus Valley	-	-	113,921	385,033	682,027	520,000	520,000
Dhond and Manmad*	-	-	25,041	50,959	52,988	14,000	15,000
Nagpur and Chhatisgarh	-	-	-	-	15,905	37,500	55,000
Rangoon and Irawadi Valley	-	62,876	97,561	108,523	141,146	153,000	162,000
Patna and Gaya	-	-	-	33,964	49,828	51,500	52,500
Northern Bengal	-	17,111	109,289	146,781	170,325	190,000	195,000
Tirhut	21,358	34,324	44,981	47,692	54,338	58,500	75,000
Calcutta and South Eastern	9,775	12,616	12,509	13,548	14,667	15,500	20,000
Nalhati	8,098	9,130	8,531	9,392	6,732	6,400	6,650
Cawnpore and Farrukhabad	-	-	-	-	4,594	32,500	36,000
Muttra-Hathras	8,977	9,363	10,822	12,335	14,012	13,000	14,000
Muttra-Achnera	-	-	-	-	-	2,000	8,300
Ghazipur and Dildarnagar	-	-	-	-	1,788	4,000	4,200
TOTAL - - - £.	380,668	557,890	976,828	1,548,728	2,269,135	2,485,400	2,776,350
Working Expenses :							
Rajputana and Western Rajputana (Northern Section)	159,082	184,831	203,816	247,239	319,157	465,000	650,000
Western Rajputana (Southern Section)	-	-	-	12,471	-	-	-
Holkar and Nimach	39,047	39,319	67,903	87,726	111,049	140,000	52,500
Sindhia	-	2,137	12,734	12,757	19,868	23,000	23,000
Wardha Coal	3,658	7,043	11,104	29,733	44,678	44,500	40,000
Punjab Northern	45,958	70,499	86,506	176,473	306,608	296,000	290,000
Indus Valley	-	-	109,862	314,896	480,956	405,000	370,000
Dhond and Manmad*	-	-	24,569	57,412	47,016	-	-
Nagpur and Chhatisgarh	-	-	-	-	11,435	27,500	40,000
Rangoon and Irawadi Valley	-	59,994	92,561	77,653	85,953	89,000	92,000
Patna and Gaya	-	-	-	18,706	27,563	34,500	32,500
Northern Bengal	-	16,402	89,573	122,865	92,519	96,000	100,000
Tirhut	14,189	23,572	32,993	34,327	31,551	34,500	42,500
Calcutta and South Eastern	12,320	8,226	1,738	10,118	9,022	19,500	14,000
Nalhati	8,315	8,732	4,494	6,274	6,970	6,300	6,250
Cawnpore and Farrukhabad	-	-	-	-	2,894	20,000	21,000
Muttra-Hathras	4,919	5,251	5,996	6,581	7,971	9,500	11,000
Muttra-Achnera	-	-	-	-	-	1,900	5,000
Ghazipur and Dildarnagar	-	-	-	-	2,318	3,500	3,600
TOTAL - - - £.	287,988	426,006	740,373	1,215,231	1,607,528	1,715,700	1,740,850
Net Traffic Earnings :							
Rents of premises on account of the East Indian Railway realised in England	-	-	-	-	230	500	200
Rajputana and Western Rajputana (Northern Section)	80,267	76,603	126,261	132,158	141,170	320,000	500,000
Western Rajputana (Southern Section)	-	-	-	4,773	-	-	-
Holkar and Nimach	225	23,347	25,608	32,666	40,573	60,000	52,500
Sindhia	27	818	1,922	2,201	3,012	9,500	12,000
Wardha Coal	7	3,596	269	43	20,092	7,500	12,500
Punjab Northern	4,196	5,913	21,894	6,063	94,532	21,500	85,000
Indus Valley	-	-	4,059	70,737	201,071	115,000	150,000
Dhond and Manmad*	-	-	472	6,453	5,972	14,000	15,000
Nagpur and Chhatisgarh	-	-	-	-	4,469	10,000	15,000
Rangoon and Irawadi Valley	-	2,882	5,000	30,870	55,193	64,000	70,000
Patna and Gaya	-	-	-	15,258	22,265	17,000	20,000
Northern Bengal	-	700	19,716	23,916	77,806	24,000	95,000
Tirhut	7,160	10,752	11,088	13,365	22,787	24,000	32,500
Calcutta and South Eastern	-3,045	4,390	14,247	3,430	5,646	-4,000	6,000
Nalhati	-217	308	4,037	3,118	-238	100	400
Cawnpore and Farrukhabad	-	-	-	-	1,700	12,500	15,000
Muttra-Hathras	4,058	4,112	4,826	5,754	6,041	3,500	3,000
Muttra-Achnera	-	-	-	-	-	100	3,300
Ghazipur and Dildarnagar	-	-	-	-	-530	500	600
TOTAL - - - £.	92,680	131,884	236,455	333,497	661,607	769,700	1,035,500

* The working of the line has been transferred to the Great Indian Peninsula Railway from 1st January 1881 ; the Government of India only gets a percentage of the gross receipts.

APPENDIX A.—COMMERCIAL AND FINANCIAL STATISTICS—continued.

TABLE VIII.—GROSS EARNINGS, WORKING EXPENSES, and NET EARNINGS of WORKS of IRRIGATION, &c., for which CAPITAL and REVENUE ACCOUNTS are kept, to end of 1880-81, with REGULAR ESTIMATES for 1881-82, and BUDGET ESTIMATES for 1882-83.

	ACTUALS.					Regular	Budget
	1876-77.	1877-78.	1878-79.	1879-80.	1880-81.	Estimates, 1881-82.	Estimates, 1882-83.
PRODUCTIVE PUBLIC WORKS.							
GROSS DIRECT REVENUE:							
	£.	£.	£.	£.	£.	£.	£.
Orissa Canals - - - - -	7,456	16,110	18,200	27,919	26,978	21,800	33,200
Midnapur Canal - - - - -	13,699	17,009	17,071	24,722	21,646	23,200	29,200
Tidal Canal - - - - -	4,503	6,228	6,079	4,578	5,449	5,900	6,150
Son Canals - - - - -	7,318	10,130	43,763	53,159	47,864	56,500	51,650
Ganges Canal - - - - -	220,154	250,453	261,114	290,564	180,289	190,000	200,000
Agra " - - - - -	8,952	21,467	42,633	42,151	25,316	55,000	54,900
Lower Ganges Canal - - - - -	-	-	-	5,860	102,828	136,500	138,600
Eastern Jumna " - - - - -	-	-	-	-	-	72,500	72,500
Western Jumna " - - - - -	87,813	99,210	118,056	113,055	91,013	105,000	121,470
Bari Doab " - - - - -	59,270	56,903	80,606	119,129	107,492	103,030	102,500
Other projects - - - - -	16,036	25,372	25,748	26,904	30,269	34,300	33,600
TOTAL - - - - -	£. 425,201	502,882	613,270	708,041	639,144	803,730	843,770
INDIRECT REVENUE:							
Ganges Canal - - - - -	64,279	72,290	67,181	66,893	44,301	44,301	44,301
Agra " - - - - -	-	4,509	-	-	-	-	-
Lower Ganges Canal - - - - -	-	-	-	-	20,783	20,783	20,783
Eastern Jumna " - - - - -	-	-	-	-	-	22,153	22,153
Western Jumna " - - - - -	38,593	37,376	10,937	27,583	90,761	5,800	5,800
Bari Doab " - - - - -	4,679	11,903	17,738	-	70,400	25,890	28,300
Other projects - - - - -	25,966	27,789	31,078	507,921	571,074	560,400	564,000
TOTAL - - - - -	£. 133,517	153,867	126,934	602,397	797,319	679,327	685,337
TOTAL DIRECT AND INDIRECT REVENUE:							
Orissa Canals - - - - -	7,456	16,110	18,200	27,919	26,978	21,800	33,200
Midnapur Canal - - - - -	13,699	17,009	17,071	24,722	21,646	23,200	29,200
Tidal " - - - - -	4,503	6,228	6,079	4,578	5,449	5,900	6,150
Son Canals - - - - -	7,318	10,130	43,763	53,159	47,864	56,500	51,650
Ganges Canal - - - - -	284,433	322,743	328,295	357,457	224,590	234,301	244,301
Agra " - - - - -	8,952	25,976	42,633	42,151	25,316	55,000	54,900
Lower Ganges Canal - - - - -	-	-	-	5,860	123,611	157,283	159,383
Eastern Jumna " - - - - -	-	-	-	-	-	94,653	94,653
Western Jumna " - - - - -	126,406	136,586	128,993	140,638	181,774	110,800	127,270
Bari Doab " - - - - -	63,949	68,806	98,344	119,129	177,892	128,920	130,800
Other projects - - - - -	42,002	53,161	56,826	534,825	601,343	594,700	597,600
TOTAL - - - - -	£. 558,718	656,749	740,204	1,310,438	1,436,463	1,483,057	1,529,107
WORKING EXPENSES:							
Orissa Canals - - - - -	21,466	21,607	23,909	36,777	30,607	26,040	32,000
Midnapur Canal - - - - -	17,128	20,382	17,283	15,440	18,922	19,631	22,000
Tidal " - - - - -	1,243	3,056	2,318	4,228	2,559	2,673	3,000
Son Canals - - - - -	19,959	25,241	37,051	35,731	47,257	46,310	49,200
Ganges Canal - - - - -	105,040	97,870	96,991	107,496	81,559	78,820	78,750
Agra " - - - - -	11,613	15,792	18,859	21,684	20,651	22,500	21,490
Lower Ganges Canal - - - - -	-	-	450	7,071	40,992	49,100	53,730
Eastern Jumna " - - - - -	-	-	-	-	-	17,040	20,450
Western Jumna " - - - - -	38,937	41,873	51,436	43,624	37,343	41,580	44,720
Bari Doab " - - - - -	55,365	52,398	41,543	46,415	38,792	49,320	46,180
Other projects - - - - -	92,605	86,239	91,710	140,785	106,791	99,800	130,900
TOTAL - - - - -	£. 363,356	364,458	381,550	459,251	425,473	452,814	502,420

APPENDIX A.—COMMERCIAL AND FINANCIAL STATISTICS—continued.

	ACTUALS.					Regular Estimates, 1881-82.	Budget Estimates, 1882-83.
	1876-77.	1877-78.	1878-79.	1879-80.	1880-81.		
PRODUCTIVE PUBLIC WORKS—continued.							
NET REVENUE:	£.	£.	£.	£.	£.	£.	£.
Orissa Canals - - - -	—14,010	—5,497	—5,709	—8,858	—3,629	—4,240	1,200
Midnapur Canal - - - -	—3,429	—8,373	—212	9,282	2,724	3,569	7,200
Tidal " - - - -	3,260	3,172	3,761	350	2,890	3,227	3,150
Son Canals - - - -	—12,641	—15,111	6,712	17,428	607	10,190	2,450
Ganges Canal - - - -	179,393	224,873	231,304	249,961	143,031	155,481	165,551
Agra " - - - -	—2,661	10,184	23,774	20,467	4,665	32,500	33,410
Lower Ganges Canal - - - -	—	—	—450	—1,211	82,619	108,183	105,653
Eastern Jumna " - - - -	—	—	—	—	—	77,613	74,203
Western Jumna " - - - -	87,469	94,713	77,557	97,014	144,431	69,220	82,550
Bari Doab " - - - -	8,584	16,408	56,801	72,714	139,100	79,600	84,620
Other projects - - - -	—50,603	—33,078	—34,884	394,040	494,552	494,900	466,700
TOTAL - - - £.	195,362	292,291	358,654	851,187	1,010,990	1,030,243	1,026,687
IRRIGATION AND NAVIGATION WORKS.							
(Not classed as Productive Public Works.)							
GROSS DIRECT REVENUE:							
Eastern Jumna Canal - - - -	56,541	57,563	63,198	85,127	74,113	—	—
Other projects - - - -	29,596	19,353	23,908	24,426	38,936	39,200	43,800
TOTAL - - - £.	86,137	76,916	87,106	109,553	113,049	39,200	43,800
INDIRECT REVENUE:							
Eastern Jumna Canal - - - -	22,153	22,680	22,153	22,153	22,153	—	—
Other projects - - - -	123,480	125,987	134,131	74,370	199,144	177,300	188,600
TOTAL - - - £.	145,633	148,667	156,284	96,523	221,297	177,300	188,600
TOTAL DIRECT AND INDIRECT REVENUE:							
Eastern Jumna Canal - - - -	78,694	80,243	85,351	107,280	96,266	—	—
Other projects - - - -	153,076	145,340	158,039	98,796	238,080	216,500	232,400
TOTAL - - - £.	231,770	225,583	243,390	206,076	334,346	216,500	232,400
WORKING EXPENSES:							
Eastern Jumna Canal - - - -	21,474	20,357	20,415	19,502	19,901	—	—
Other projects - - - -	108,489	109,822	95,925	118,995	97,251	118,200	108,800
TOTAL - - - £.	129,963	130,179	116,340	138,497	117,152	118,200	108,800
NET REVENUE:							
Eastern Jumna Canal - - - -	57,220	59,886	64,936	87,778	76,365	—	—
Other projects - - - -	44,587	35,518	62,114	—20,199	140,829	98,300	123,600
TOTAL - - - £.	101,807	95,404	127,050	67,579	217,194	98,300	123,600

APPENDIX A.—COMMERCIAL AND FINANCIAL STATISTICS—continued.

TABLE IX.—STATEMENT showing the True FINANCIAL RESULTS to the REVENUES of INDIA of the GUARANTEE of INTEREST upon the CAPITAL of the GUARANTEED RAILWAY COMPANIES, excluding the EAST INDIAN RAILWAY COMPANY.

	1874-75.	1875-76.	1876-77.	1877-78.	1878-79.	1879-80.	1880-81.	1881-82.		1882-83. Estimate.
								Original Estimate.	Regular Estimate.	
Open mileage to end of official year	Miles. 4,093	Miles. 4,308	Miles. 4,495	Miles. 4,532	Miles. 4,541	Miles. 4,568	Miles. 4,600	Miles. 4,593	Miles. 4,600	Miles. 4,667
Gross earnings	£. 5,104,172	£. 5,782,089	£. 6,757,875	£. 8,484,613	£. 7,392,807	£. 7,333,631	£. 7,882,275	£. 7,490,000	£. 8,262,500	£. 8,268,000
Working expenses	£. 3,123,810	£. 3,321,802	£. 4,108,411	£. 4,835,456	£. 4,658,483	£. 4,857,284	£. 4,987,622	£. 4,760,000	£. 4,772,500	£. 4,795,500
Per-centage of working expenses on earnings	61.20	57.45	60.79	56.99	63.01	66.23	63.28	63.5	57.76	58.01
Net traffic earnings	£. 1,980,362	£. 2,460,287	£. 2,649,464	£. 3,649,157	£. 2,735,324	£. 2,476,347	£. 2,894,653	£. 2,730,000	£. 3,490,000	£. 3,472,500
Net Gain by the remittance to England of Capital Receipts and Disbursements in India at the contract rates of exchange, instead of at the average yearly rates obtained for the Secretary of State's bills.	£. 65,901	£. 19,257	-	-	-	-	-	-	-	£. 44,200
TOTAL REVENUE	£. 2,046,263	£. 2,479,544	£. 2,649,464	£. 3,649,157	£. 2,735,324	£. 2,476,347	£. 2,894,653	£. 2,730,000	£. 3,490,000	£. 3,516,700
Gross Guaranteed Interest paid in India	£. 24,453	£. 29,001	£. 14,544	£. 13,463	£. 10,485	£. 9,085	£. 7,447	£. 4,870	£. 6,290	£. 5,760
Ditto, - - ditto - - in London*	£. 3,125,524	£. 3,142,253	£. 3,157,152	£. 3,157,301	£. 3,200,335	£. 3,241,047	£. 3,254,504	£. 3,267,000	£. 3,265,000	£. 3,290,000
TOTAL GUARANTEED INTEREST (sterling payments converted at the average exchange of the year).	£. 3,409,397	£. 3,505,652	£. 3,911,444	£. 3,659,307	£. 3,866,311	£. 3,907,974	£. 3,824,152	£. 3,926,000	£. 3,924,290	£. 3,939,500
Surplus paid to Railway Companies	£. 11,424	£. 86,674	£. 79,735	£. 243,438	£. 294,716	£. 97,839	£. 91,619	£. 165,500	£. 333,500	£. 449,500
Land and supervision	£. 45,088	£. 83,176	£. 40,756	£. 48,414	£. 45,777	£. 45,720	£. 57,613	£. 75,200	£. 85,600	£. 92,350
Interest on Revenue Balances	£. 15,461	£. 19,912	£. 15,918	£. 1,991	£. 1,525	£. 1,344	£. 1,216	£. 1,500	£. 1,800	£. 1,800
Net Loss on Receipts and Disbursements of Capital in India, calculated in the same way as the Gain.	-	-	£. 9,544	£. 7,018	£. 63,044	£. 63,285	£. 60,046	£. 38,500	£. 28,820	-
TOTAL EXPENDITURE	£. 3,475,370	£. 3,695,414	£. 4,037,397	£. 3,960,168	£. 4,271,373	£. 4,116,162	£. 4,034,646	£. 4,206,700	£. 4,374,010	£. 4,453,150
NET EXPENDITURE from the Public Treasury	£. 1,429,107	£. 1,215,870	£. 1,407,933	£. 311,011	£. 1,536,049	£. 1,639,815	£. 1,139,993	£. 1,476,700	£. 884,010	£. 966,450
NET REVENUE	-	-	-	-	-	-	-	-	-	-

* With the exception of the figures in this line, which are true sterling figures, all the amounts in this Table are in rupees, converted into the conventional sterling of the accounts by the removal of one digit to the right.

APPENDIX B.

No. 1,438, dated 8th March 1882.

RESOLUTION—By the Government of India, Department of Finance and Commerce.

Read again—

Despatch from Her Majesty's Secretary of State for India, No. 261, dated 17th July 1879, paragraph 50.

Memorandum from Mr. T. C. Hope, C.S., dated August 1879.

Despatch to Her Majesty's Secretary of State for India, No. 81, dated 25th February 1880, paragraphs 17 and 18.

Despatch from Her Majesty's Secretary of State for India, No. 101, dated 25th March 1880, paragraph 3.

Financial Statement for 1880-81, paragraph 210.

Despatch from Her Majesty's Secretary of State for India, No. 259, dated 5th August 1880, paragraph 65.

Accounts and Finance Proceedings, July 1880, Nos. 677 to 740.

Despatch to Her Majesty's Secretary of State for India, No. 173, dated 1st July 1881.

Ditto from ditto ditto, No. 334, dated 10th November 1881.

Ditto to ditto ditto, No. 306, dated 12th December 1881.

Ditto from ditto ditto, No. 10, dated 12th January 1882.

RESOLUTION.—The importance of increasing the portion of the Indian debt in silver, which is actually held in India, so as, on the one hand, to diminish the necessity for sterling loans, or rupee loans fed by funds from Europe, and, on the other, to afford to the masses of the people a mode of investment of their savings more profitable to themselves and to the community at large than the hoarding of coin or ornaments, depositing with small bankers and petty private money-lending now usually resorted to, has long pressed itself on the attention of the Government of India. In 1877 the issue of local loans for particular works was advocated in the Council of the Governor General for making Laws and Regulations, and has since been partially commenced by the debenture loans started in 1879-80. In the autumn of 1879 a scheme, based on a consideration of the American "Refunding Certificates," established in 1870, and of the system of the French "Rentes," was laid before the Government of India. The scheme contemplated the issue of certificates and notes of small amount, the former to be for Rs. 12½, Rs. 25, and Rs. 50, the latter for Rs. 100 and Rs. 250, both transferable by delivery. The rate of interest was to be 4 per cent., payable to bearer.

2. The scheme was circulated to Local Governments, and by them to selected officers all over India. The Financial Department also consulted its principal authorities, and a sketch of the scheme was communicated to the public press. Official opinion was naturally much divided, the principal doubt expressed being whether a rate of interest not exceeding 4 per cent. was sufficient to attract petty sums in the mofussil, but some of the highest authorities approved of the proposal. The public press was without exception in favour of a trial of the scheme.

3. In any consideration of the probable success or otherwise of such a scheme, it must be premised, and distinctly borne in mind, that the masses of the people in the mofussil, and not the monied, investing, or speculating classes of the Presidency and other principal towns, are those to whom it is addressed, and whom it is intended to benefit, by fertilising petty savings and encouraging accumulation. If the notes proposed were to be issued at a rate higher than 4 per cent., there can be no reasonable doubt that they would, at once, be appropriated by the monetary world, instead of by the classes in the mofussil for whom they are designed; while, at the same time, the general borrowing power of the State would be prejudiced to the extent of the excess. On the other hand, many of the officers to whom the scheme was referred have urged that those in the mofussil who have any savings at all invest them far more profitably than they could in these Notes. It is reported, for instance, that savings are employed in agricultural stock, land, houses, petty trades, and supply of "secondary wants." So far as this may be the case anywhere, it is a subject of unmixed satisfaction. But the object to which savings are usually said to be devoted is money-lending, and the interest received is stated at various rates from 12 to 76 per cent. That money generally yields in the mofussil any such profit appears open to considerable doubt, in view of the evidence which has on other occasions been adduced to show how little of his advances and his nominally high interest the money-lender in many cases actually recovers, and at what worry and risk his business is often carried on. It appears safe to assume that the average profits are far below popular estimate, though some individuals may be pressed to the full extent to make up for the default of others. In any case, however, the fact that there is a considerable amount of money in the hands of certain classes which is now to be had at about 4 per cent., may be held to be proved by (1) the statements to that effect in the present reports by many officers; (2) the increase of the Savings Bank deposits from one crore in 1869-70 to nearly

nearly three crores in 1881; and (3) the small effect upon those deposits produced by the reduction of the rate of interest to $3\frac{1}{2}$ per cent., which was carried out on the 1st June last. His Excellency the Governor General in Council sees no reason to doubt that the increased facilities which the proposed notes offer will, notwithstanding the low rate of interest, attract much money now risked or lost in various ways. With legitimate money-lending and sound agricultural advances the Government of India have no desire to interfere; nor are the notes at all likely to do so. But if the agriculturist can be relieved from the temptations to reckless borrowing to which he is exposed in consequence of the increase, caused by general prosperity, in the amount of capital for employment and of money-lenders competing with each other, and if thrift, together with safe and profitable investment, can be encouraged, a great benefit will have been conferred on the population at large. Under these circumstances His Excellency the Governor General in Council has decided that the proposal to issue "Stock Notes" (as they will hereafter be called) shall be carried into effect. His Excellency is well aware that it is of the nature of an experiment, and will place no undue reliance upon it for financial purposes, but considers that as an experiment it is well worthy of a fair trial, since it cannot, under careful issue, do any harm, and it must prove beneficial, even though it should progress in popular appreciation with no greater rapidity than the Savings Banks have done.

4. The following are the principal features of the scheme, as finally matured:—

(1) With the object of affording greater facilities for the investment of small sums at interest, the Government of India have determined to issue a new kind of security termed "stock notes"

(2) Stock notes will be of four denominations, viz., *Rs. 12½*, *Rs. 25*, *Rs. 50*, and *Rs. 100*.

(3) Stock notes will be issued at par, and will bear interest at the rate of 4 per cent. per annum.

(4) Stock notes will be transferable from hand to hand without endorsement, or any other formality whatever, the purchaser, presumably, paying to the vendor the interest accrued up to date of transfer. The amount of interest accruing monthly on each note will, for the convenience and security of the public, be stated on the face of it.

(5) The interest payable on stock notes will be free from taxation of every description.

(6) In order to obviate inconvenience to landowners from the collection and payment of land revenue, stock notes may be deposited at the Government treasury where such revenue is payable, and the interest thereon will be credited, as it falls due, to the land revenue account of the depositor. The notes will be returned and the arrangement terminated whenever the depositor so desires. The interest on coupons, if they are presented undetached from the stock note to which they belong, will also be credited when it has become due, in payment of land revenue and State demands of all kinds.

(7) Stock notes will appertain to certain circles of issue, and the value of the note and amount of interest accruing monthly will be stated thereon in the vernacular languages of the circle, as in the analogous case of currency notes.

(8) Stock notes will be obtainable on demand at all district, subdivisional, and tahsildars' or similar subordinate treasuries. Notes of any of the three lower denominations will also be exchangeable at such treasuries for their equivalent in notes of the higher denominations. Arrangements will be matured hereafter, as circumstances permit, for the sale of notes by stamp and other licensed vendors, and at post offices.

(9) A commission of 1 per cent. on actual sales will be allowed to all persons, whether in the service of Government or not, who are charged with the sale of notes of the three lower denominations. On the sale of notes of the higher denomination, no commission will be paid, except in special cases.

(10) Notes of the three lower denominations, viz., *Rs. 12½*, *Rs. 25*, and *Rs. 50*, will be in Form A, subjoined hereto. Interest will be payable annually, on presentation of the note, on or after the date specified thereon, at any of the treasuries described in clause 8 which is situated within the circle to which the note belongs. The transfer of payment of interest from one circle to another will not ordinarily be allowed. On the first presentation the disbursing officer will himself cut off and retain as a voucher for the debit in his accounts the coupon or portion of the note relating to the first payment of interest; and on subsequent presentations he will similarly cut off and retain the succeeding coupons. On presentation of the final or principal portion of the note he will retain it, and issue to the holder a new note, which will similarly run for a fresh series of years; and so on, unless the note shall have been advertised for repayment. No note will be discharged within twenty years

years from the date of issue thereof, or 'without six months' previous notice of intention to discharge.

(11) Notes of the higher denomination, viz., Rs. 100, will be in Form B, subjoined hereto. Interest will be payable annually, on presentation of the note, on or after the dates specified thereon, at any of the treasuries aforesaid. The disbursing officer will himself cut off and retain as a voucher the coupon relating to the period for which interest is due. Notes must in this case, as under clause 10, be presented intact, and the proper portion will be cut off by the disbursing officer. On the tenth presentation the note itself will be retained, and a new note with nine coupons attached will be issued in its place, to run for a fresh term of years, and so on; subject, however, to the power to discharge, as stated in clause 10.

5. From the above statement it will be seen that stock notes differ from the ordinary Government securities in several important particulars. They will be under three disabilities or disadvantages, in comparison with them, namely (1) the denominations will be of small amount; (2) the interest will be payable yearly instead of half-yearly; and (3) the notes will not be enfaceable to Europe. On the other hand, they will have three recommendations: the notes themselves and the accrued interest will be readily obtainable at all treasuries, they will be transferable by simple delivery, and they will be exempt from all liability to taxation. With reference to the last point, it may be explained that the exemption is principally based on the practical impossibility of levying accurately and without risk of abuses any impost on the petty amounts to be paid as interest, the difficulty in keeping accounts of such an item, with the vast number of agencies through whom Stock Notes will issue, and the vexatious complications in transfers which would be created thereby. Comparing Stock Notes with Savings Banks, the investor in the latter has the security of a booked account, and of realising whenever he pleases, without the necessity of finding a purchaser, but he has to attend at a Government office, he receives interest a quarter per cent. lower, and that interest runs on his minimum monthly balance only. The balance of these advantages and disadvantages, and the extent to which the value of Stock Notes will be affected thereby, can be determined by experience alone; but if the result should, in the interior at least, be a condition of equilibrium or circulation at par, it would be more convenient for purposes of account, and more suited to the mofussil and the masses of the people, than transfer at a fluctuating market rate.

6. It is not possible at present to specify the date when Stock Notes, which are now being manufactured under the supervision of the Bank of England, will be available at all treasuries for purchase by the public, but definite information on this point will be published as soon as it is received. Probably the arrangements will not be complete until about the end of the month of June next. In the event, however, of banks or syndicates desiring to obtain, on the terms as to commission specified in clause (9) of paragraph 4, notes in large quantities for *bonâ fide* issue in the mofussil of any Province through private agency, special communication may at any time be made by letter, with sufficient references, to the local Accountants General or Controllers, or to the Financial Secretary to the Government of India, and special arrangements for supplying them immediately on the arrival of the notes from England may be effected.

ORDERED, That this Resolution be communicated to the Comptroller General and the several Accountants General for information, and to the Local Governments and Administrations for information and for publication in the local official Gazettes in English and such vernacular languages as they may deem fit.

T. C. Hope,
Secretary to the Government of India.

SUMMARY OF FINANCIAL STATEMENT FOR 1882-83.

MAJOR Baring made his Financial Statement in the Legislative Council to-day. Figures in pounds at 10 rupees the pound. The Accounts for 1880-81 show the following result: Revenue 72,560,000 *l.*, Expenditure 76,604,000 *l.*, Deficit 4,044,000 *l.* Net result is better than regular Estimate by 2,175,000 *l.* Principal reasons for improvement are, first, 2,695,000 *l.*, English War Contribution, credited to 1880-81, instead of 2,000,000 *l.*, as originally estimated; secondly, 601,000 *l.*, being Capital Expenditure on Punjab Northern State Railway, transferred from Ordinary to Productive Public Works Account, thus diminishing deficit by that amount; thirdly, winding up of Nizamut Stipend Fund gives an extraordinary receipt of 294,000 *l.*; fourthly, Land Revenue Collections retarded by census operations less than was expected to the extent of 157,000 *l.* Report of Comptroller General on Accounts of 1880-81 has been published and gives full explanations of differences between accounts and regular estimates. Excluding from the receipt side of account English contribution and Ordinary War Receipts, which together amount to 3,298,000 *l.*, and excluding from expenditure side of account the War Expenditure, which, including Frontier Railways, is 13,662,000 *l.*, the Revenue of 1880-81 is 69,262,000 *l.*, and the Expenditure 62,942,000 *l.*; Surplus 6,320,000 *l.*

Budget Estimate of 1881-82 was, Revenue 70,160,000 *l.*, Expenditure 69,305,000 *l.*, Surplus 855,000 *l.* Regular Estimate is, Revenue 72,913,000 *l.*, Expenditure 71,336,000 *l.*, Surplus 1,577,000 *l.* The Expenditure includes 670,000 *l.*, repayment to local governments of contributions made by them to Imperial funds during Afghan War; also 360,000 *l.*, credited to local governments in Accounts of year in connection with renewal of provincial contracts. The Budget Estimate provided for 3,000,000 *l.*, English War Contribution, being credited to 1881-82. Regular Estimate credits only 2,305,000 *l.* to 1881-82, the balance of 695,000 *l.* having been credited to 1880-81. Expenditure on War and Frontier Railways during 1881-82 is about 250,000 *l.* in excess of amount of English contribution credited to 1881-82, namely, 2,305,000 *l.* It is announced that pay of Subordinate Native Executive Service will be improved at cost of 50,000 *l.* a year. Full explanations are given of terms on which provincial contracts with the Imperial Government have been renewed. The net result is a loss of 26,000 *l.* a year for five years to the Imperial Government. The principal changes are in Bengal and North-Western Provinces. The Bengal contract is revised favourably to the Imperial Government by 213,000 *l.* a year. The Patwari cess in the North-Western Provinces will be abolished, and Patwaris in Oudh, now paid by landowners, will, in future, be paid by Government. These two measures involve remission of taxation in North Western Provinces and Oudh to the extent of 316,000 *l.* a year, being 156,000 *l.* a year in excess of famine cess imposed in 1878. Measures for further decentralisation, by handing over items of revenue and expenditure, which are now provincial, to local boards and committees, and thus promoting local self-government, are under consideration. Several local governments, notably Bengal, have already relieved smaller municipalities of police charges, thus setting free their incomes for primary education, conservancy, &c.

Total cost of war now estimated at 21,611,000 *l.*, being 17,551,000 *l.* for military operations, and 4,060,000 *l.* for frontier railways. This calculation does not pretend to great accuracy, owing to difficulty of separating ordinary and war Expenditure. During 1881-82, 750,000 *l.* has been applied to canals and railways, which afford protection against famine, and 750,000 *l.* to reduction of debt, making total of 1,500,000 *l.* famine insurance expenditure. Net railway receipts of 1881-82 are now estimated at 914,000 *l.* in excess of Budget Estimate.

Turning to the year 1882-83, the statement deals fully with the opium question, contests views of Anti-Opium Society, and announces that Government does not intend to abandon Bengal monopoly. As regards low Opium Estimate taken in 1881-82, namely, 6,500,000 *l.* net, it is pointed out that the real point at issue is to what extent Government can take off taxes in reliance

on opium. This depends on nature of tax taken off. There would be no objection to taking off Salt Duty in partial reliance on opium, as it may reasonably be hoped that loss by reduction will be to some extent recouped by increased consumption. Opium Estimate for 1882-83 is taken, therefore, at 7,250,000 *l.* net, being 588,000 *l.* less than regular Estimate of 1881-82, and 1,200,000 *l.* less than actuals of 1880-81. The Salt Duty is to be at once reduced to a uniform rate of two rupees a maund everywhere, except in Burma and the trans-Indus Districts of Punjab, where the existing lower rates are maintained. This involves a reduction of duty amounting to 30 per cent. in Bengal and 20 per cent. elsewhere. The loss of revenue is estimated at 1,423,000 *l.*

Dealing with Customs Duties, the Statement says that the issue Government has had to decide was not whether direct should be substituted for indirect taxation, but what form a remission of taxation may best take. It is pointed out that the defects in the present tariff as regards Cotton Duties are so great that some change is absolutely necessary; that duty on white and coloured goods cannot be maintained if grey goods are allowed free entry; that the General Import duties involve an amount of friction, scrutiny, and interference with trade incommensurate with revenue they produce, and that their maintenance is indefensible if Cotton Duties are abolished. If new taxation had to be imposed, it might be necessary to bear with some of these evils, but, under actual circumstances, there is no reason why benefits of free trade should any longer be withheld from India. It has, therefore, been resolved to abolish all import duties, except those on wine, beer, spirits, liqueurs, arms and ammunition, salt, and opium. The net loss of revenue is estimated at 1,108,000 *l.* If opium were taken in 1882-83 at 6,500,000 *l.* net, as in 1881-82, and Salt Duty not reduced, there would still remain a surplus of 997,000 *l.* after abolition of import duties.

As regards License Tax, Government recognises evils of present tax, but does not propose any change at present. The objections which originally existed on account of pressure of tax on poorer classes have been met by raising minimum assessable income to 500 rupees. The highest local authorities also strongly deprecate frequent change. Government considers, therefore, that it is advisable to postpone any alteration in the law until such time as it can speak with more confidence than at present as to improbability of any further change being required. No new general direct tax is contemplated, but extension of present system of direct taxation, so as to embrace in a more equitable manner all classes of non-agricultural community, would if it should become necessary, be just and open to no valid objections. Whilst, therefore, making no present change, Government reserves to itself complete liberty of action in the future, either to propose abolition of License Tax, to recast it, or even, if desirable, when financial arrangements for 1883-84 are considered, to allow the tax to continue in existence in its present form for a while longer. After allowing for the remission of taxation in North-Western Provinces and Oudh, the repeal of the Customs Duties, the reduction of the Salt Duty, and, on the other hand, for an Opium Estimate of 7,250,000 *l.* net instead of 6,500,000 *l.*, as in 1881-82, the Budget Estimates for 1882-83 give the following result: Revenue 66,459,000 *l.*, Expenditure 66,174,000 *l.*, Surplus 285,000 *l.* The net Railway Receipts are taken at 468,000 *l.* less than in 1881-82. The net Military Expenditure is estimated at 15,260,000 *l.*, being less than the Ordinary Expenditure of any year since 1876-77. Loss by exchange is taken at 519,000 *l.* less than 1881-82. Rupee at 1 *s.* 8 *d.* The Secretary of State's drawings during 1882-83 are estimated at 15,592,000 *l.* as against 17,200,000 *l.* in 1881-82. A scheme is announced for facilitating borrowing from small local investors by the issue of stock notes in small denominations, interest on which will not be enfaceable to Europe.

As regards ways and means, the cash balance on 31st March 1882 is estimated at 14,200,000 *l.* The balance on 31st March 1883, without any loan and without taking any credit for receipts on account of stock notes, is estimated at 10,848,000 *l.* It is at present uncertain whether Government will have to raise any special loan during the year for Productive Public Works, but if any loan is raised it is probable that its amount will not exceed 1,500,000 *l.*

8 March 1882.

ABSTRACT of the PROCEEDINGS of the COUNCIL of the GOVERNOR GENERAL of INDIA, assembled for the purpose of making LAWS and REGULATIONS under the provisions of the Act of Parliament, 24 & 25 Vict. c. 67.

The Council met at Government House on Friday, the 10th March 1882.

PRESENT :

His Excellency the Viceroy and Governor General of India, K.G., G.M.S.I.,
G.M.I.E., presiding.
His Honour the Lieutenant Governor of Bengal, K.C.S.I.
His Excellency the Commander in Chief, G.C.B., C.I.E.
The Honourable Whitley Stokes, C.S.I., C.I.E.
The Honourable Rivers Thompson, C.S.I., C.I.E.
The Honourable J. Gibbs, C.S.I., C.I.E.
Major the Honourable E. Baring, B.A., C.S.I., C.I.E.
Major General the Honourable T. F. Wilson, C.B., C.I.E.
The Honourable Mahárájá Jotindra Mohan Tagore, C.S.I.
The Honourable L. Forbes.
The Honourable G. H. P. Evans.
The Honourable C. H. T. Crosthwaite.
The Honourable A. B. Inglis.
The Honourable Rájá Siva Prasád, C.S.I.
The Honourable W. C. Plowden.
The Honourable W. W. Hunter, C.I.E., LL.D.
The Honourable Sayyad Ahmad Khán Bahádur, C.S.I.
The Honourable Durgá Charan Láhá.
The Honourable H. J. Reynolds.

TARIFF BILL.

Major the Honourable E. Baring moved that the Bill to amend the law relating to Customs duties and for other purposes be taken into consideration. He said that he desired, with the President's permission, to postpone what he wished to say on the Bill to a later stage of the discussion.

His Excellency the President said that he just wished to say, reserving to himself the right to speak at the end of the discussion, that, although there were, technically speaking, three Bills before the Council, it would probably be more convenient for the conduct of the debate that the general discussion upon the proposals should be taken up upon the first Bill. It might not be perfectly regular; but it would be certainly more convenient, and therefore he trusted that honourable members would consider the discussion as now open upon the general subject as a whole.

The Honourable Mr. Reynolds said that he did not propose to attempt any detailed criticism of the Financial Statement which had been laid before the Council, but he should wish to be permitted to say a few words on some of the leading features of the scheme, and especially on those portions of it which more particularly affected that Province of the Empire with which he was personally connected. He thought he spoke the sentiments of every member of this Council when he ventured to congratulate His Excellency's Government on the satisfactory condition of public affairs which this Budget disclosed, on the sound financial principles on which it was generally based, and on the clear and perspicuous manner in which it had been presented to the Council.

The proposals for improving the condition of the Subordinate Executive Service were calculated to raise the status and to ameliorate the prospects of an extremely deserving class of public officers. But the scheme appeared to him in some measure incomplete, as it did not include the Subordinate Judicial Service. Munsifs of the lowest grade at present received in Bengal only Rs. 200 a month, and they remained in that grade for about three years. They were, in general, University graduates, and they were always gentlemen of good education and intellectual ability. If it was not possible at present to put the Judicial and Executive Services on the same footing in point of salary, he trusted the Government would take the earliest opportunity in its power of recognizing the claim of the Munsifs to the same advantages as it was now intended to confer on Deputy Collectors.

The terms of the provincial contract of 1877 were stated to have been exceptionally favourable to the Government of Bengal; but he did not think the successor of the Honourable Member would be able to make the same remark of the conditions on which it was now proposed to renew the contract. However, he for one was prepared loyally to accept the decision of the Government of India on this point. The limit to which the resources of Bengal could be expanded was still far from being reached, and it might reasonably be expected that the development of the scheme of local self-government would have the effect at once of increasing the receipts, and of curtailing unnecessary expenditure.

On the difficult question of opium, the practical conclusions of the Budget would, he believed, commend themselves to the approval of all those who were able to take a candid and reasonable view of the facts. In the posts which he had held under the Government of Bengal, he had had good opportunities of acquainting himself with the working of the present system of Government manufacture; and he had no hesitation in saying that, so far as this country was concerned, the system was a good one both for the Government and for the people. But on the question of the policy pursued towards the Chinese Government in relation to the opium-trade, he could not speak with the same confidence. It might be perfectly true, as the Honourable Member had told the Council, that the admission of opium was not forced upon China by the Treaty of Tientsin; that China drew from imported opium a large revenue, which she would be reluctant to sacrifice, and that the Chinese Government was at present unable, and possibly unwilling, to suppress the use of opium in that country. But if it was really the fact, as the promoters of the anti-opium agitation persistently declared it to be, that the Chinese Government, if it were left free to act as it pleased, would absolutely prohibit the admission of opium into the treaty ports, on the ground that its introduction demoralised the Chinese people; if, he said, this was the fact, then he greatly doubted whether the Government, either here or in England, would very long be able to resist the claim that China should be permitted to act as she thought fit in the matter. And he might add that, looking on the question as one of international morality, he thought the claim was one which this Government would have no right to resist. Holding these views, he cordially approved of the policy indicated in the Financial Statement before the Council, that the Government monopoly should be maintained, and that this country should derive at present as large a revenue as possible from opium; but that the Government should keep in view the possibility of a reduction in the opium receipts, and should not rely on the opium revenue as a means of dispensing with any taxes which could not easily be re-imposed.

With regard to salt, while he fully recognised the advantage of establishing an uniform rate of duty, he must confess he could have wished that the honourable Member had explained somewhat more fully the grounds which led the Government to consider the re-adjustment of the salt duties a matter of more pressing importance than other fiscal reforms, which might have been attained at no greater sacrifice of revenue. Speaking for Bengal, he was confident that the abolition of the export duties and of the license tax would have been a far greater boon to the province than a reduction of 30 per cent. in the salt duty. He had not had time to refer to the latest figures, but he believed that the former reduction of the duty from *Rs. 3. 4* to *Rs. 2. 14* had absolutely had no effect either in increasing consumption or in lowering the retail price. The larger reduction now proposed would probably have the effect of lowering the price to the consumer; but he did not think it would increase consumption in Bengal, for the simple reason that the consumption of salt in Bengal was already as great as it would probably be if there were no duty at all. The revenue abandoned by the Government would partly be absorbed by salt merchants and dealers; and would partly act as a remission of taxation to the mass of the people. The present salt duty in Bengal was practically a capita-tion-tax of about 5 annas a year, and was almost the only contribution which the bulk of the population made to the public revenues. It was collected at very little cost, and with hardly any hardship, and neither the cost nor the hardship would be decreased by the reduction of the duty. If, therefore, the circumstances of Bengal alone were to be considered, he should look upon the decision of the Government as a matter for regret. A surplus should be utilized

in taking off the worst taxes, and in Bengal there were several worse imposts than the salt tax. But he was quite aware that it was impossible for the Supreme Government to shape its financial policy according to the needs of a single province, and he must assume that the whole question had been fully considered, and that the benefit of the relief which would be given in Bombay and Madras had been thought to outweigh the loss incurred by the uncalled-for sacrifice of revenue in Bengal.

On the question of the customs-duties, he would only say that, whatever might be thought of the wisdom of the policy adopted in 1878 and 1879, he was satisfied that the total abolition of the cotton-duties was now the best, and indeed the only possible, course to take. He was not sure that he fully accepted the remark of the Chamber of Commerce, that "the duty on grey goods was dying a natural death." The death did not seem to him altogether natural. He should prefer to say that the duty had received its death wound, and that the sooner it was put out of its misery the better. And, when it had once been determined to abolish the cotton duties, he supposed no one would desire that the general import duties should be retained. He could only have wished, as he had already intimated, that the export duties had disappeared at the same time, and he hoped the day was not distant when the Government would be able to expunge this objectionable item from the tariff.

The evils of the present license tax had been so fully acknowledged in the Financial Statement, that it was perhaps unnecessary for him to touch upon the subject. The honourable Member, however, had told the Council that the repeal of the license tax would only relieve the small number of people who paid it. The tax was paid to Government by about one person in a thousand, and it yielded the Government a revenue of about 52 lákhs. But the license tax was paid by a great many people from whom Government never received a pice. It would probably be a moderate estimate to say that three times the amount received by Government was extracted from the people under colour of the tax. As an abstract question, no one would deny the justice of requiring the trading classes to contribute a fair share of the public burdens; and it must fairly be admitted that the evils of the tax were not attributable to any laxity of administration on the part of the Local Governments. But, in spite of all this, the tax was so unpopular, so demoralising, and so wasteful, that he believed the public would receive with much gratification the assurance of the Honourable Member that the Government did not intend to incorporate the license tax, in its present form, into the permanent fiscal system of the country; and he believed they would be still more gratified if they were told that it was the fixed intention of Government to abolish the tax as speedily as possible.

One of the reasons which the Honourable Member gave for postponing the question of the license-tax for another year was that the Government would perhaps be in a better position a year hence to judge of the future of silver than was at present possible. There was, he believed, a general impression that the question of the future of silver was likely to be materially affected by the events of the next few weeks, and that much would depend upon the attitude which the Government might take up when the Monetary Conference should re-assemble in April next. He observed that, in the calculation of loss by exchange, the rate for next year had been taken at 1 s. 8 d.; but the Statement did not explain the grounds upon which it had been thought probable that this rate might safely be assumed.

He would not detain the Council with any further remarks, except to express his tribute of acknowledgment to the Government for the various fiscal and administrative reforms which had already been established, and for others of which the introduction was promised in this Budget Statement. The improvement in the pay of Native officials; the development of local self-government; the institution of post-office savings banks; the scheme for the issue of stock-notes; the reductions in the rates for telegrams and registered letters; the appointment of independent Financial Commissioners; the extension of railway communication; the encouragement of local industries in the supply of Government stores; the establishment of the Famine Insurance Fund on a substantial basis; these were all measures which would promote the prosperity of the country, and command the confidence of the people.

The Honourable Durgá Charan Láhá said that, with reference to the
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Financial Statement which was laid before the honourable Council by the honourable the Finance Member on Wednesday last, he desired in the first place to congratulate him and the Government on the flourishing state of the treasury, and on the sound principles which had generally guided the administration of the finances. He would, however, say a few words on one or two points discussed in the Budget Statement, which, he should remark, was a remarkably lucid statement. The first subject which he noticed was opium. The Honourable Major Baring, it seemed, had devoted much time and attention to the consideration of this subject in all its various phases, and it was very satisfactory to observe that he had exhaustively and conclusively shown that it would neither be to the interests of the Chinese nor to those of the people of this country to sever the Government connection with this trade. There was a misapprehension in regard to this traffic which, he was sorry to see, the evidence of some of the most experienced and competent authorities had not proved successful in removing. It was a mistake to suppose that opium was injurious to health; on the contrary, the people of this country knew from experience that when taken in moderate quantities it was conducive to health. It was the same in China: it was far from demoralising, and, when it was seen that the Chinese were themselves cultivating the poppy-plant and had other sources of supply, it would do no good to them if the opium trade of India with China were put a stop to. On the other hand, the Government would lose a most productive source of revenue. By keeping the cultivation under Government control, a most effective check was exercised on overtrading in opium.

The next question was salt. The manner in which the salt duty was proposed to be reduced, that was to say, not by substitution of any fresh taxation, but from surplus revenue, disarmed to a certain extent adverse criticism; but the question was whether, considering the unobjectionable way in which the salt-tax was realized, causing no irritation and no oppression, and its incidence on the people hardly exceeding 8 annas per head per annum, it would not have been wiser to take advantage of the surplus to remit some of the direct taxes which were admittedly unsuited to the circumstances of this country, and which were attended with much hardship and oppression. He did not believe that the reduction of the duty would lead to much increased consumption, because the incidence, as he had already said, was so low that even the poorest man did not stint himself of this necessary condiment of food. It was observable that, should the exigencies of the State require additional revenue, it would be most unfortunate if the Government should have recourse to direct taxation. Here was a most unobjectionable source at its disposal, and to abandon it, and on what he could not but consider sentimental grounds, appeared to him to be a questionable policy. But if the reduction in salt-duty must be made, it ought to take effect from 1st June next, otherwise the loss to the traders who bought up to Wednesday, little expecting that any such serious change was contemplated, would be most heavy. One of the largest dealers in salt called upon him on Wednesday night, bitterly complaining of the action of Government in thus lowering the duty without any previous intimation. He said that he himself held about 35,000 maunds between what he had on the river and in his golás in the interior, and the loss on this quantity would amount to Rs. 30,000; and many other persons were similarly situated. Bábú Durgá Charan Láhá thought, therefore, that some consideration ought to be shown to the dealers in salt, who were thus doomed to serious loss from no fault of their own. He would, therefore, earnestly ask the honourable the Finance Member to consider the matter.

Then, as for the import-duties, when a large portion of these duties had been already remitted, he thought the total abolition of these duties was a necessary corollary of the past policy of the Government, and the step taken by the present Government was, therefore, inevitable.

He felt bound to say that if the Government had seen its way to abolish the heavy rice-duty which now formed the only objectionable item in our customs tariff, the advantage to the masses, in his humble opinion, by enabling them to find a better market, and better prices for their produce, would have been far greater than what they might derive from the reduction of the salt-duty.

The Honourable Mr. Hunter said that the honourable the Finance Member

quoted in his Statement on Wednesday a passage from the Famine Commissioners' Report which had a very significant bearing upon the Customs Bill; the first Bill before the Council to-day, and the one to which he should confine his remarks:—"At the root of much of the poverty of the people of India, and of the risks to which they were exposed in seasons of scarcity, lay the unfortunate circumstance that agriculture formed almost the sole occupation of the mass of the population." The truth of these words forcibly presented itself to Mr. Hunter while conducting the recent inquiries into the economic condition of India. On the one hand was seen a dense and an increasing population struggling to earn a subsistence from the soil; on the other hand, it was perceived that many local industries which once gave employment to the non-agricultural classes had now disappeared. He believed that this Bill, which formed in reality the charter of Free Trade for India, would tend to remedy the latter evil; for it completed an economic change, of which the decline of the Native manufactures was the transition stage. Those manufactures were conducted under an industrial system, in which labour was isolated from capital; a system rooted in protection and monopoly, and ignorant of the first principles of Free Trade. When such a system came into competition with manufactures produced in a country like England, which had accepted free trade in its fullest consequences, and in which the co-operation of capital and labour had been organized with singular success, there could be but one result. The old industrial centres of India decayed, and, in some districts, the weaving castes had been forced to give up their hereditary employment, and become tillers of the soil. The growth of capital in India, and, of late years, its co-operation with labour in manufactures on a large scale, had already done something to ameliorate this state of things. The present Budget carried that process of amelioration to its logical conclusion. Indirectly, it would stimulate the application of capital to every kind of Indian enterprise, while its direct result would be to place the manufactures of the competing countries, England and India, on the same basis of Free Trade.

The new era of industry which this Bill represented had been reached only by slow stages. He passed over the long period when the Indian trade was a monopoly in the hands of the East India Company, and afterwards of a few powerful firms. But as lately as 1867 almost every article of merchandise was taxed before it could either enter or leave an Indian harbour. The rule, as the Council would remember, was that all exports and imports paid duty unless specifically exempted. In 1867 this rule was technically reversed; a long list of dutiable articles was drawn up, and non-specified articles went free. The past fourteen years had seen the gradual reduction of that list; and to-day would, he trusted, witness its final abolition, except on intoxicating liquors. Some of the most important of those reductions were associated with the name of one whose voice was for long powerful in this Council. The honourable the Financial Member had more than once referred in generous terms to the labours of Sir John Strachey. That name was closely associated with the history of the tariff reform, as indeed it was with the progress of good government in every branch of the Indian administration; and it was a name which Mr. Hunter could never mention without sentiments of personal gratitude and respect. During recent years the question of the Indian tariff, as the honourable the Financial Member pointed out, had been complicated by the special claims of the English manufacturers of piece-goods. However much this might be a subject for regret at the time, he thought the present Bill would remove that regret; for this Bill declared that, while India must be governed by the great principles of political economy which had been deliberately accepted by England, those principles would be interpreted by the Indian Government, not in favour of one nation or the other, but in the interests of both. The question of the Indian import duties had now happily ended, as many great historical questions ended, by consent and not by controversy; not by the violent action of any one of the parties concerned, but by the common agreement of all.

If free trade did for industry in India what it had accomplished for industry in England, this Bill would confer a lasting benefit on the people, but it would render the problem of administration more complex. A period of industrial development was a period of administrative exigencies unknown in less progressive eras; for it was easier to maintain the banks of a stagnant tank than those of a rushing stream. The administrative improvements which his Lordship's
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Government had announced simultaneously with the introduction of this Bill seemed therefore to be specially well timed. Those improvements would stimulate the zeal and public spirit of the whole body of the native administration. All who had really studied the question were now of one mind as to the necessity of incorporating the native element more closely into the texture of Anglo-Indian rule. That incorporation had been effected, partly by throwing open the doors of the Covenanted Civil Service to all natives who could win their way into it by their own talents, and also to selected natives of high rank or of hereditary distinction. It had likewise to some extent been effected by improving the position of the lower grades of native employes. The changes which the honourable the Financial Member announced on Wednesday marked an important advance in the latter direction. They would better the condition and dignify the career of the vast multitude of native public servants, who were the best intermediaries between ourselves and the people, and on whom the burden of local administration heavily fell. Taken by itself, this measure would have been a welcome one; but it had a special value when it was remembered that His Lordship, in putting the corner-stone to the freedom of Indian trade, had by the same public act strengthened the fundamental structure of the Indian administration.

This was an improvement which Mr. Hunter believed would well repay its cost; for, beneath the conspicuous features of this truly great Budget, lay the unattractive problem of direct taxation. The Statement which the Council heard on Wednesday recalled, in its treatment of indirect taxation, the memorable early Budgets of the master of finance who now presided over Her Majesty's Government. This Bill, and the Bill for Regulating the Duty on Salt, which also came before the Council to-day, represented in a special manner that aspect of the question. The fiscal history of England during the past 30 years was the narrative of the transition from indirect to direct taxation. The abolition of indirect taxes, such as this and the Salt Bill would effect, had in England and in other countries proved the precursor of direct taxation. It might be that the wise economy of His Lordship's government, the peaceful development of India's internal resources, and the bounty of the seasons, would indefinitely postpone that necessity. But in the midst of the present good fortune he could not help remembering that India was not always prosperous. In accepting the boon which this Bill conferred, the country should be prepared, sooner or later, to face the questions of direct taxation, which arose out of the abolition of indirect taxes.

But the present Budget, while leaving, as all previous Budgets had left, the problem of direct taxation unsolved, simplified the conditions under which that problem would have to be worked out. It was one thing to lay direct taxation on the shoulders of a people already burdened with indirect taxation; it was another thing to take advantage, for the purposes of direct taxation, of the national prosperity which the previous removal of indirect taxation had developed. There was also another respect in which the present measures simplified the problem. The honourable the Finance Member had drawn a most instructive picture of the difficulties attending direct taxation in India, and had referred to the great number of devices by which the Government had sought to obviate them. He told the Council that, in the last 22 years, no fewer than 23 Acts of the legislature had been passed, ringing all the possible changes on the various expedients for imposing direct taxes. But one great and special difficulty of direct taxation in India had been the difficulty of administering it. The peculiar unpopularity of such taxes in this country had arisen from the fresh inquisition which preceded them, and from the manner in which they were levied. The special difficulties of direct taxation in India were, therefore, in a special measure, difficulties of administration. Every measure which improved the rural governing body would lessen those difficulties. The present Budget would, he thought, form a landmark in the progress of India, not only by its fiscal reforms, but by enlisting the Natives more fully and more zealously in the administration of the country.

The Honourable Rájá Siva Prasád said: "My Lord, we Indians have become so much accustomed to the cry of deficits, introduction of new taxes, and reduction of pay and useful works, not by "cheese-paring," but by wholesale, that we somewhat feel puzzled, or rather bewildered, though with utmost

joy, to hear of surpluses, reduction of taxes, grants to Local Governments for useful works, and increase in the pay of the underpaid Indians in the subordinate service. Had India possessed a mouth, she would have been loud in congratulating your Excellency for this new era, to be written in golden characters in the financial history of India. I would not feel surprised to hear complaints against even such an unexceptionally excellent Budget statement from many a highly educated or rich fellow-countryman, because, as everything has its penalty to pay, the high English education instils so many English ideas, English theories, and English party-feelings into the brains of the educated, that little room is left there for any knowledge of the wants and wishes of our dear country; and the rich cannot, of course, be expected to part even with a penny without a murmur.

“The excellence of the Budget is not so much in showing a surplus as in its disposal. Let us see how it has been disposed of. The trade has been relieved of custom duties, the chief of which was that on cotton. It takes off, no doubt, a large item from the public revenue, but the revenue can afford to lose it, and, after what was done in 1878 in exempting certain descriptions of grey goods, it could not be retained. I think it will do good. It will lower the price, and be of great help to the poor in dressing. Reduction in duties on salt will be held by the poor as a great boon; they will be able to use better salt, and in more adequate quantities, to preserve health and life. If a poor man saves half a rupee every year, it is a great thing to him; it enables him to purchase an iron pan, a brass *lota*, or a piece of waist-cloth. I hear it is said that the duty on salt is not felt, and the license tax is much felt; but it is simply preposterous. Conceive a man, whose financial budget does not go beyond *Rs.* 40 or 50 per annum, not feel a saving of a rupee or two; and those who are rolling in wealth, and count their income by thousands, feel to pay two per cent. in the shape of license tax. The fact is, that these rich men, whether they feel it or not, know well how to make their cry felt by the Government, whereas the poor masses are perfectly dumb. Had it been possible for them, what a long address of thanks they would have sent to the Government with millions of signatures. In my humble opinion, the license tax does not require so much abolition as re-casting, and I am almost sure that the next year, if it is not abolished, the honourable Member of Finance will re-cast it in such a manner that the unpopularity will be reduced to its minimum; not a whit more than any tax in the world is doomed to have. The other item is the *patwari's* cess in the North-Western Provinces and Oudh. How happy hundreds of my tenants will be when I return to Benares, and tell them that *Rs.* 3-2 per cent. per annum on their rental, which they have been paying me all along for the *patwari*, is now kindly remitted by the Government, and they shall not have to pay anything in future on that account. I am sure there will be a general rejoicing in my villages.

“Municipalities have been relieved of the police charges, which must go now to their improvement so urgently required. The increase of pay of the *Tahsildars*, Deputy Collectors, and Postmasters is a measure which the Government has very rightly taken into consideration. We want only improvement in the Uncovenanted Service. I am not in favour of any interference with the Covenanted Civilians. The only announcement in the Statement which I have to deplore is the reduction of the Covenanted Civil Servants by 133, and a forecast of a further and further reduction in future. India cannot afford to lose the services of such officers. The only inexplicable thing to a native mind is why bonus is given for an old officer to retire; it would have been far better to give bonus to retain his services. Beautifully has a Persian poet said, ‘Had it been possible for all these officers to settle permanently in India, India would have become like England, and even paradise would have become jealous of her.’ Any measure which may discourage English gentlemen of high merits to come out to India or remain here will be most detrimental to the interests of the country, till at least a railway line joins India to Europe, and orthodox Hindús have the same facility to go there as the Europeans have to come here. The honourable Finance Member has mentioned the Northbrook Club in his Statement; but, except the Muhammadans, Parsís, Brahmós, and others like them, cannot take any advantage of that admirable institution, to the greatest discontentment of the orthodox Hindús, who form the main body of the Indian population. The honourable member’s calculations of ‘the influence of breaking
down

down of social and religious obstacles' are far too distant to be realised, and no genuine orthodox Hindu would ever like to set a premium on the breaking up of his society or religion.

"I see in the Budget a native newspaper's opinion quoted, that 'there must be some selfish motive at the bottom of the movement made in England for the suppression of the Indian opium trade,' and remarked that 'no doubt an opinion of this sort is very foolish. The high motives which guide the action of the society for the suppression of the opium trade cannot for a moment be doubted;' but, granting that, may I be allowed to ask whether the society's wisdom also cannot be doubted? The poor native newspaper, out of sheer respect, could not doubt it. It is simply an oriental mode of expression. The newspaper writer simply means to say that, if there is no selfish motive at the bottom of the movement, there must be folly. To prevent the Chinese from smoking opium is, in the same way, impossible for the pious English gentlemen as to prevent the Persians from drinking wine for the pious Muhammadans, or to prevent the English from eating beef for the pious Hindús. If India does not supply opium to China, China must find it somewhere else, and India will lose five crores of rupees for nothing.

"As famine is mentioned in the Statement, I take this opportunity to express the opinion of the majority of the natives, which is very strong in favour of checking the export of food-grain beyond the seas in the time of severe famine and extreme dearth. It is quite useless to argue with them with the questions of English free trade and English political economy. They cannot discover the wisdom of allowing a crore and a-half rupee's worth of grain to be exported from Bombay when people are dying in the Dekkhan by hundreds and thousands for a handful of grain, and when the astute King of Siam had sent back the ships which had gone to bring rice from Bangkok, telling that his people were in greater want of food than the foreigners. In my humble opinion, much can be done in the way of allaying the distress by properly arranging a graduated scale of railway fares from the grain-supplying districts to the famine-stricken ones, and beyond the famine-stricken districts to the ports of exportation.

"I need not take more time in saying how highly the Indians appreciate the substitution of the stores of Indian origin or manufacture for imported goods, and what an amount of good will the stock notes do to the labouring classes, whose number is legion.

"The only little thing which seems to me incongruous with the spirit of the Statement is the export duty on rice; but, as the honourable member professes to have freed the trade, I have full hope that the next year will see that also swept away."

The Honourable Mr. Inglis said, that he desired to congratulate the Government on the flourishing state of the Indian finances. The Budget Statement, to which the Council listened on Wednesday, would, he hoped, dispel the fears of those persons who had from time to time taken a pessimist view of the position of this country. They would no longer be able to say that the Indian revenues were inelastic. Indeed, he was not sure that it would not have been better for the country if the surplus had been smaller than it was. The magnitude of the surplus had induced the Government of India to propose some very bold measures, which, it was hoped, events would justify; but as to the wisdom of which doubts were expressed in some quarters.

He would first refer to the abolition of the import duties. It was undoubtedly a matter for sincere congratulation that the vexed question of the cotton duties had been set at rest in a way which was open to the least amount of criticism. To have abolished the import duty on cotton goods while retaining it on other articles would have been wholly indefensible, and he therefore thought that when Government decided to abolish a part, they had no option but to make a clean sweep of the whole. Nevertheless, it might be doubted whether this bold measure of free trade had not come somewhat too soon for the permanent good of the country. There were many industries at the present moment struggling for existence which it was to be feared would be most seriously affected by the removal of the duties. To these the effect would be much the same as that produced on a child unable to swim, who was thrown suddenly into the water, and left to sink or swim as best he might. It was hoped these children might learn to swim, but the fear was many of them would sink in the process. He

had received a letter regarding one of these industries, that of sugar-refining, from which, with the permission of the Council, he would read an extract:—

“There is scarcely a district in India which is not eminently suited by nature for the production in perfection of the great sugar-yielding plants, cane, the date tree, and maize or *sorghum*.

“Notwithstanding, so faulty is the cultivation and the methods of extraction of juice and its treatment, that India exports scarcely any sugar, and, of what she does ship, the greater bulk is of the most wretched quality. Of refineries on the European system I know of but six. I don't think that any of the sugar concerns, as distinguished from the rum, are doing particularly well. Raw sugar is dear and generally bad, whilst the natives do not so far buy enough English refined sugar to keep a mill in full work. Raw sugar is dear, because the natives make it so badly that they only get 1 ton 3 cwt. to 1 ton 8 cwt. per acre against 3 tons 4 cwt. down about Singapore.

“Hitherto we have struggled on because we have had partial protection in the shape of the customs duty, which is eight annas per maund, and because we have been supported by the hope that native sugar would improve, and that natives themselves would presently take to using our produce.

“If, however, this duty be removed, I feel grave doubts how far we can go on. The imports into Bombay of Mauritius sugar are already enormous. When I first came here, in 1862, I used occasionally to sell 800 tons per month for Bombay; now we don't sell an ounce. The same process is apparent here. We are having our market taken from us by Penang, Singapore, and Mauritius, though hitherto much more gradually than has been the case at Bombay.

“Free trade is all very well, and at the right time and place an excellent thing. But babes can't digest strong meat, and for India, in her half-developed, semi-dormant state, some of the theories of political economists are very stringy salt junk.

“I don't think it can be good for the cultivators, landowners, bankers, middlemen, brokers, dealers, and others interested in raw sugar, that the indigenous article by which they live should be elbowed out of its own market by the foreign stuff.

“Nor do I think it good for Government to do that which must tend to reduce the value of the land (in many districts sugar pays the rent of the entire holding), to injure local industries, and to depreciate exchange by necessitating large remittance to pay for sugar.”

Another point had to be considered. The intentions of Government had been so well kept that the sudden abolition of these duties had come as a surprise. It came, too, at a very inopportune time for many persons. The trade in imports was depressed, prices were low, and heavy stocks were held. The effect of the announcement made on Wednesday had been to depreciate prices to the extent of the duty it was proposed to abolish. From the point of view of the consumer this might be a matter for congratulation, and he did not deny that, in the long run, the country would probably benefit. Still the change ought to be made with the least amount of inconvenience and loss to holders of duty-paid stocks. Some of the latter stood to lose very heavily, and had represented to Mr. Inglis that, if the date fixed for the new Tariff Bill coming into operation were delayed for six months, it would give them time to work off their stocks with a smaller loss than they were likely to suffer if the abolition took immediate effect. If he thought the result of postponing the operation of the measure would have that effect, he would strongly urge that the interests of holders of stocks should be considered as paramount in this matter. He, however, questioned very much if any postponement would now lessen the inevitable loss. The abolition had been already discounted by buyers, and, he feared, nothing the Council could do could restore prices to Tuesday's level. The holders of large duty-paid stocks were very much to be sympathised with in view of the losses they would sustain; and he was sure, if Government could see their way to afford them any relief, such relief would be ungrudgingly given. It was always the drawback to fiscal changes of this nature that individuals suffered in the process; but experience, he thought, proved that this loss was not lessened, but rather increased, by lengthening out the period for making the change.

The measure now submitted to the Council was the logical outcome of the tampering with the cotton duties in 1878. He had always considered that a great mistake was then made, as by common consent the duties were not protective in the proper sense of the word, and they hurt nobody. If Sir John Strachey had at that period reduced the duties on piece goods all round, instead of wholly remitting them in some special classes, and had intimated that the aim of Government was to abolish all import duties whenever the state of the finances permitted, traders would have had time to prepare for the change, and

no one would have been injured. As it was, by a sudden remission, such as was now proposed, which no one expected, the cases of individual hardship were very numerous and of a serious kind. He did not overlook the difficult position Government were placed in by the action of their predecessors, but he thought if they had decided to make the change more gradual in its nature it would have been better for the country.

Before leaving this part of the subject, he would suggest to the finance member the advisability of remitting the duties on light wines, so as to encourage the consumption of these in preference to spirits. If a substitute were required, he thought an additional duty might, without any harm arising, be put on spirits to the extent to which it was taken off light wines. He thought it was advisable to encourage the use of such wines rather than spirits, if for no other reason than to promote temperance. They were much better suited for use in this country than spirits, and to assistants on tea and indigo estates, and the European community in the towns, he should think it would be a real boon to cheapen the price of these light wines by removing the present duty.

It would, no doubt, sound well that Indian markets should be absolutely free to the productions of all the world; but if, when throwing these markets open, foreign markets were voluntarily closed to the products of this country, it could not be said that full effect was given to free trade principles.

This brought him to speak of the rice duties. So far as he had been able to gather the opinion in mercantile circles during the short time which had elapsed since the Budget Statement was delivered, he thought it was felt that the further retention of the duty on rice, now that all import duties were to be practically abolished, was indefensible. He would here read an extract from a letter he had this morning received on this point:—

“It seems to me that, being in the position to forego 1,400,000 *l.* of revenue, one of the best possible ways of doing so would have been to have given up the 700,000 *l.* which accrues from the export duty on rice, and taken the remainder from salt.

“The argument in favour of abolishing the export duty on rice to me seems to be overpowering; but I am aware that the Lieutenant Governor holds strongly just the opposite view. It is, I believe, a fact that Bengal is now choked with rice, worth *Rs.* 1-12; the people are really impoverished by reason of the low value. At present value, the export-duty is from 10 per cent to 12 per cent.

“It is difficult, and perhaps unsafe, to hazard an opinion as to the precise uses to which Bengal rice could be put in Europe if present prices were permanent, but it is generally believed that half-cleaned Bengal rice is really very suitable for brewers' purposes and distillers, and if once introduced would become a staple, like Indian wheat, which is now wanted on its merits.

“The export-duty kills it. Rice, therefore, is not wanted in Bengal except for home consumption, and the result is, that a succession of fine harvests becomes a curse instead of a blessing. An abnormal low price like the present might almost tend to check production.

“If rice could once be got to circulate out of Bengal, the advantages all round are enormous. Hitherto, the evil of an export-duty has not been felt in Burma; but it will be felt, and perhaps more quickly than we at present suspect. The removal of the export-duty would, to say the least of it, give Bengal a chance of establishing itself in foreign markets, and that is all we require.

“That end once accomplished, and Bengal made a rice-exporting country, a new and probably most productive source of employment is afforded to shipping. Ships must then come here to carry away the increasing volume of export; and as the people get coin and goods in exchange for their rice, they are likely to become better customers for salt.”

This, Mr. Inglis thought, expressed a view very generally entertained, and he hoped the Government would justify to the public the retention of the solitary export-duty on rice which now remained when they had decided to sweep away import-duties. As confirming the opinion of the correspondent from whose letter he had read, he might mention that a gentleman largely interested in the rice trade told him this morning that he had been unable to execute orders for 5,000 tons of rice this season because of the difference the existing duty made in its price to the exporter. The same gentleman mentioned that the zamindárs of Noakháli and Comillah were at present unable to collect their rent, because the raiyats on their properties were unable to find a market for their rice. No doubt this was partly due to the absence of good communications in these districts, but the removal of the duty would help such people very greatly. In other countries, it had always been customary to take off export-

duties in preference to those on imports, and he knew of nothing in the circumstances of India or of the Indian rice trade which could justify a different mode of procedure in this case.

He now turned to the salt-duties. It was this portion of the Budget which was being most freely criticised out of doors. It looked to many people as if the large sacrifice of salt-duties were wholly unnecessary. The incidence of the duties at present was so light as to be practically unfelt. In Bengal and Bombay it was five annas per head, and in Madras it approached six annas. No-one would contend that this incidence was in the smallest degree oppressive. He was aware there were people at home who, in this matter, as in that of the opium question, preferred sentimental considerations to hard facts, and no doubt such persons would hail the reduction as a wonderful boon to the people of India. Many persons ventured to doubt, however, if the food of the people of India would be cheapened by one single picc because of this reduction, nor was it thought merchants would benefit further than they would have done if the Government stopped short at simple equalisation. Up to that point, the necessity for equalising the duties, he thought, all were agreed. To go beyond that was to take a "leap in the dark."

What people did ask for was the removal of the license-tax; and, with all deference to the opinion of members of the Government, he believed the verdict of the country upon the Budget would be that the Government had missed their opportunity in sacrificing such a large sum of revenue in reducing the salt-duties, which were unobjectionable and unoppressive, rather than applying the money at their disposal to the abolition of the license-tax and the rice-duty. Instead of taking 1,400,000 £. off salt, he thought the wiser course would have been to apply it as follows:—

To abolish license-tax	£.
" rice-duty	500,000
To equalising salt-duties	700,000
	200,000
	£. 1,400,000

leaving the rest of the Budget as it stood. He had no hope that Government would agree to this proposal, and he did not wish to make any definite motion on the subject; but he believed he gave expression to the opinion of a great many people in the best position to judge as to the merits of the Government proposals when he said that this mode of distributing the surplus would be not only more popular, but more beneficial to the country. Government in this matter had proceeded on the principle of thinking that the people of India did not know what was good for them, and, therefore, they did not give them what they asked for, but what the Government thought was best for them. Mr. Inglis thought himself it would have been better to have yielded more to the popular sentiment in the matter.

The Government did not attempt to defend the license-tax as it was at present levied. It was a mass of inequalities, and utterly indefensible in its selection of particular sections of the community for the bearing of burdens which should be borne equally by all classes. The non-official community, in their desire not to embarrass Government in the weighty task of restoring the finances of the country, had hitherto not complained much about these inequalities, but he feared that this reticence would not continue, and that, in declining either to remove the tax or to remedy its glaring inequalities, Government had opened the door to an agitation which a different policy would have prevented.

To prevent any misconception, he wished to say that, so far as he understood the feelings of the mercantile community, they did not at all object to the license tax *per se*. So far as they were concerned, its incidence was extremely light, and they would willingly pay the amount demanded, or more, if they felt the money was really required, if it was levied equally from all classes, and if a bold attempt were made to grapple with the exaction and oppression of which it was the innocent instrument. A systematic assessment by officials so liberally paid as to place them above any temptation to accept bribes or act corruptly was a *sine qua non* to the success of any system of direct taxation in this country. When, however, he had said this, he had virtually said that direct taxation was

unsuitable

unsuitable to this country in its present condition, as the mere expense of such an assessment would absorb the whole proceeds of any tax that could be imposed. He sympathised with the desire to see some system of direct taxation made applicable to India, but nothing that had yet been devised avoided the difficulty incidental to the circumstances of the country, and it was foolish to ignore this.

In thus freely criticising the proposals made in the Budget, he wished only to add that he did so more to elicit a free expression of opinion than from any desire to adopt a hostile attitude towards it.

The Honourable Mahārāja Jotindra Mohan Tagore said that his Lordship's Government, and especially the honourable member in charge of the Budget, were to be congratulated on the prosperous state of the finances; he confessed it had seldom been his lot to hear a more able and lucid statement than that which was submitted to this Council at its last sitting. He could not, however, help expressing his regret that, with a substantial surplus, the Government should have come to the resolution to apply a part of it to the abolition of almost all import duties, including the remaining portion of the impost on cotton goods, and to the reduction of the salt duties, while the direct famine taxes, he meant the license tax and the land cesses, which latter affected even the lowest class of agriculturists, had been left untouched. He admitted, to a certain extent, the force of the argument used by the honourable member for remitting indirect in preference to direct taxes, and also that, after the partial repeal of the cotton duties, it was difficult to continue the remaining portion for any length of time, but almost all right-thinking men had admitted that, in the first instance, it was a mistake to have allowed any partial remission of the cotton duties so long as they were not protective in their tendency. The right course for the Government under the circumstances, in his humble opinion, would have been to have retraced its steps; but this, it was said, was impossible. The Natives, however, failed to see any cogent reason why it was considered impossible, for they maintained that, with the Government here, justice to the many millions entrusted to its care ought to carry greater weight than the interested cry of Manchester, whatever influence it might have with the Ministry in England. Lord Northbrook, when Viceroy of India, in dwelling on this question, remarked, "The interests of the millions of India ought to have our first consideration." He must take the liberty to observe that, although the proposed reduction of the salt duties and the almost total repeal of the import duties would entail a loss of revenue which was estimated at a little over two millions sterling, it would bring no measurable relief to the people for whose benefit the remission would be made. For it had been found by experience that the remission of duties on certain kinds of cotton goods did not cheapen the price of cloth to any appreciable extent, but perhaps contributed to fill the pockets of the manufacturers only; and the same might be predicated of the reduction of the salt duties, and, for aught they knew, Cheshire might benefit in the same way as Lancashire had done in the other case. Besides, the payment of these indirect taxes was never felt as a hardship by the people, and none ever complained of these imposts, for the best of reasons, namely, that they paid them without knowing that they did so; whereas the proposed remissions, although in the aggregate they came to a large amount, being spread over a population numerically vast, the incidence of relief per head would be infinitesimally small. For instance, an agriculturist family consisting of, say, four salt-consuming members, and earning Rs. 100 annually, would, by the proposed remission of the salt duty, make a saving of about three annas, or ten pies, per head in the year, while they should continue to pay one rupee and nine annas on account of the public works cess. The relief under such circumstances on account of the salt duty could well be imagined. Moreover, it was well known that direct taxation was not at all suited to the condition and circumstances of the people, and that they themselves were entirely averse to it. Then, as to free trade, it might be all very well in theory, but it must be borne in mind that England, with her advanced notions in commercial matters, had not yet been able to introduce it in practice. In the trade of this country with Great Britain, while Indian goods should continue to pay duties to swell the large revenue of the latter, that this poor country should sacrifice any portion of her limited resources for the sake of a theory was what, he must frankly confess, did not commend itself to Native thoughts and ideas. When other nations with

whom India had commercial relations would be prepared to have free ports in their countries, it would then be time for the Government of this country to think how far they could adopt such a course, and not before. The Government, however, after mature deliberation, had determined upon a fiscal measure, and it was not for him at this stage to hamper their proceedings by proposing any amendment; he had ventured to offer these few remarks simply with the object of laying before this Council the views which a majority of his countrymen entertained on some points of the Budget.

The Financial Statement was replete with many points of interest and importance, but he would not take up the time of the Council by dwelling upon them. He could not, however, conclude without expressing his grateful appreciation of the broad and statesmanlike views enunciated in it regarding several matters of administrative policy; and his fervent hope was that the prosperous condition of the finances would admit of the execution of many healthy reforms under the auspices of His Lordship's liberal rule.

Major General the Honourable T. F. Wilson, said that the estimated net cost of the military expenditure of this country for the coming financial year was calculated at 11,289,500 *l.*, a sum which, compared favourably with the amount which was expended in 1877-78, which, as being the last year of normal expenditure before the war, was the one with which he desired to compare the present cost of the army in India. In 1877-78, the cost of the army in India was 11,548,444 *l.*, and, therefore, the military charge as calculated at present for the coming financial year would be very close upon 259,000 *l.* lower than they proved to be in 1877-78, and this notwithstanding some permanent necessary additions which had been made to military expenditure in India; he said "necessary additions," for he might observe that, whilst on the one hand the Government of India fully recognised the importance, in the interests of the tax-payers of this country, of carefully keeping down the military estimates, and whilst every fresh item of military expenditure was carefully scrutinised and watched, on the other hand the Government did not lose sight of the even greater importance of keeping the army complete and thoroughly efficient and capable, at all times and on all occasions, of ensuring the safety, peace, and tranquility of this vast Empire; and, therefore, when any new and well-ascertained and approved improvements were introduced into other armies, they usually very quickly followed and were introduced into the army of India. As an instance of this kind, he would advert to the recent establishment of the Intelligence Department, which, under the sanction of the Government of India, had been established, and was now in full working order. This was a department which could not fail to be of great value in the future; but of course its value had to be paid for, and for this the modest sum of *Rs.* 86,000 had been added to the military estimates, and this would be, of course, a permanent yearly addition; but, on the other hand, there were some small sets-off which had been made by reductions ordered by the Commander-in-Chief in other establishments. Then there was another permanent addition which had been made, an addition which had not, however, been introduced by the Government of India. The Royal Warrant of June 25th, 1881, revised the pay, promotion and non-effective pay of the British army. This had undoubtedly improved the positions of the various officers and soldiers serving in that army in this country. The Government did not grudge these benefits to deserving officers and soldiers, but he must observe that these benefits had increased expenses by nearly nine lakhs of rupees annually. The volunteer movement in India was one which had the hearty goodwill of the Government, who fully recognised its great value, and who were anxious to give it every reasonable encouragement. For his own part, he had a very high opinion of the value of the volunteers, and he was very glad to say that their numbers now closely approximated 10,000 men; but this great and rapid expansion of strength had necessitated the provision of more rupees, and during the last five years nearly three lakhs had been added to the year's accounts upon this head.

Turning to the Native army, of whose loyalty and efficiency the Government during the past few years had abundant proofs, the rates of pension for commissioned officers had been increased, and the qualifying period of service for pension reduced from 40 to 32 years. These measures were introduced in 1878, and were, as he thought, well calculated not only to improve the condition of those to whom they were applied, but also that they were well calculated

to increase the general contentment of the Native army. But these, together with the invaliding which had resulted from the late war, had increased the expenditure since 1878 by seven lakhs of rupees. As he had said before, he had taken the year 1877-78 with which to compare the present cost of the army, because it was the last financial year which was undisturbed by wars. The accounts showed an increase of some 10 lakhs of rupees for expenses in India, on account of Indian brewed beer; but this would be counterbalanced by a corresponding reduction in the home charges. The estimates, he believed, made full and ample provision for all the requirements of the army, and, besides this, a not inconsiderable sum had been set aside for any special charges which might even yet result from the late war. These special charges would probably take the form of further compensation to camel owners and others on account of losses they might have sustained. For several months past two able officers were employed upon this duty, and their work was nearly finished, so that it could, he thought, reasonably be hoped that the full sum which had been provided on this account would not be required.

The estimates also provided for a temporary increase of numbers to the two Pioneer and five Ghoorkha regiments, which had been kept at a temporary increased strength pending the settlement of the question of the strength of the regiments of the native army.

The declared policy of the Government of India to purchase, as far as possible, local stores, and to substitute them for English manufacture, had been very largely carried out. These had added to the expenditure in India, but the Home accounts would show a corresponding diminution; and whilst upon this particular point, he might say that the home charges for military stores were, at the present moment, lower than they had been at any time during the past 15 years.

On the side of economy, some very important savings had been effected which would very much more than counterbalance the permanent expenditure to which he had alluded. The most important of these was the reduction which had been recently sanctioned and carried out in the Royal Artillery serving in India. The establishment in this country recently was 86 batteries; namely, 15 batteries of horse artillery; 43 of field; 2 of mountain and 4 of heavy; and 22 garrison batteries, the latter having a complement of 80 rank and file each. Under the revised establishment, the strength would be as follows: 77 batteries; namely, 10 horse, 40 field, 6 mountain, 4 heavy, and 17 garrison, the latter having an increased strength of 108 rank and file: thus there had been a reduction in the artillery of nine batteries, which would reduce expenditure by about 11 lakhs of rupees per annum. In making the recommendations for these reductions in the artillery, the Government had been largely influenced by the fact that, as the extension of the railway system was rapidly increasing, the mobility of the army would be increased in the same measure, and Government considered that, with the experience gained in the recent war, for general purposes, field batteries were found usually as efficient as horse artillery for warfare in India.

Under the head of Stud and Remounts there would, consequent upon the above reductions, be a not inconsiderable saving. Recently the establishment of horses in regiments of British cavalry had been reduced from 436 to 397, and the Haupper Depôt had been abolished; the Government had, therefore, at his time a considerable number of surplus horses, and during the coming year a very limited number of remounts would be required.

Another important measure which had been introduced recently into the Bengal army, and which had been found to work admirably, and which would in consequence, be very shortly, almost immediately, extended to the other Presidencies, was a station-hospital system. The plan was one by which one British hospital took the place of several in a cantonment. It had admitted of very large reductions, not only in the number of medical officers and establishments, but also in the equipment of the hospitals, whether stationary or on the line of march. There was already, as compared with 1881-82, a reduction of 35 medical officers in the Bengal command alone, and, when the system became further developed and was fully established in the two minor Presidencies, it was quite certain that still larger economies would follow; nor must it be forgotten that economy would certainly result from the maintenance and repairs of the hospitals and other buildings. These changes in the organizations of army hos-

pitals, however, must not be considered as entirely and wholly in the financial interests of the Government. The highest medical authority in India had recently made a somewhat extended tour in the Upper Provinces, and, having inspected most of the hospitals there, he had made the following observations. He said he "was satisfied that the changes which had been effected were more in the interests of the sick soldier than in that of the State, and that the efficiency of military hospitals, which it must never be forgotten was the main object of their existence at all, had been much increased." Therefore, the new arrangements would not only produce economy, but would also materially promote the comfort and welfare of the soldier in hospital.

As regarded the home charges, he had little to say. The net budget-estimate showed the figures at 3,970,050 *l.* This showed a slight decrease on the budget-estimates of last year. He was not in a position to say why there should be so small a decrease in these charges; but there was one explanation to be found in the fact that the charges for retired pay of officers of the Indian army had for many years past yearly increased, and would, it was believed, continue to increase yearly; but, when the charge for the pensions of Staff Corps officers reached its maximum, which it would do, in 1897, the expenditure would then decrease until the Staff Corps reached its normal condition.

He had alluded to the Royal Warrant of 25th June 1881, as having cast upon the revenues of India some increased charges. It was, therefore, right for him to show what it was expected it would ultimately save to India. But upon this point, he regretted to say, he had nothing very hopeful to relate; for, if the War Minister was rightly reported by Hansard, he said, on the 24th June last, in the House of Commons, that "it would not be before the year 1893 that the heavy dead-weight which was due to the terms of short service would begin to diminish, and meanwhile, as he had stated previously, it must considerably increase, and the automatic increase of pensions would continue, whatever economies might be made elsewhere." And, after referring to details, the War Minister further said, "The aggregate figures show an economy of 680,000 *l.* to us and 220,000 *l.* a year to India, the whole amounting to 900,000 *l.* I am sorry to say this will not be effected till a far distant day. But the slowness of the gain ought not to dishearten us." General Wilson, therefore, desired it to be understood that, although it was calculated that the new Warrant would at a "far distant day" result in a yearly saving to this country of 220,000 *l.* sterling, yet its only immediate effect had been to increase the military charges by nearly 90,000 *l.* per annum.

There were, however, very important changes to be made in the Native army, which would result in further large economies, and, as the Government believed, in increased efficiency; and, although these changes had been very recently sanctioned by the Secretary of State for India, they had considered it prudent to avoid taking any credit for them in the military estimates for the ensuing year, for reasons which he would presently explain.

The Council would have in their recollection that in the year 1879, under the authority of the Secretary of State for India, an Army Commission was assembled in Simla. That Commission was composed of some of the most distinguished officers, civil and military, which India could furnish. Some of these were officers who had earned high distinction in the military service, and they were brought together from different parts of India, from Madras, Bengal, and Bombay, and these distinguished officers were presided over by the present Lieutenant-Governor of Bengal. That Commission was directed to make an exhaustive inquiry into the whole military system of India, in view to an important reduction being effected in military expenditure; and, after assembly, that Commission placed themselves in communication with Local Governments and the several Commanders-in-Chief, and they also sought out the opinions of very many officers of reputation in the several armies, and they made a very large, exhaustive, and comprehensive, and, General Wilson ventured to say, a very valuable report. In due course that report was sent home to the Secretary of State for India, and it was at the close of the year 1880 sent back to the present Government of India, with orders to carefully examine its proposals, in view of making such suggestions and recommendations as they might deem desirable. This extremely important duty, which necessitated the exercise of very great care and caution, and needing very full and prolonged consideration, could not be taken up immediately at Calcutta, for reasons into which he need

not enter. When Government, however, returned to Simla, in the early part of last year, the Army Commission Report came under its immediate consideration, and, he was bound to say, had received all the attention which the magnitude of the question demanded. These protracted discussions and investigations had resulted in the Government agreeing with the views which were entertained by the Army Commission, that the existing strength of native regiments in India was insufficient, and that, while the present aggregate strength of the native armies of India ought to be maintained undiminished, the several armies might with advantage be organised into a smaller number of regiments; and the experience gained in the recent war strengthened this view. Consequently, the Secretary of State for India had recently sanctioned a reduction in the number of native corps to be retained for the future. Under this arrangement, there would be an immediate reduction of 22 regiments, namely, four of cavalry and 18 of infantry. This reduction was considerable, but it fell short of what was recommended by the Army Commission, who proposed a reduction of 40 regiments, ten of cavalry and 30 of infantry. The reduction would fall upon the three armies of India as follows: in the Bengal Army, three regiments of native cavalry, six of native infantry; in the Bombay Army, one regiment of native cavalry and four of native infantry; and, in the Madras Army there would be no change made in the number of native cavalry regiments, but there would be a reduction of eight regiments of native infantry. These reductions in the number of native regiments would not reduce the aggregate strength of the native army. The cavalry regiments in Bengal and Bombay would be raised, from 457 and 487 respectively to 550 natives of all ranks, while the strength of the Madras cavalry would remain unchanged. The strength of the infantry regiments would be raised from 712 to 832 of all ranks. The effect of these changes would be that the total strength of the three native armies in India would be increased by 31 men. Its present strength was 110,964, and, after the changes to be made, its future strength would be 110,995. There would be a small increase in the Bengal and a small decrease in the Bombay cavalry, that of Madras remaining as at present. While there would be an increase of 1,362 infantry in Bengal and of 272 in Bombay, there would be a decrease of 1,896 infantry in the Madras army. These, he thought, were the chief changes to be made which would affect the native officers, non-commissioned officers, and sepoy of the army. With regard to the European officers, it was not intended that their strength should be diminished; they would remain, as nearly as possible, on the same strength as now, and this would be done by adding an officer to each regiment of native cavalry and infantry in addition to those already maintained. The position of these officers would be that of "squadron" and "wing" officers, and they would receive the rates of pay and allowances now allowed to those holding similar appointments.

Of course extensive reductions and reforms in a large army could not be carried out without causing a certain amount of inconvenience and disadvantage to some of those immediately concerned, but it was the anxious desire of this Government, and it was also the anxious desire of the Secretary of State, that these disadvantages should, as far as possible, be mitigated and relieved; and to this end extremely liberal concessions had been granted to all who might be disadvantageously affected by the reductions which were now about to be brought into force. Indeed, in the face of these very liberal concessions, the Government had not considered it desirable to make any reductions in the army budget estimates for the ensuing year; and in this determination the Military Department had been considerably guided by what took place in the year 1869, when it was found that the reductions ordered in that year were not fully realised till the following year.

Another change which had taken place during the past financial year was the transfer, on 1st January last, under the sanction of the Secretary of State, of the Military Works Branch of the Public Works Department to the Military Department. He was unable to say that there would be any direct saving from this measure; but, as it not only expedited business, but enabled the department immediately concerned to adjudge and carefully determine upon the best and most economic measures, and the means for utilising yearly the grants for military works throughout India, he was by no means devoid of hope that economy would eventually result.

There were, at the present moment, several large questions connected with army reform which were before the Secretary of State for India, and on which it would not be right for him to invite any discussion in this assembly. He had, therefore, purposely confined himself to the financial bearings and aspects of subjects which had already received the sanction of the Secretary of State for India, and which had therefore passed beyond official criticism.

Hitherto he had spoken only as to the economies which would result from the changes which were about to be made in organisation; but if he believed that nothing beyond economy would result from these great changes, he for one would have certainly hesitated to advocate as earnestly as he had the alterations which were about to take place; but he held a strong opinion that those changes would give strength and efficiency to, and add to the power of, the Indian army.

These were not new ideas, these were not views manufactured by him to suit this particular occasion. He had had an exceptionally long experience in the ranks of the Indian army, and held many positions in it; and these were the results of convictions which had been absolutely forced upon him by the experience gained by him in the course of his long service. He believed it had been his fate to see the army under as many extraordinary circumstances as almost any one in this country. If there was in any one's mind, in any quarter, any lurking suspicions that he had in any way shifted his opinions or changed his views since he had the honour done him of being appointed a member of His Excellency's Government, then he took this opportunity of emphatically denying that such was the case. He had not shifted his ground an iota, in proof of which he invited attention to the fact that he held in his hand two articles which he contributed to a London magazine 12 years ago, and which were published to the world; in fact, the dates of these two articles were, one in January 1870 and the other in the following February. And, in writing on the subject of army reform, he then said that there were three things which were essential to complete efficiency in the Indian army. This first was, that there should be more British officers; the second, that there should be a reduction in the number of regiments; and, thirdly, that the strength of regiments to be maintained should be materially increased.

The Honourable Mr. Rivers Thompson said that he did not think that Honourable Members could complain of the want of variety in the addresses which had been delivered that morning in Council. Indeed, the wide scope of the subject, relating to the financial administration of an empire like India, justified a variety of treatment; and he was sure, speaking as a Member of the Government of India, that the fullest expression of opinion upon all questions connected with the Budget would be cordially welcomed. Apart from the advantages of freedom of debate in eliciting facts, they had in the statement of the Honourable Rájá Siva Prasád, in his remarks in connection with the license-tax, and in the influential opinions expressed by the Honourable Mr. Inglis as regarded the abolition of export-duty, statements which he (the speaker) was sure would be valuable guides to the Government of India in its deliberations upon the financial administration of the next year. Before they proceeded to consider the separate Bills which would be presented to them shortly, he (Mr. Thompson) wished to offer a few observations upon one subject to which honourable Members opposite had made frequent allusions. Though the Government might, as he thought it might, accept the tender of congratulations which several speakers had offered upon the generally satisfactory financial position of the country during the past year, observations had fallen from several speakers who had preceded him which took exception to certain portions of the financial administration. The objections formulated themselves somewhat in this way; that, given a surplus which Government had found itself in a position to distribute, the distribution of that surplus had not been a judicious one. It had not been pretended, certainly no attempt had been made to show, that the administration of the Honourable the Finance Minister during the last 12 months had been unsatisfactory; but the issue was raised that, having 1½ millions to dispose of, the proposals now submitted for their consideration did not dispose of that amount in a satisfactory manner. Mr. Thompson would confine his remarks, in a very few words, to the objection which had been taken to the reduction of the duty upon salt.

salt, and the uniform rate which it was now proposed to adopt everywhere except in Burma and the trans-Indus districts of the Panjáb Province. It would be in the knowledge of most of the members of Council that large questions connected with the incidence of taxation in different Provinces of India had been the subject of very detailed inquiries, under the auspices of the Financial Department of the Government of India, by an officer eminently qualified to undertake that duty; he referred to Mr. Barbour. The work of investigation occupied a greater portion of the Simla season last year, and the result of it, after careful scrutiny and examination by those who were responsible, had been accepted in some part as the basis of certain of the proposals which the Government had now put forward in the financial statement. It would be impossible, upon such an occasion as the present, to give any summary of the final conclusions of such inquiry; but this much might be asserted, that, in stating the incidence of taxation per head of the population in different Provinces, the inequality of the burden upon the people had been very clearly demonstrated. While there might arise no very pressing need for a reduction of taxation in some places, it had been clearly manifested in particular Provinces that a decrease of taxation was desirable. Two Provinces stood out as exceptionally favoured in this respect. First, the Lower Provinces of Bengal, where it was asserted the wealthier classes were too lightly taxed in comparison with the poorer classes, and the Central Provinces, which were under the administration of the Chief Commissioner of Nágpur, where a result from a comparison with other parts of India showed a very lenient incidence of taxation. But, whatever the conclusion might be as to inter-provincial comparison, and upon this subject he would say, in passing, that the proposals which had been made would tend to relieve the pressure upon land in the North-Western Provinces in a Bill to be introduced, the general conclusions brought out most conclusively that the severity of taxation in India fell upon the poorer classes, and that the poverty of these classes was extremely great. It did not require, indeed, the researches of experts in statistical inquiries to show this as a matter of fact; it was patent to all who had any knowledge of the condition of rural life in India, and they had the authority of a very high evidence that the extreme poverty of by far the larger portion of the bulk of the population of India was seldom properly appreciated except by ocular evidence. Here was the "cause of justice to the millions" to which the Honourable Jotíndrá Mohan Tagore alluded, and it was in the course of the dispensation of justice to the millions that the Government proposal for a reduction of the duty on salt was made. He did not believe that any one had ever questioned that salt was a proper and legitimate subject for taxation. As an article of universal consumption, it not only must reach the great bulk of the population, but it enabled the Government to raise from the population their contribution for the necessities of the State. In its indirect form it presented not only probably the cheapest mode of collection of a tax, but one which was the least harassing to the people. The Government did not contest any one of these conclusions on which some of the speakers had laid stress. But its present action in establishing an uniformity of rate and a reduction of the duty, was taken with the object of so adjusting the payment of the tax as to remove all charges of unfairness or of oppression in the application of that tax.

Two arguments had been used against this; first, that no complaints were made by the people, and, second, that a remission of duty would not benefit the people for whose benefit it was intended. As regarded the first point, the answer was that no complaints were made, because the people whom the Government wished to relieve had no means of raising their voice. Generally, this was the case, though he held in his hands a native paper which very strongly advocated the urgent claims of the poor in the reduction of the duty on salt. He would not read any extracts from this paper now, because it would occupy too much of the time of the Council; but he could say that the article was written with an earnest expression of the hope that some benefit would be done to the people of India in any legislation which might be undertaken now. When it was said that a remission of taxation would not benefit the poorer classes, Mr. Rivers Thompson could only say that, if that was the case in India, then the laws of supply and demand and of political economy were very different in India from those in any other part of the world. If that was

the fact, and if figures established, although he believed that anything could be established by figures, that a large reduction in the duty on salt had not shown either a fall in price or an increased consumption, the answer might be that the time which had elapsed since the reduction took place was very short, and that the reduction itself was so small that possibly it would take a long time before the effects of it could be felt. But, practically, what was now proposed was to reduce the rate of duty in Bengal by 30 per cent., and in other parts of India by 20 per cent.; and it was impossible to argue that the benefits of this reduction would not extend to those for whose benefit the reduction was to be made. He believed that, in taking this step for the reduction of the duty on salt, the Government was incontestably right, not only because it would afford relief to the poorer classes in India, but because it secured the prospect of a large increase in the consumption of an article which was a necessary of life, and thus promised a return of some of the revenue which was temporarily sacrificed; and, above all, because, in the form which the Bill took, giving power to the Government in any emergency to raise the rate up to a maximum of three rupees per maund, it established, in a way in which no other form of taxation did, a most valuable financial reserve.

His Excellency the Commander-in-Chief said that, as the arrangements for giving effect to the changes in the organisation of the native army, to which General Wilson had just referred, required careful elaboration before they could be published, it might be convenient to those concerned if he stated here somewhat in detail the precise character of the changes which the Government had been authorised by the Secretary of State to carry out.

It was obvious that these changes could not be carried out without touching the interests of individuals, but the liberal compensation which was to be allowed to the officers and non-commissioned officers who would be displaced left very little room for complaint in that direction.

In order that the men of the regiments to be broken up might suffer as little inconvenience as was possible under the circumstances, the Government proposed to transfer them by troops and companies intact; the regiments so strengthened being required to break up and distribute throughout the regiment the men of the troops and companies which must make way for the men of the reduced regiments.

It would be seen that, under this scheme, none of the rank and file of the army would be required to take their discharge.

When the process of distribution had taken place, the supernumerary commissioned and non-commissioned officers would remain to be disposed of.

He apprehended, however, that there would be no difficulty in dealing with these classes, as there were at all times in every regiment some officers and non-commissioned officers hanging on for pension.

To these, and to men whose strength had begun to fail, though they were able to do their duty in ordinary times, the liberal terms of retirement sanctioned by the Secretary of State would be hailed as a boon.

The conditions of retirement were as follows :—

I. The superior rates of pensions to officers, non-commissioned officers, and men who had completed 25 years and upwards.

II. The ordinary rates of pensions to all officers, non-commissioned officers, and men who had completed 14 years' service, and who had less than 25 years' service, with a bonus of one month's pay for every two years of service.

III. To officers, non-commissioned officers, and men of more than 10 and less than 14 years' service, two-thirds of the ordinary rate of pension, and a bonus of three months' pay.

IV. To non-commissioned officers and men of five years' service and less than 10, a gratuity of one month's pay for each year of service, and a bonus of three months' pay.

V. It is

V. For non-commissioned officers and men of less than five years' service, a gratuity of six months' pay.

The Secretary of State had also sanctioned the issue of good-conduct pay to uncovenanted officers throughout the native army to the following extent:—

To duffadárs and havildárs, one rupee a month for every two years of good service in that grade up to a maximum of 4 rupees; to naiks, 1 rupee a month for every two years of good service in that grade up to a maximum of 2 rupees.

The Secretary of State had also sanctioned the following terms to officers of the reduced regiments who might retire from the service within three months of their regiment being broken up:—

To officers of over 32 years' service, the pension to which they might be entitled, not in excess of 456 *l.* 5 *s.* a year, with the value of their colonel's allowances on the scale allowed by G. G. O., No. 1, of 1881, together with a bonus of 18 months' staff salary of their regimental appointments and free passages to England for themselves and their families.

To officers from 20 to 32 years' service, a bonus equal to 18 months' staff salary of their regimental appointments, in addition to any pension to which they might be entitled, with free passages as above.

It was not pretended that these reductions would be in any sense popular, but it would be seen that every possible care had been taken to safeguard the interests of all concerned, and that the position of that very important class, the non-commissioned officer, had been materially improved.

He had only one word more to say on this subject, and that was, that he entirely concurred in the policy of the measures now to be carried, not only because they produced economical results, but because he thought they would really increase the efficiency of the army as a fighting machine.

His Honour the Lieutenant-Governor said he did not propose to take up the time of the Council with many remarks, but he could not allow this opportunity to pass by without joining with his colleagues in congratulating the Honourable Major Baring upon the very satisfactory account which he had been able to give of the financial condition of the country, and upon the very interesting and able statement which he had made on the subject, dealing fully, as it did, with all the most important problems of the financial policy of India. The favourable results of the year would, he was sure, surprise no one who had given real attention to the subject, and watched the extraordinary growth and elasticity of the revenues of the country, though they must surprise very much those who had so energetically promulgated the theory of the bankruptcy of India. He observed with pleasure the generous terms in which credit was given by Major Baring to his predecessor in office for the flourishing condition of the finances, so far as they were attributable to financial administration. There was no doubt that there was much in the present condition of the finances which was due to Sir J. Strachey, and it was painful to observe how, because, during his tenure of office, one serious error of account had occurred, the whole of his able, zealous, and wise administration of the finances had been ignored by the public. It was his Honour's misfortune to differ from Sir J. Strachey on several of the main questions of finance, but this could not affect his appreciation and recognition of the great services which he had rendered to the financial administration of this country. One of the points regarding which he most differed from him was the abolition of the cotton duties, and as he had always taken an active part in opposing the partial repeals of these duties, which had from time to time taken place in the last few years, he would explain in a very few words why he considered that he could, without any inconsistency, support his honourable friend's proposal to abolish them now. His objection until now to the abolition of the duties on cotton goods had been founded upon one consideration only, and that was, that the country could not afford to make such a sacrifice. A great deal had been said from time to time of the necessity of repealing the cotton duties in consequence of the Resolution of the House of Commons; but the Resolution of the House of Commons simply declared, not that the duties should be repealed whether the country could bear the cost or not, but that they ought to be "repealed without delay, so soon as the financial condition of India will permit." What he had always

denied, and what he denied still, was that at any time previous to the present date the financial condition of India did permit of such a measure. Now that it had been shown that the financial condition of the country was such that the duties could be abolished without any fresh burthen of taxation being thrown upon the people, and, indeed, that the abolition could be accompanied by a large simultaneous reduction of taxation on the natives of this country, his objection disappeared.

His Honour deplored, as he always had done, the manner in which the partial reduction of the duties on cotton goods had been carried out, with the avowed intention of causing such a confusion in trade as to make their entire repeal a matter of necessity. He had always felt and maintained that the proper course was to wait till the country could afford it, and then repeal the duties if these goods were considered to be more deserving of relief than any other goods or than any other branch of taxation. He quite admitted, and had stated on other occasions, that the state of things produced by those partial reductions was such that it could not possibly be maintained; and now that Government could do it without substituting for the customs duties any form of direct tax, he was glad that trade generally should receive such relief as that afforded it by the Customs Bill introduced into Council on Wednesday by his honourable friend. It was, for many and obvious reasons better, that the repeal of the cotton duties should take place at the same time as the general repeal of all duties on imports than that they should be picked out for special consideration.

As regarded the question of the repeal of the rice duties, with reference to which an allusion had been made to him, he must admit that his views were entirely opposed to those who had advocated their repeal. He would remind the Council that the question came before them in 1875, and was very fully discussed. He on that occasion had stated very fully his reasons for thinking that there were no grounds for repealing those duties. It must be recollected that the condition of the rice market in Bengal was just now purely exceptional; the price of rice now was lower probably than it had ever been for 30 years; it could not be relied upon to continue, and, therefore, there was no ground for hoping that the price of rice was permanently so low that it could be imported into Europe for manufacturing purposes, as the rice of Burma was. The rice of Bengal was exported for human food, a little of it to Europe, but the bulk of it to the Colonies, to feed Indian labourers working there; the Burma rice, which was a soft, cheap rice, with which Bengal rice could never compete, was exported for manufacture and distillery purposes, and never for food. We knew, as a fact, that every available maund of rice was now exported from Burma in spite of the duty, and no reduction of duty would increase the export. When the late Lord Mayo visited Burma, he expected to hear strong objections to the duty, and was much surprised to find that rice merchants were the most energetic supporters of the duty. A reduction of the duty would not enable Bengal rice at all to compete for manufacturing purposes with the soft grains of Burma, and there was no ground for believing that this would lead to a more extended use of rice as an article of food in Europe.

The reduction of salt duties, though not, in his Honour's opinion, called for by the circumstances of the country, or by any pressure of that tax upon the public, was part of a policy determined upon by Government for equalising the duties throughout India; and he was glad to find that his honourable friend distinctly expressed his reliance upon this tax as a mode of meeting any future difficulties which might arise. He was quite sure that there was in Bengal certainly no form of taxation less unpopular, more productive, and more easy of collection than the salt duty. It fell very lightly upon the people, and its existence, indeed, was hardly known to them, and it fell rateably upon the rich and poor, owing to the peculiar conditions of native life. He hoped that the reserve of taxation which the Government now possessed in its power on an emergency, again to increase the salt duty, now so largely reduced, would render any discussion of measures of direct taxation unnecessary for the future.

There was only one further remark which he desired to make, and that was as to the charge for "Military Ordinary." He could not help feeling some considerable disappointment that so little had actually been done, for reasons which had been just explained, to give effect to the reduction in the cost of the army
proposed

proposed by the Army Commission of 1879. The Army Commission did not make any proposals for economy at the sacrifice of the efficiency of the army. He believed that they stated the case correctly and moderately when they said "that their proposals, while they undoubtedly affect a very material saving, will also render more efficient, in time of war, the armies of India and the great departments of Military Administration, on which they depend for much of their efficiency," and again, when they said, "In the general organization and administration of the army we have proposed changes which substitute a simple and more powerful system for one which, in the growth of years, has become somewhat antiquated and cumbrous." If this was true, and it had certainly never yet been shown to be untrue, it could not be right to go on paying the enormous sums we did for our military organization, when a much more efficient organization could be secured at a considerably less cost.

He was in hopes that we should be told that, in the face of the financial prosperity of the country, the limit on the expenditure on productive public works had been withdrawn. No one could now doubt that money expended on carefully selected projects for improved communications would yield a large return, and there was no question but that the present improvement in the financial and general condition of the country was mainly due to the railways already constructed. Private enterprise should, he quite agreed, receive every encouragement compatible with the interests of the taxpayers of the country; but certainly private enterprise would not do all that was wanted for India, and probably would do very little except on terms unfavourable to the revenues of the country. If private enterprise could be induced to take up certain new projects on fair terms, thus enabling Government to expend more money on projects less attractive to the public, it would be a good thing done; but nothing, it seemed to him, was gained by making over to private companies works already completed and yielding a fair return. This really amounted to giving to private companies a portion of the revenue of the country, while it in no way hastened on the development of communication.

Major the Honourable E. Baring said that, in the financial statement which he made to the Council the other day, he expressed the firm and confident belief that the proposals of the Government would receive fair and impartial consideration from this Council and from the public. That prediction had been amply verified. But they were under this disadvantage, that, owing to the necessity for hurrying these Bills through the Council, they had not as yet had the advantage of learning the opinion of the public in other portions of India on the proposals of the Government. They had, however, had a very interesting debate in this Council, and they had also had the advantage of learning such opinions on the Government proposals as could be pronounced by the local press after a consideration of 48 hours, which, he admitted, was not very much time to give them. He was not very far from the mark in saying that the general verdict on the proposals of the Government was one of approval, but it was impossible that, in proposing such important measures of reform as those now under consideration, there should be unanimity of opinion. There must be some differences of opinion; but, on the whole, he thought he was not going too far in saying that the proposals of the Government had not been the subject of any very acute criticism.

He now turned from these general observations to deal with one or two of the more prominent points which had been raised in the course of the discussion. The first subject to which he would refer was the question of the salt duty. The reduction proposed in the salt duty had been criticised by one or two members of the Council, and his honourable friend, Mr. Inglis, said that he did not think that by taking off the duty they would lower the price of salt by one pice to the consumer. That opinion, and some of the other opinions which had been expressed by his honourable friends, constituted a class of argument which it was very difficult for Major Baring to answer in a satisfactory manner; because they spoke with a much greater and longer experience of the country than any to which he could pretend. He understood the case to be this, that in England there were certain laws, which he would not dignify by the name of political economy, but which were rather laws of common sense, and which regulated ordinary commercial proceedings. In England, competition brought down prices; again, it was considered unadvisable in England to tax the necessary articles of consumption used by the poorest classes. He was

told that these were excellent commercial principles for the county of Middlesex, but that they did not apply to the 24-Parganas; for that the moment one passed the Isthmus of Suez, the ordinary principles of commerce and trade became inapplicable. These local arguments placed him in a very difficult situation; for, although he was quite certain that, on the banks of the Thames, two and two made four, he could not be certain that, owing to his ignorance of local customs, they did not make 5½ on the banks of the Huglí; he could not be certain that black was black or white was white in India. No doubt some extraordinary things did happen in India. He was reading recently in a local paper that a gentleman in Calcutta had been able, by means of some spiritualistic agency, he thought it must have been a local spirit, to extract a sheet of writing paper from a table in London, and deposit it in Calcutta. If he had been in London, and that paper had been removed from Calcutta, and produced in London, he should have received the statement with a certain amount of scepticism; but he had heard so much here of local phenomena and local peculiarities, that he was unable to say whether Calcutta sheets of note paper obeyed the same laws of time and space as those in England. It was, no doubt, owing to some local peculiarity, which he could not explain, that the Indian consumer resolutely persisted in paying one rupee for an article which could be obtained for 14 annas. It must, also, be owing to some local peculiarity that the Indian merchants did not endeavour to undersell one another. But he would ask his honourable friends whether they did not attach somewhat too great importance to these local peculiarities. When his honourable friend said that it was very univervally held that the reduction in the salt duties would not benefit the poorest class, some qualification must be made. Only this morning he took up an Anglo-vernacular paper, in which he found it stated, "This reduction of price in so necessary an article is a very great blessing indeed to the poorest classes." He also found that, elsewhere in India, the opinion which had been expressed by his honourable friend was not entertained. He wished to remind the Council what took place when the customs line was abolished. The price of salt was raised in Southern India, and decreased in Upper India. His honourable friend thought it would have been sufficient to have reduced the duty in Bengal from *Rs. 2. 14 a.* to *Rs. 2. 8 a.*, and he also thought that the differential duty against Bengal was very unjust, and he was glad to see it disappear. They who sat here had the advantage of hearing a good deal of Bengal interests; but it should be remembered that the Legislative Council of the Government of India had to legislate for provinces beyond Bengal, and must take into consideration the different circumstances and interests of every part of India; and in Bombay and Madras there was not that universality of opinion against the reduction of the salt duties which, according to his honourable friend, existed here. He always read the "Times of India" and the "Bombay Gazette" with particular attention, because these papers discussed questions of finance with marked ability. The "Bombay Gazette," which he received this morning, said, "Salt at the present moment is dirty and dear in India, and the tax is a hardship on the poorest inhabitants of the land." He might quote abundance of evidence to show that public opinion in Bombay was not such as his honourable friend represented the public opinion of Calcutta to be. He might also adduce some evidence to show the state of public opinion in Madras. He was much struck a short time ago in reading an article in the "Madras Mail," which must have been written wholly in ignorance of what the Government was going to do, but which really foreshadowed the policy of the Government with regard to opium and salt. It was argued, with considerable ability, that the proper use to which to apply a large opium surplus was to effect a reduction of the salt duty. That was exactly what the Government had done. It was also argued that the duty pressed hardly on the poorest classes. If it was true that the salt duty did not press very hardly, and it made no difference what the tax were, he should like to know what became of those three lákhs of rupees, which his honourable friend said certain salt merchants were going to lose by the reduction of the duty? Where did it go to? Did it all go into the hands of the middlemen, between the wholesale merchant and the consumer? He very much doubted it. There appeared to be some contradiction in terms. If the salt duty did not press hardly on the consumer, and a reduction of the duty had no effect, he wondered why the consumption in Madras had never yet reached

reached the figure at which it stood in 1868-69? He wondered why cheap salt invariably pushed dear salt out of the market, and the territorial frontier between the two descriptions of salt had been shown by experience to be reached where the two rates of duty were equalised? He wondered why the consumption of salt steadily went on increasing where the duty was reduced, and also why, in Rájputána and in Central India, when the salt duty was raised, the price of salt immediately increased very largely. He held in his hands extracts from reports of the political officers in Rájputána, which showed that, when the duty was increased, the price became enhanced; and it was evident, therefore, that when the duty was lowered, the price would be decreased. He would give a few instances in which prices had thus increased. Writing from Jodhpur, the political officer said: "In September 1878, the selling price of salt was 40 sers; in November it was 29½; in December it was 24; in January 1879, it was 20; and now it was 16 sers." That is to say, that, on the abolition of the customs line, the price rose from 40 sers to 16. That appeared a rather remarkable difference. In Bikanír, the effect of the change on the poorer classes had been to cause them to lessen their daily consumption so as to avoid having to buy the new salt. Then, in Meywár, the "poorer classes no longer received gratis from the village *baniyá* the customary pinch of salt with his daily meal of flour, but they had now to pay one anna a month for about one pound of salt. Each hide cured, now costs one anna more than formerly, and though the people have not curtailed their own consumption of salt, they had begun to give less to their cattle." In Kota; again, "salt was now selling at nine sers per rupee, more than double its price a short time ago. The mass of the people are passively resigned, and look on the change as unavoidable." Now, he, Major Baring, had a good deal of sympathy for people who were passively resigned, and looked on a change as unavoidable, and he wished his honourable friends had reserved some of their sympathy for these men; when they had to pay a heavy duty, it fell hardly on them.

Perhaps honourable Members hardly realised the effect of the remark which had been made by his friend Mr. Rivers Thompson about the poverty of India. A calculation had been made which showed what the annual income was per head of the population, and the result was arrived at that it was 27 rupees per annum. He was not prepared to say that that estimate was absolutely correct, but he thought it was quite sufficient to show the extreme poverty of the mass of the people. In England, the average income per head of population was 33 *l.* per head; in France, it was 23 *l.*; in Turkey, which was the poorest country in Europe, it was 4 *l.* a head. He would ask honourable Members to think what 27 rupees per annum was to support a person, and then he would ask whether a few annas was nothing to such poor people.

Now, there was another point of view of this question as to which he should like to say something. Allusion had been made by his honourable friend Mr. Rivers Thompson, as well as by his Honour the Lieutenant-Governor of Bengal, about a reduction of the salt-duty very much strengthening the financial position of the country. Several times during the last 20 years direct taxation had been used as the financial reserve for India. Now, that was not a very satisfactory financial reserve to fall back upon in times of emergency. Whatever might be said for or against direct taxation, his own view was, that direct taxation was singularly unsuited to be made the means of rectifying budget inequalities in India in times of financial pressure. If there was to be direct taxation, let it be a permanent tax, and not subject to constant changes; for, if any measure of direct taxation was subjected to frequent changes, it would serve as a powerful instrument of oppression in the hands of the tax-gatherer, and also keep alive political friction. If, however, a direct tax was not to be used for that purpose, Major Baring knew of no other form of taxation that was more suitable for the purpose than the salt-duty. But, in order to utilise it as a reserve, the rate of duty must be reduced to as low a point as was feasible. His only regret was that the Government had not been able to reduce it to a lower point. Not only, therefore, did the reduction of this tax relieve the poorer classes, but it strengthened the financial position very much.

There was one other point of view to which he wished to refer. His honourable friend said that the Government might have taken off some other tax instead of reducing the salt duty. Major Baring thought his honourable friend could hardly have sufficiently perceived the force of the remark in the

Financial Statement as to the manner in which it was proposed to effect a reduction of the salt-duty. To explain this more fully he must refer to the question of opium. Last year an income of 6,500,000 *l.* net was estimated under this head. That estimate was a good deal criticised both in England and here. It was said that too low an estimate had been taken. He fully admitted that the taking of too low an estimate was, as a matter of technical finance, objectionable. But the real question was, to what extent could the Government, in reliance upon opium, either take off taxation or incur additional expenditure. The answer to that question depended upon the nature of the tax which was taken off. He should never have recommended that the license-tax or the import-duties, or any form of taxation which involved a permanent loss of revenue, should be taken off in reliance upon a source of revenue which was precarious. But when the Government came to deal with a duty like the salt-duty, which, when the necessity arose, could easily be put on again, and when, moreover, it was considered that the loss would be recouped in time by increased consumption, then the financial danger of relying upon the revenue from opium became very much less. He wished, therefore, to point out that a reduction to 2 rupees a maund on salt was only possible by taking a higher estimate of the receipts from opium than last year. That was all he had to say on the subject of the salt-duties.

The next question to which he would refer was an extremely difficult one. He did not mind confessing that the criticism of his honourable friend Mr. Inglis, as to the export duty on rice not being taken off, was the most formidable criticism which might be brought against the financial arrangements of the year. He need hardly say that he was no friend of export, any more than of import, duties; indeed, he should rather say that he was generally less a friend of the former than of the latter. The question, however, was not whether the export duty was good or bad, but whether it could be taken off this year. He need hardly also say that the text-books on political economy laid down certain dicta with respect to export duties, and this was one of the few subjects upon which the text books were unanimous, and upon which everybody agreed. It was laid down that the export duty was not justifiable unless the country which levied it had a monopoly of the article on which the duty was levied. His distinguished friend the Lieutenant-Governor had called to mind the fact that this subject was very carefully considered in 1875, and Major Baring remembered that, in 1873, when Lord Northbrook issued his circular with reference to taxation generally, the subject received very careful consideration at the hands of Sir Ashley Eden, who was then the Chief Commissioner of British Burma. The opinion which was then adopted by the highest authorities was that, although India and British Burma had not the entire monopoly of the rice trade, they had a practical monopoly, and that the tax could not be considered an objectionable one. The Government recently considered the subject afresh, and Major Baring had talked the question over with many intelligent gentlemen in Rangoon, who were much interested in the trade, when he accompanied his Excellency the Viceroy in his recent visit to British Burma. The conclusion he came to was that the question was not one of great urgency, and that there was no great need to take off the export duty at the present time. He did not say that the state of things now was exactly the same as it was in 1873 or in 1875, because the production of rice had very much increased; prices had, therefore, gone down, and very probably producers received smaller profits. If the whole question of the customs duties had been intact and no changes had been made, it might have been a fair question for argument whether it would not have been wiser to begin with some diminution of the export duty, before touching the import duties. But it should be remembered that the import duties had got into such a state of confusion that it was absolutely necessary to deal with the subject. He need not repeat what he had said on this subject in his Financial Statement; his remarks under this head had not been challenged. That being the case, the Government considered it was wiser to deal comprehensively with one great branch of the customs duties than to deal in detail with two separate branches of it, and that, for all practical purposes, the export duty on rice might for the present be left alone. If the duty could have been taken off, he would have rejoiced to have done so.

The next question he had to allude to was the license tax. He need say but

but little upon this subject. His honourable friend Mr. Inglis had said that the non-official community had remained perfectly silent upon this subject up to the present time, but he warned the Government that, if the tax was kept on they could allow their voice to be heard. The question had never struck Major Baring from that point of view before. Major Baring had always thought that the non-official community had already allowed their voices to be heard. In fact, he did not remember any question upon which they had allowed themselves to be heard more distinctly. We often heard a good deal of India having no representative institutions, but he did not know of any body of persons in or out of India who were so well represented as these 228,000 people who paid the license tax; the Government had always heard of their grievance both in and out of this Council. And, when his friend Mahārājā Jotindrā Mohan Tagore talked of benefiting the suffering millions, Major Baring supposed he alluded to these 228,000 people. There were, however, not millions who paid the tax, but a few hundred thousand. If the Government, in preference to taking off the import duties and the reduction of the salt duty, had taken off the licence tax, and therefore benefited this small but wealthy community, it might with justice have been said that they had sacrificed the interests of India and had legislated for class interests. But that, he was glad to say, had not been done.

He thought he had now dealt with the larger questions which had been raised in the course of this discussion. He would now refer to one or two of the minor points. His honourable friend Mr. Reynolds, in his instructive and interesting speech, said that something should have been done to improve the position of the subordinate judicial service in the same manner as for the subordinate executive service. Major Baring had omitted to say, in alluding to the subordinate executive service, that he had intended to include the judicial branch of the service, for the improvement of whose status 70,000 rupees per annum had been allotted. Then another point, to which his honourable friend Mr. Inglis referred, was the taking off of the duty on light wines. Major Baring had no hesitation in saying that the subject would be considered, but it was one of considerable difficulty, because the Government was under certain treaty obligations with respect to wines of this class. He would only add that he was convinced that the measures which the Government had proposed for the acceptance of this Council were for the best interests of India, and, on the whole, he thought the Government might congratulate itself upon the way in which their proposals had been received.

His Excellency the President said,—“The discussion which has taken place in this Council to-day has been, on the whole, I think I may fairly say, so satisfactory to the Government as indicating the judgment pronounced by the Members of this Council upon their financial proposals, that I might almost have dispensed myself from the necessity of occupying the time of this Council with any remarks of my own; but, considering the important nature, and the large scope of the proposals contained in the Budget of my honourable friend Major Baring, it would not, I think, be altogether right that I should permit this discussion to be brought to a conclusion without giving briefly the reasons which have induced me to accord my cordial concurrence to the proposals which have been submitted to the Government by my honourable friend; and, therefore, I will ask the permission of my honourable colleagues to occupy their attention for a short time while I make a few observations upon the principal points with which this Budget deals.

“I will begin by speaking of the proposed repeal of the customs duties. I need not recapitulate the convincing evidence, brought before this Council in the statement of Major Baring, to show that the existing state of things in respect to our customs revenue is one which it was impossible to continue longer than was absolutely necessary. That that is the case, I think I may fairly say, is admitted on all hands, and no one appears to contest that the steps which were taken with respect to our customs tariff under the Government of my predecessor, Lord Lytton, left that tariff in a condition in which it was impossible that it could permanently remain. And, in making that statement, I am not saying anything of which my honourable friend Lord Lytton would complain; because, in a recent speech which he has made in England, he distinctly admitted—and he took credit to himself for the fact—that the partial measures of customs repeal adopted by his Government were intended to bring

about that result which they have undoubtedly now produced, and to render the continuance of the chief customs duties in this country altogether impossible.

“ It was, therefore, as it seems to me, absolutely imperative that the Government should take the earliest opportunity of dealing with this question of the customs duties, and I must say for myself that it was a strong motive with me to seize that opportunity as soon as it arrived; because, by dealing with this subject in a permanent and final manner, we may cherish the hope that we shall thus put an end to those differences of opinion upon the questions which have unhappily now for several years existed between the people of England and the people of India, and in which I must frankly say that I think neither party to the controversy has been just to the other.

“ I think that, in India men have been apt to overlook the feelings which must naturally be entertained upon this subject by those who have all their lives been the earnest and conscientious advocates of the principles of free trade. No doubt it is perfectly true that when Manchester manufacturers ask for the repeal of the cotton duties, they are asking for something which will confer benefit upon themselves; but I venture to say that it is almost impossible for those who stood beside my friends, the late Mr. Cobden and Mr. Bright, in the great free-trade controversies of the past, to understand how men can possibly accuse them of selfishness, because they desire to confer upon the people of India those benefits from which they and the people of England had derived so many blessings. And, again, I think that in England men have not understood that strong—I had almost said that vehement—dread which exists in this country in connection with the imposition of direct taxation. Neither, I think, have they adverted to the fact of the limited extent to which economic principles are either studied or understood here, and, therefore, this controversy might have continued, and might have been made the subject of more and more misunderstanding between two great branches of the subjects of our Queen-Empress who ought to feel that they form but one people under the shadow of her august throne. But I should mislead my honourable colleagues, and the public, if, in consequence of my allusion to the present condition of this question of the customs tariff, and the impossibility of continuing the existing state of things, they were to suppose that I was attempting to shelter myself behind the special circumstances in which we are now placed, and was attempting to represent that, in adopting the policy of repealing the customs duties, I have been only brought to that conclusion by the mere necessities of the particular situation in which we are placed. I desire upon all occasions to be frank, both with my honourable colleagues in this Council, and with the public of India, and, therefore, I am bound to say that it has been with great satisfaction that I have seized the present opportunity of repealing these customs duties; because I earnestly believe that that repeal will be found beneficial to the general interests of India. My honourable friend Mahárájá Jotíndrá Mohan Tagore dropped some words about neglect of justice to India in consideration of the interests of Manchester manufacturers. I am quite sure that my honourable friend did not mean those remarks to apply to me, and, indeed, if my honourable friend has done me the honour of paying any attention to the course which I have pursued during a public life which has extended now over more than thirty years, he will know that, from the earliest period of that public life, I have been an earnest and consistent advocate of the fiscal principles of the free-trade party; and I have been so because I believed that those principles were principles of general application, calculated to confer the largest benefits upon the great mass of the community of any nation to which they might be applied. And, therefore, no man can be surprised that, holding those opinions strongly and firmly, and having advocated them throughout the whole course of my political career, I should be desirous, when a fitting opportunity occurred, of having a hand in conferring upon the people of India the benefit of the application of principles which I believe to be calculated to conduce to their permanent advantage and prosperity. And I can say that, if I did not entertain that opinion—if I thought that the course which the Government is about to take with respect to these customs duties, was a course which would benefit England at the expense of India, I would not have been induced by any consideration to be a party to such a proceeding. I desire, so long as I may hold the position which I have now the honour to fill, to govern

India in the interests of India, and for the benefit of her people; and I would not consent to be a party to any measures which I did not honestly believe would conduce to that great end.

“The policy of the Government in this respect is a policy which has been pursued, as we all know, at home now for a long series of years, and which can quote in its support the names of the most illustrious financial statesmen of England, from the time of Mr. Huskisson, or the days of Sir Robert Peel, down to the long and eminent financial administration of my right-honourable friend Mr. Gladstone. That policy has been founded upon a belief, I should rather have said an absolute conviction, that anything in the nature of protective duties is highly injurious to the country in which they exist, and also upon the belief that small customs duties, which hamper trade and produce very little revenue, are highly mischievous and objectionable; and I am bound to say, especially with respect to the last of these objections, the objection, namely, to small unproductive duties, which interfere greatly with trade and fetter its operation, that it applies more strongly to India than to other countries, because, I believe, there is scarcely anything of more importance to the future prosperity of this great peninsula than that we should do all in our power to promote and to increase commercial progress and industrial advance, and that everything which tends to check or fetter the commerce or industry of this country has an especially baneful influence upon the general interests of the population.

“It must be borne in mind that this customs revenue, speaking broadly, was not an increasing revenue. It had not those elements of growth which exist in many of the great sources of revenue in England, and from its very nature it was not calculated to possess those growing elements; whereas it may fairly be hoped that, by thus removing the trammels which press upon the springs of trade, we may stimulate enterprise and may derive direct financial benefit from increased railway receipts, which are a growing element, and which, I believe, will prove in the future to be a very growing element, in the revenue of the country. But while I say this, and while I express my strong opinion that the course which the Government is taking now is opportune and calculated to be highly beneficial to the country, I am yet bound to say that I should not have been a party to the repeal of the cotton duties, or to the repeal of the other customs duties, if it had been proposed to repeal them in the face of a deficit, or if it had been necessary, in order to repeal them, to impose other taxation upon the country. I am not at all unaware of the great examples which might be quoted in favour of carrying out an important customs reform under the shelter of the imposition of a direct tax. We have all heard of the famous Budget of Sir Robert Peel, in which he made a large reform of our complicated, antiquated, and troublesome English customs system, and recouped himself by means of the imposition of an income tax; but I do not think that that would have been a wise course to pursue in India. I am very well aware, as I have just said, of the strong feelings entertained in this country with respect to direct taxation. I am not going to enter now upon that thorny question; but it would have been, in my judgment, highly unwise, for the purpose even of so large a benefit as the repeal of these customs duties, to have shown that want of consideration for a large and strongly expressed public opinion which would have been involved in such a proposition as one by which fresh taxation would have been imposed upon the people for the purpose of repealing these customs duties. It was on that very account that, in spite of all the anomalies of some portions of our present customs system, in spite of the exceeding absurdity of the results which followed from some of the arrangements made in regard to grey goods by previous alterations, the Government of India abstained from touching this question last year. We were then not completely free from the expenditure and the trammels of the Afghan War, and we determined that no consideration, even of public convenience, should induce us to deal with this question except at a time when we could take it up and could proceed to settle it on a general and permanent footing, and in a condition of the finances which, as has been recognised by my honourable friend the Lieutenant-Governor of Bengal, would justify the large remission of the customs duties proposed this year.

“And now I will pass on to a consideration of the arrangements proposed with respect to the salt tax. I can really add very little to what has fallen

from my honourable friend Major Baring with respect to that matter. I confess that I am a very strong advocate of this portion of the Budget. I think that the large reduction we propose in the salt tax is very desirable, both upon general grounds and upon financial grounds. My honourable friend Major Baring has dealt with the financial portion of the question, and I can add nothing to what he has said in that respect; but I desire to express the difficulty which I feel in adopting the view which has been put forward by some of my honourable friends in the course of this discussion, that this tax upon salt, which is a tax upon a necessary of life, which is a tax of many hundred per cent. upon the natural price of the article—which is paid, as I believe I am justified in saying, for or on behalf of every person in this country, of all the many millions gathered under the sceptre of our Queen-Empress, is not a tax which is felt by those who pay it; is not a tax which it is desirable to reduce apart from the financial considerations which lead to its reduction, in order to confer a benefit upon the great mass of the population of this country. My honourable friend Rájá Siva Prasád has stated his opinion that this salt duty is felt by the people, that it does press upon them, and that they will obtain considerable relief by the reduction now proposed. I confess that I find it very difficult to suppose that that is not the case, and that a tax of this kind, paid by men whose annual income is as low, or nearly as low, as the figure mentioned by my honourable friend Major Baring, does not press heavily upon those who are least able to contribute to the necessities of the Government.

“I know that it has been sometimes argued, in favour of the reduction of this tax, that no man can consume more than a certain amount of salt, and that, therefore, the tax presses most unequally upon the poor as well as the rich. That is an argument which, in India, may, I admit, be pressed too far, because, as we all know from the habits and the charity of the people of this country, the wealthier classes have always a very large number of persons depending upon them, and the salt tax they pay is not a tax upon what they consume themselves only, but also upon the salt consumed by the large number of human beings dependent upon them for their existence. Nevertheless, when every allowance is made for that consideration, I am at a loss to understand how it can be argued that this tax is a peculiarly equitable tax; because, however great the number of dependents a rich man may have, it is quite impossible that the amount of salt duty he pays can bear to his revenue anything like the same proportion which the amount of duty paid by one of those poor raiyats, described by my honourable friend, bears to his small and miserable income.

“My honourable friend Mr. Inglis remarked that we should not repeal the salt duty, but equalise it. ‘Take off,’ he said, ‘the differential duty in Bengal.’ That would have been in many respects a good thing to do, if we had done nothing else. If, however, we had taken off the differential duty on sea-borne salt in Bengal, and left the salt duty as it was in other parts of India, there would have been plenty of people to tell us that we had taken off the duty for the benefit of the Cheshire manufacturers. That is exactly the style of argument which would have been used, and it would undoubtedly have been true as regards the effect of the repeal of the duty on sea-borne salt, though not as regards the intention of the Government.

“Then there is another point which presses with me very much in respect to this salt tax, and that is the effect it has on agriculture. We all know that the consumption of salt is very necessary for cattle, and in the papers to which my honourable friend Major Baring referred (and very remarkable papers they are) in connection with this subject, namely, the reports from Rájputána with respect to the result of the recent salt arrangements in that part of the world, particular attention is drawn to the fact that, in many cases, while the consumption of salt by the people themselves is not diminished, the amount of salt given to the cattle has diminished greatly. It is, no doubt, contrary to public policy to maintain at a high rate a tax which has a practical tendency to discourage and interfere with the progress and advancement of agriculture. Then, again, it must be borne in mind that, as my honourable friend Major Baring said, this tax, when lowered in other parts of India a few years ago, was raised in Bombay and Madras, and the quotation he has made from a very able newspaper on the Bombay side shows that the people of that part of the world have not forgotten that fact, and that they are of opinion that the tax raised against them has pressed upon them heavily, and that they will undoubtedly rejoice in a reduction

tion which will bring down the tax nearly to what it was before it was raised a few years ago.

“ Now, it seems to me that, with respect to this salt tax, we are in this position. If the salt tax does not press upon the people, if it is a tax which they do not feel at all, and do not object to pay, then it does form, without doubt, the best possible financial resource you can have, and the lower you can bring it down the greater is the security to the people of India against other forms of taxation. If, on the other hand, the salt tax does press upon the poorer classes of the country, then, surely, it is only right and just that the Government should give those, the poorest classes, a share of the prosperity which the country is enjoying at the present time, even although it may at some future period of financial difficulty and disaster be necessary to re-impose the duty temporarily in order that we may recoup ourselves for the loss which such a condition of affairs would impose upon us. But, then, my honourable friend says that all experience shows that this reduction does not reach the people. I can really add nothing to what my honourable friend Major Baring said upon that subject. I cannot say what may be the experience of this country. I can only say that the experience of all other countries is precisely the other way, and I am altogether unconvinced that large reductions of taxation will not ultimately reach the consumer, and will not be found here, as everywhere, to benefit the consumer at large. With respect to that, I may say that it is the intention of the Government to use every effort in their power to make known as widely as possible this reduction of the salt duty. We propose to address local governments on the subject, with a view to their taking measures to make the reduction everywhere known to the actual masses of the people themselves; and I would also ask the aid of the vernacular press in regard to that matter, and beg them to make the reduction as widely known as possible among their readers in every part of the land.

“ I pass now from the salt duty to the question of the license tax. My honourable friend Major Baring has stated very distinctly and unmistakably in his Financial Statement, the policy of the Government upon that subject, and the position which we take up. He has told to this Council and to the public that we reserve to ourselves entire freedom to deal with the license tax hereafter as we may think right. It is perfectly open to us, as he explained, to repeal it, recast it or leave it for a time in its present position; although, undoubtedly, we acknowledge and admit that in its present form it is open to just and important objections. But, when the choice is put to me as a choice between getting rid of the license tax and of the salt duty, I personally must honestly say that I can have no hesitation as to the choice which I would make. I prefer the salt duty, because, in the first place, as I have said, it presses upon, at all events, it cannot be disputed that it is paid by, all the poorest people in this country; whereas, as shown in the Budget Statement, the license tax is paid by only between 200,000 and 300,000 persons. Therefore, in respect to numbers, I cannot for a moment doubt that the course the Government is taking in this respect will afford relief from taxation to a far larger number of people in the country than would have resulted from the repeal of the license tax. And it must be recollected that there is in this Council very little representation, if any, of those poorest classes; indeed, no representation at all, except such as may be found in those who take an interest in their situation and are prompted to speak on their behalf. Those classes, as my honourable friend Rájá Siva Prasád remarked, are in this country practically dumb; their voices do not go to swell the chorus of public opinion; they are little heard even in the echoes of the press; and, therefore, it is the bounden duty of the Government to guard their interests and to provide for their benefit. But there is another reason why I prefer on this occasion to deal with the salt duty rather than with the license tax, and that is because I certainly hope and believe that it will be found that, when this salt duty is reduced as largely as we propose to reduce it, the loss of revenue will be in the course of time recouped, and that that recoupment will enable us hereafter to proceed to further reductions of taxation; whereas, if we had dealt with the license tax and simply abolished it, there would have been no opening for recoupment, no prospect of a revenue growing up again from that source.

“ Then it may be said, ‘ You are going to take off something like 1,400,000 £. of salt duty. Why do not you take off a less amount of salt duty and repeal

the license tax, or (as my honourable friend Mr. Inglis suggested) take off the export duty on rice? I will tell you why. Because we are convinced that, with respect to this question of the salt duty, a bold policy is the only sound policy for the Government to adopt. If you make a small reduction of the salt duty it is very possible it will not reach the people. It is extremely possible that they will derive little or no benefit from it, and then the revenue will not be recouped. You can only hope to obtain all the benefits we desire from this reduction of the salt duty by making a large and bold reduction in it, which will afford a fair prospect, and, I venture to hope, a great deal more than a fair prospect, that the great mass of the people will benefit by it; that, benefiting by it, they will increase their consumption of salt, and that, from that increased consumption, our revenue will gradually recover from the loss first accruing to it from the partial remission of this duty. That would not have been the case if we had made a small reduction. We should never have obtained the object we had in view, and it would have practically resulted in a dead loss of revenue without the advantages which, under present circumstances, we may hope to obtain from it.

“Then, again, with respect to the license tax, my honourable friend Major Baring, in his Budget Statement, has set out a variety of considerations which introduce elements of uncertainty into our financial position in regard to the future. I hope and believe that they are all those elements of uncertainty which will turn out for our benefit, and which will be ultimately solved in a manner calculated to confer financial advantages upon the country. But it is very necessary that, under such circumstances, we should proceed cautiously, and that we should wait, while those grounds for uncertainty exist, until we can see our way more clearly in regard to them before making any larger remissions of taxation than those very considerable ones which this Budget proposes. I think nothing could be more unwise than that we should propose to repeal a tax which is undoubtedly, and I may at once admit it, an unpopular tax, unless we had been perfectly certain we should not be obliged to have recourse to it again within the space of a few years. The history of direct taxation in this country, as explained by my honourable friend Major Baring, gives most striking proofs, as it seems to me, of the unwisdom of dealing rashly with this question; of making constant changes and proceeding without those elements of certainty which, as I say, are at the present moment, in some respects, wanting to us.

“With respect to opium, I have really nothing to add to the very able statement made upon that subject in the Budget speech of my honourable friend Major Baring. That statement has, I think I may say, been received with general satisfaction by all who have heard it. My view on the subject of opium is a very simple one. I do not deny that there are objections of various kinds to the opium revenue. I do not deny that it is not a satisfactory branch of our revenue in many ways; but I say distinctly that I will be no party to abandoning that revenue unless I can clearly see my way to replace it by some other form of taxation which would be neither oppressive to the people nor strongly repugnant to public opinion. Well, I can see nothing of the kind. I have considered the question very carefully. I have considered it with the utmost respect for the opinion of those excellent men who take a different view of this subject from that which I take, and who are moving at home in the matter; and I have been totally unable to discover the taxation by which our opium revenue could be replaced, and by which, without oppression, without incurring a great, and, I may say a just unpopularity, we should have the slightest chance of recouping ourselves if we were to abandon that revenue in whole or in part. As I said before, it is, in my judgment, the first duty of the Government of India to consider the interests of the people of India; and it is from that point of view that I look at this question; and, looking at it from that point of view, I can have no doubt that the course which the Government of India have determined to take, namely, that of maintaining our position with respect to the opium revenue, is a just and right one.

“But, then, I have heard it said, ‘If you cannot make up for the loss of this revenue by fresh taxes, you can make up for it by reduction of expenditure.’ Well, there is no one more anxious for reduction of unnecessary expenditure than I am. There is no person who desires to see every item of expenditure which is not needed in the interests of the country got rid of than I am. That is the view of the Government, and we are most anxious to reduce expenditure wherever

wherever it is possible. Some reductions of military expenditure we have already made, as has been explained to you, and we hope that yet further steps in that direction may hereafter be taken. As you know, the whole of this subject was very carefully considered a year or two ago by an Army Commission, composed of very able men, who examined this question with the greatest care and made an admirable report. That Commission was presided over by my honourable friend Sir Ashley Eden; and, as I have mentioned his name, I cannot help availing myself of this occasion to say how strongly I recognise that, by his services on that Commission, he has added to the many great claims he has established by his long and distinguished career in India to the gratitude alike of the Government and of the people of the country; and I cannot but express the regret which I feel, and which I know will be heartily shared by all here, that it will not now be many months before we shall lose him from amongst us. But this I have to say in respect to this matter of expenditure, that it seems to me that every rupee of that expenditure which may be saved from unnecessary or unproductive objects is urgently needed for purposes of the highest importance to the people,—public works, education, sanitary questions,—questions that I can scarcely number, but all of which make most urgent demands upon the Government for money, and I can hold out no hope that, by any reduction of aggregate expenditure, we can save, not seven or eight millions, but one or two millions, out of the necessary expenditure of this country for great objects of public importance.

“The opium estimate for the coming year has been framed, as you are aware, upon a somewhat different principle from that upon which the estimate of last year was framed, and I am bound to say that, for myself, I prefer the course taken upon this occasion. I believe that estimate to be a very cautious one. It would be extremely unwise, I entirely admit, that our opium estimate should be anything but very cautious. All estimates of revenue should be low; all estimates of expenditure should be high; and I go further in regard to opium, and say that our estimate of the opium revenue should always be, on account of the peculiar circumstances connected with that branch of the revenue, a specially cautious and low one; but I believe that we have fulfilled that condition in the present year, and, as far as I myself can judge, I am of opinion that the amount placed by my honourable friend in the budget is one which, saving unforeseen accidents of the season or circumstances of trade, is likely to be realised.

“I do not know that there are any other points connected with this Budget upon which I need express my opinion now. I have touched upon the principal matters with which it deals, and I have laid before my honourable colleagues in this Council some, at least, of the reasons which induce me heartily to concur in the proposals of my honourable friend. But I cannot conclude the remarks I have made on this occasion without tendering my warm thanks to Major Baring for the great care and labour which he has bestowed upon this Budget. No one who has not had the advantage I have had of watching him at work upon this subject for the last 12 months can know how hard he has worked; what wide and varied consideration of the whole field of past and present taxation, what close and careful examination of our whole fiscal system and of the resources of the country, he has gone through in order to produce in this final form the proposals now before us. Whatever any man may think of those proposals, they are, I venture to say, so far as my honourable friend is concerned, the outcome of deep thought, of minute care and of honest conviction; and I must say that to me they seem well worthy of the high reputation as a financier which he had already procured for himself before he came to India.

“I must also express my best thanks to Mr. Hope. It is needless for me to speak of his ability, or of his really wonderful industry. They are known to all, but they have, I venture to say, never been more conspicuously displayed than in connection with the preparation of the present Budget.

“Allusion has been made once or twice in the course of this discussion to certain inquiries made last year by Mr. Barbour, and I should be very ungrateful if I failed to notice the great assistance the Government has received from him; the manner in which he has conducted those inquiries has been marked by much ability and skill.

“It only remains now for me, in conclusion, to say that it is my earnest hope that this present Budget, while it will unfetter trade and lighten the burden of

taxation that presses upon the poorest in the land, will be found, when it has passed through the test of experience, to have dealt with our financial arrangements in a manner consistent alike with sound economical principles and calculated to confer large and increasing benefits upon all classes of the people."

The motion was put and agreed to.

Major the Honourable E. Baring applied to his Excellency the President to suspend the rules for the conduct of business.

The President declared the rules suspended.

Major the Honourable E. Baring then moved that the Bill be passed.

The motion was put, and agreed to.

SALT BILL.

Major the Honourable E. Baring also moved that the Bill for regulating the duty on salt and for other purposes be taken into consideration.

The motion was put and agreed to.

Major the Honourable E. Baring also applied to his Excellency the President to suspend the rules for the conduct of business.

The President declared the rules suspended.

Major the Honourable E. Baring then moved that the Bill be passed.

The motion was put, and agreed to.

KÁNÚNGOS AND PATWÁRIS (NORTH WESTERN PROVINCES AND OUDH) BILL.

Major the Honourable E. Baring also moved that the Bill to amend the law relating to Kánúngos and Patwáris in the North-Western Provinces and Oudh be taken into consideration.

The motion was put and agreed to.

The Honourable Mr. Crosthwaite moved that, in section 11, line 1, for the words "section 1" the words "sections 1, 10" be substituted; and that in the same section, line eight, for the word "nine," the word "ten" be substituted; and in doing so, he asked leave to say a few words on the principle of the Bill. The object of the amendment was to secure that the intention of the Government in relieving cultivators of the soil as well as owners should be carried out as far as possible. He believed that no measure in this Budget would be productive of greater good than the measure to which this Bill referred, and, therefore, the remarks he was about to make would be directed merely to the form in which it was proposed to afford this relief. The relief was put in a form which would, perhaps, be considered to embrace other Provinces as well. The payment which the zamíndárs in the North-Western Provinces made on account of patwáris was not in the nature of a tax, but for services done to them by the village-accountant, who kept the accounts of the agricultural classes. It had always been the fundamental principle of the revenue administration that the owners of land should render true and accurate accounts of their dealings with the agricultural classes, and that they should pay for the services of the village-accountant. He only wished to secure an expression of opinion from the honourable mover of the Bill, that, in putting the relief to be given to the zamíndárs in the present form, it was not the intention of the Government to abandon the principle to which he had referred, or to undertake to bear for the future the cost of providing the services of patwáris in all the Provinces. It might not embarrass the Government of the North-Western Provinces to take upon itself this burden; but speaking for the Central Provinces, he believed the Administration had been looking forward to putting into force the measure passed into law last year, which gave the local government power to raise the sum now paid by zamíndárs in some districts of those Provinces for their patwáris, and to levy a cess in those districts in which it did not at present exist. He was afraid that the present Bill, if allowed to pass without an expression of opinion that it was merely a measure of relief to the zamíndárs in the North-Western Provinces and Oudh, on the ground that their taxation was heavier than it ought to be, might be taken to be an expression of the intention of Government to bear everywhere the cost of patwáris, and might tend to embarrass the Governments of other Provinces.

That

That was the only ground on account of which he took objection to the present Bill. He gathered that the reason why relief had been given in this way, rather than by reducing the amount of the other rates paid by the zamíndárs was the expectation that it would reach the cultivators and the actual occupiers of the soil more in this form than in any other way. That was an expectation which might be partially true, but he was afraid that over a very great part of the North-Western Provinces the hope was futile. These rates had been for a long time amalgamated with the rent, and the rent was now collected by the zamíndárs from their tenants in a way which made it impossible to separate the amount of cess payable by tenants on account of patwáris from the proper rent. In Oudh and the permanently settled parts of the North-Western Provinces that was not the case. But it was so over the greater part of the North-Western Provinces; and, therefore, he was afraid that the expectation that the relief would reach the cultivators and actual occupants of the soil was not founded on fact. At the same time, in order to secure, as far as possible, that the intentions of the Government might be put into effect, he moved the amendment which he had just read.

Major the Honourable E. Baring said that, as regarded his honourable friend's objections to the principle of the Bill, he could answer him in a very few words. This proposal originated, not in a special desire to relieve the zamíndárs who paid the patwáris, but merely because the Government of India thought the North-Western Provinces should have some remission of taxation, and it was a question for the local Government to decide what form that remission should take. That was clearly a point as to which the Government of India must be led by the opinion of the local authorities. He must confess that his own first impression was that the best thing to do was to take off what was generally known as the famine-cess; but Sir George Couper, who was intimately acquainted with the circumstances of the North-Western Provinces and Oudh, thought that the best form of relief would be to take off the patwári-cess; and, as regarded the amount of relief, it was certainly much larger than the amount levied under the famine-cess. He had not the figures before him, but he thought he was correct when he said that the famine-cess in the North-Western Provinces and Oudh yielded 170,000 L., and the relief now proposed to be given in one form or another amounted to 316,000 L. He had, however, no hesitation in saying that because the patwári-cess would not hereafter be levied in the North-Western Provinces and Oudh, that was no reason why it should not be levied in some form or other in other Provinces. He quite agreed with his honourable friend that it would be very difficult, by any measure of relief, to reach tenants, especially tenants-at-will, but Sir George Couper thought this was the best form the relief should take.

As regarded the amendment itself, it quite agreed with the scope of the intention and object of the original measure, and the Government would therefore accept it.

The motion was put and agreed to.

Major the Honourable E. Baring applied to his Excellency the President to suspend the rules for the conduct of business.

The President declared the rules suspended.

Major the Honourable E. Baring then moved that the Bill, as amended, be passed.

The motion was put, and agreed to.

The Council adjourned to Thursday, the 16th March 1882.

(signed) *R. J. Crosthwaite,*

Officiating Secretary to the Government of India,
Legislative Department.

Calcutta, 10 March 1882.

GOVERNMENT OF INDIA.—LEGISLATIVE DEPARTMENT.

THE following Act of the Governor General of India in Council received the assent of His Excellency the Governor General on the 10th March 1882, and is hereby promulgated for general information :—

Act No. XI of 1882.

THE INDIAN TARIFF ACT, 1882.

CONTENTS.

<p>Preamble.</p> <p>SECTIONS</p> <p>1. Short Title. Local Extent. Commencement.</p> <p>2. Repeal of Acts. Saving Clause.</p> <p>3. Duties specified in Schedules to be levied.</p> <p>4. Export of Pepper from Cochin.</p> <p>5. Duties on Goods crossing Frontiers— Of foreign European Settlements in Presidency of Madras, Of foreign Territory. Power to declare Territory foreign.</p>	<p>SECTIONS—continued.</p> <p>6. Excise Duty on Spirit distilled in British India.</p> <p>7. Duty on Spirit, Opium, and Salt, when protected by a Certificate.</p> <p>8. Application of certain Provisions as to Duties and Goods.</p> <p>9. Power to cancel Notifications.</p> <p>SCHEDULE I.—Acts repealed.</p> <p>SCHEDULE II.—Import Tariff.</p> <p>SCHEDULE III.—Export Tariff.</p>
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An ACT to amend the Law relating to CUSTOMS DUTIES, and for other purposes.

WHEREAS it is expedient to amend the law relating to the duties of customs on goods imported and exported by sea, and to provide for the levy of duties on goods crossing the frontier of certain foreign European settlements in India and of the territories of certain native chiefs, and for fixing a maximum duty of excise on spirit manufactured in British India, it is hereby enacted as follows :—

1. This Act may be called "The Indian Tariff Act, 1882;"
It extends to the whole of British India, except Aden;
And it shall come into force on the passing thereof.

2. The Acts mentioned in the first schedule hereto annexed are repealed to the extent specified therein; but all notifications published, and rules and orders made under any of such Acts and now in force, shall, so far as they are consistent herewith, be deemed to have been respectively published and made hereunder.

All references made to the Indian Tariff Act, 1875, in Acts or Regulations passed before this Act comes into force, shall be deemed to be made to this Act.

And nothing herein contained authorises the levy of duties of customs on any article carried from one port in British India to another, except salt, opium, and spirit.

3. There shall be levied and collected, in every port to which this Act applies, the duties specified in the second and third schedules hereto annexed.

4. On all pepper exported by sea from the port of Cochin there shall be levied such duty not exceeding nine rupees per khandi as the Governor of Fort St. George in Council from time to time determines; and at the close of each year, or as soon thereafter as may be convenient, the Customs collector at the said port shall, after deducting the expenses of collection, pay the duty collected under this section to the Governments of Travancore and Cochin in such proportion and in such manner as the Governor of Fort St. George in Council from time to time directs.

5. Duties

Preamble.

Short title.

Local extent.

Commencement.

Repeal of Acts.

Saving clause.

Duties specified in schedules to be levied.

Export of pepper from Cochin.

5. Duties of customs shall be levied at the rates respectively prescribed in the second and third schedules hereto annexed on goods passing by land out of or into—

Duties on goods crossing frontiers

(a.) Foreign European settlements situate on the line of coast within the limits of the Presidency of Fort St. George.

of foreign European Settlements in Presidency of Madras ;

(b.) Any territory declared, under the power next hereinafter conferred, to be foreign territory.

of foreign territory.

Subject to the control of the Governor General in Council, the Governor of Fort St. George in Council and the Governor of Bombay in Council may from time to time, by notification in the local official Gazette, respectively declare that the territory of any native chief, situate within or bordering on the territories respectively administered by such Governors, but not subject to the jurisdiction of the courts and civil authorities of such territories, shall be deemed, for the purposes of this section, to be foreign territory.

Power to declare territory foreign.

The Governor General in Council, may, from time to time, by notification in the "Gazette of India," declare that the territory of any other native chief shall be deemed, for the purposes of this section, to be foreign territory.

6. And whereas it is expedient that the duty of excise on spirit distilled in British India should bear a due proportion to the customs duty on spirit imported into British India, it is hereby further enacted as follows:—

Excise duty on spirit distilled in British India.

Subject to any general rules or special orders which the Governor General in Council may from time to time make in this behalf, the local government may from time to time, by notification in the local official gazette, fix the duty of excise leviable on spirit manufactured in all or any of the distilleries situate in the territories under its administration, or in any part of such territories, at any rate not exceeding the rate fixed for imported spirit by the second schedule hereto annexed ;

And all provisions now in force as to the levy of duty now chargeable on spirit shall apply to spirit upon which the duty declared under this section has not been paid.

In Act No. XVI of 1863, section 1, for the words "calculated at 10" the words "not exceeding five" shall be substituted.

7. Spirit, opium, and salt imported from any port in British India, and protected by the certificate of an officer empowered in that behalf by the Governor General in Council or the local government, are chargeable with only the amount, if any, by which the duty leviable thereon, under the second schedule hereto annexed, exceeds the duty shown by such certificate to have been already paid in respect thereof.

Duty on spirit, opium, and salt, when protected by a certificate.

The amount, if any, paid to the Government as the price of such opium or salt, is not duty within the meaning of this section.

8. So far as regards the Presidency of Fort St. George, the unrepealed provisions of Act No. VI of 1844, and so far as regards the Presidency of Bombay, the unrepealed provisions of Act No. XXIX of 1857, relating to the levy of duties and to dutiable goods, shall, *mutatis mutandis*, apply to duties levied and goods liable to duty under or by virtue of section 5, clause (b).

Application of certain provisions as to duties and goods.

9. All notifications published hereunder may be cancelled by the authority publishing the same.

Power to cancel notifications.

SCHEDULE I.

ACTS REPEALED.

Number and Year.	Short Title.	Extent of Repeal.
XI of 1869 - -	The Land Customs (Madras and Bombay) Act 1869.	So much as has not been repealed.
XVI of 1875 - -	The Indian Tariff Act, 1875 - - - -	- - ditto
XI of 1878 - -	The Indian Arms Act, 1878 - - - -	Section 8 and the second schedule.

SCHEDULE II.

IMPORT TARIFF.

No.	Names of Articles.	Per.	Tariff Valuation.	Rate of Duty.
1	ARMS, AMMUNITION AND MILITARY STORES:		<i>Rs. a.</i>	<i>Rs. a.</i>
	Fire-arms and parts thereof:			
	1. Fire-arms, other than pistols, for each	- - -	- - -	50 -
	2. Barrels for the same, whether single or double, for each	- - -	- - -	30 -
	3. Pistols, for each	- - -	- - -	15 -
	4. Barrels for the same, whether single or double, for each	- - -	- - -	10 -
	5. Springs used for fire-arms, for each	- - -	- - -	8 -
	6. Gunstocks, sights, blocks, and rollers, for each	- - -	- - -	5 -
	7. Revolver-breeches, for each cartridge they will carry	- - -	- - -	2 8
	8. Extractors, nippers, heel-plates, pins, screws, tangs, bolts, thumb-pieces, triggers, trigger-guards, hammers, pistons, plates, and all other parts of a fire-arm not herein otherwise provided for, and all tools used for cleaning or putting together, or loading the same, for each	- - -	- - -	1 8
	9. Machines for making, or loading, or closing cartridges, for each	- - -	- - -	10 -
	10. Machines for capping cartridges, for each	- - -	- - -	2 8
	<i>Exception I.</i> —Articles falling under the 5th, 6th, 8th, 9th, or 10th head of the above list, when they appertain to a fire-arm falling under the 1st or 3rd head, and are fitted into the same case with such fire-arm, are free.			
	<i>Exception II.</i> —Arms forming part of the regular equipment of an officer entitled to wear diplomatic, military, or police uniform, and a revolver or a pair of pistols accompanying a military officer, are free.			
	<i>Proviso 1.</i> —No duty in excess of 10 per cent. <i>ad valorem</i> shall be levied upon any of the articles mentioned in the above list, when they are imported in reasonable quantity for his own private use by any person lawfully entitled to possess the same.			
	<i>Proviso 2.</i> —When any articles which have been otherwise imported, and upon which duty has been levied, or is leviable under this number, are purchased retail from the importer by a person lawfully entitled, as aforesaid, in reasonable quantity for his own private use, the importer may apply to the Customs collector for a refund or remission (as the case may be), of so much of the duty thereon as is in excess of 10 per cent. <i>ad valorem</i> ; and if such collector is satisfied as to the identity of the articles, and that such importer is, in other respects, entitled to such refund or remission, he shall grant the same accordingly.			
	Gunpowder, common	- lb.	- 5	} 10 per cent.
	„ sporting	- lb.	1 -	
	All other sorts	- - -	- <i>ad valorem</i> -	

SCHEDULE II.—Import Tariff—continued.

No.	Names of Articles.	Per.	Tariff Valuation.	Rate of Duty.
2	LIQUORS:			<i>Rs. a.</i>
	Ale, beer, and porter, except when condensed or concentrated	Imperial gallon, or six quart bottles.	- - -	- 1
	Cider, and other fermented liquors		- - -	- - -
	Liqueurs	ditto	- - -	4 -
	Spirit intended to be used exclusively in arts or manufactures, or in chemistry, and which has been rendered effectually and permanently unfit for human consumption	- - -	- ad valorem -	5 per cent.
	Spirit, when used in drugs, medicines, or chemicals, in a proportion less than 20 per cent. of spirit of the strength of London proof	- - -	- ad valorem -	5 per cent.
	Spirit, when so used in a proportion of 20 per cent. and upwards	Imperial gallon, or six quart bottles, of the strength of London proof.	- - -	4 -
	Spirit, perfumed, in wood or in bottles containing more than four ounces	ditto	- - -	} And the duty to be increased in proportion as the strength of the spirit exceeds London proof.
	Spirit, other sorts	ditto	- - -	
	Wines:			
Champagne and all other sparkling wines	Imperial gallon or six quart bottles.	- - -	2 8	
All other sorts of wine	ditto	- - -	1 -	
3	OPIUM NOT COVERED BY A GOVERNMENT PASS	Ser of 80 tolas	- - -	24 -
4	SALT	Indian maund of 82½ lbs. avoirdupois weight.	- - -	The rate at which excise duty is for the time being leviable on salt manufactured in the place where the import takes place.

SCHEDULE III.

EXPORT TARIFF.

Name of Article.	Per.	Tariff valuation.	Rate of Duty.
Rice, whether husked or unhusked	Indian maund of 82½ lbs. avoirdupois weight.	- - -	<i>Rs. a.</i> - 3

R. J. Crosthwaite,
Officiating Secretary to the Government of India.

THE following Act of the Governor General of India in Council received the assent of His Excellency the Governor General on the 10th March 1882, and is hereby promulgated for general information:—

ACT No. XII OF 1882.

THE INDIAN SALT ACT, 1882

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An Act for regulating the Duty on SALT, and for other purposes.

Preamble.

WHEREAS it is expedient to amend the law relating to the levy of duty on salt, and to the import and transit of salt, and the manufacture of salt and saltpetre into, over, and in British India; it is hereby enacted, as follows:—

CHAPTER I.—Preliminary.

Short title.
Commencement.
Local extent.

1. This Act may be called "The Indian Salt Act," 1882, and it shall come into force at once.
This section, sections two, seven, and eight, and so much of this Act as refers to offences against any of its provisions, or against any rules made under it, extend to the whole of British India.

The

The rest of this Act extends to the territories for the time being respectively administered by the Lieutenant Governors of the North-Western Provinces and the Panjáb and the Chief Commissioners of Oudh, the Central Provinces and Ajmír and Mairwára, to the Province of Sindh, to the districts of the Patna Division, and to British territory under the jurisdiction of the agent to the Governor General in Central India ;

And any portion of this Act, other than the portions specified in the second paragraph of this section, may be extended, by order of the Governor General in Council, published in the "Gazette of India," to any part of British India other than the territories, province, and districts mentioned in the third paragraph of this section.

Power to extend Act.

2. The enactments specified in the schedule hereto annexed are repealed to the extent mentioned in the third column thereof; but all rules made, licenses and passes granted, prices and duties fixed, notifications published, and powers conferred under any such enactment and now in force, shall, so far as they are consistent with this Act, be deemed to have been respectively made, granted, fixed, published, and conferred hereunder.

Repeal of enactments.

3. In this Act, unless there be something repugnant in the subject or context—

Interpretation clause.

The expression "the said territories" means the territories to which the section of this Act in which that expression occurs for the time being extends ;

"The said territories."

"Assistant Commissioner" means an assistant commissioner of Northern India salt revenue, and also includes any person invested by the Local Government with the powers of an assistant commissioner under this Act ;

"Assistant commissioner."

"Salt revenue officer" means any officer of the Northern India Salt Department, and also includes any person invested by the local government with any of the powers of a salt revenue officer under this Act ;

"Salt revenue officer."

"Saltpetre" includes rasi, sajjí, and all other substances manufactured from saline earth, and khári nún, and every form of sulphate or carbonate of soda ;

"Saltpetre."

And "Manufacture of salt" includes the separation or purification of salt obtained in the manufacture of saltpetre, the separation of salt from earth or other substance so as to produce alimentary salt, and the excavation or removal of natural saline deposits or efflorescence.

"Manufacture of salt."

4. The powers and duties conferred and imposed by this Act on a commissioner of a division may, in places where there is no such commissioner, be exercised and performed by such officer as the Governor General in Council may from time to time appoint in this behalf.

Powers of commissioner of division, by whom to be exercised.

5. At the head of the administration of the salt revenue under this Act there shall be an officer called the Commissioner of Northern India Salt Revenue, who shall be appointed, and may be suspended or removed, by the Governor General in Council.

Commissioner of Northern India Salt Revenue.

CHAPTER II.—Manufacture and Refining of Salt and Saltpetre.

6. The Governor General in Council may, from time to time, by rule—

Power of Governor General in council—

(a.) Prohibit absolutely, or subject to such conditions as he thinks fit, the manufacture of salt, or the manufacture or refining of saltpetre, throughout the whole or any portion of the said territories ;

To regulate manufacture and refining of salt and saltpetre ;

(b.) Fix fees for the following licenses, not exceeding in the case of each such license the amount hereinafter mentioned :

To fix fees for licenses ;

	Rs.
License to manufacture and refine saltpetre, and to separate and purify salt in the process of such manufacture and refining	50
License to manufacture saltpetre	2
License to manufacture sulphate of soda (<i>khári-nún</i>) by solar heat in evaporating pans	10
License to manufacture sulphate of soda (<i>khári nún</i>) by artificial heat	2
License to manufacture other saline substances	2

To regulate the collection of duties;

(c.) Determine the manner, time, and place in and at which and the persons by whom any duty imposed hereunder shall be collected, in the said territories;

To regulate possession of salt in vicinity of places where saltpetre is manufactured;

(d.) Define an area no point in which shall be more than 100 yards from the nearest point of any place in which salt is stored or sold by or on behalf of Government, or of any manufactory and its appurtenances in or on which saltpetre is manufactured or refined, and regulate the possession, storage, and sale of salt within such area;

To regulate possession of salt in vicinity of places where salt is manufactured.

(e.) Define an area round any other place in which salt is manufactured, and regulate the possession, storage, and sale of salt within such area.

CHAPTER III.—Duty and Price of Salt.

Power of Governor General in Council—

7. The Governor General in Council may from time to time, by rule consistent with this Act—

To impose a duty on manufacture of salt;

(a.) Impose a duty, not exceeding three rupees per maund of 82½ pounds avoirdupois, on salt manufactured in or imported by land into any part of British India;

To reduce or remit duties;

(b.) Reduce or remit any duty so imposed, and re-impose any duty so reduced or remitted;

To fix minimum price of salt excavated, &c., by Government.

(c.) Fix the minimum price at which salt excavated, manufactured, or sold, by or on behalf of the Government of India shall be sold.

In calculating the amount of duty payable under this section, fractions of quarter maunds may be reckoned as quarter maunds.

Power of local government to fix minimum price of salt excavated, &c.

8. Subject to any general rules or special orders which the Governor General in Council may from time to time make in this behalf, the local government may from time to time, by notification in the local official gazette, fix the minimum price at which salt excavated, manufactured, or sold by or on behalf of such local government shall be sold.

CHAPTER IV.—Offences against the Salt-revenue.

Penalties.

9. Whoever commits any of the following offences (namely):—

(a.) Does anything in contravention of this Act or of any rule made hereunder;

(b.) Evades payment of any duty or charge payable under this Act or any such rule; or

(c.) Attempts to commit, or abets within the meaning of the Indian Penal Code the commission of, any of the offences mentioned in clauses (a) and (b) of this section,

shall for every such offence be punished with fine which may extend to 500 rupees, or with imprisonment for a term which may extend to six months, or with both;

And the convicting Magistrate, on the application of the Assistant Commissioner or Salt-revenue officer, may declare to be confiscated all works, materials, and implements constructed or prepared for the purpose of manufacturing or refining salt or saltpetre contrary to the provisions of this Act or any such rule.

Punishment on second and subsequent convictions.

10. Any person convicted of an offence under Section 9, after having been previously convicted of an offence under that section or Section 11 of the Inland Customs Act, 1875, or under any enactment repealed by that Act, shall be punished with imprisonment for a term which may extend to six months, in addition to the punishment which may be inflicted for a first offence under Section 9;

And

And every such person shall, upon every subsequent conviction of an offence under Section 9, be liable to imprisonment for a term which may extend to six months, in addition to any term of imprisonment to which he was liable at his last previous conviction.

11. A charge of an offence under Section 9, or under Section 11, of the Inland Customs Act, 1875, shall not be entertained except on the complaint of an Assistant Commissioner or other salt revenue officer not inferior in rank to a Sub-Inspector. Charge by whom to be preferred.

And no such complaint shall be admitted unless it is preferred within six months after the commission of the offence to which it refers. Limitation,

All such offences shall be tried by a magistrate exercising powers not less than those of a magistrate of the second class. Jurisdiction,

12. All salt or saltpetre in respect of which any offence mentioned in Section 9 has been committed, together with the vessels, packages, or coverings in which such salt or saltpetre is contained, and the animals and conveyances used in carrying it, shall be liable to confiscation. Confiscation of articles in respect of which offence committed.

When the article seized exceeds five sers in weight, the Commissioner of the Division in which the seizure takes place may, if satisfied on the report of any salt revenue officer, or on such inquiry as he thinks fit to make, that such offence has been committed, declare such article to be confiscated, or impose such lesser penalty in lieu of confiscation as to him may seem fit.

If the article seized does not exceed five sers in weight, the Assistant Commissioner shall possess the same powers in regard to its disposal as by this section are conferred on the Commissioner of the Division in regard to quantities exceeding five sers, and may also confiscate any vessel, package, or covering in which such article is contained.

Whenever such Commissioner declares under this section any article to be confiscated, he may also declare to be confiscated any vessel, package, or covering in which such article is contained, and any animal or conveyance used in carrying it.

13. The Governor General in Council may, from time to time, by rule, direct that any salt revenue officer, not inferior in rank to an Assistant Inspector, if satisfied in such manner as such rule may prescribe that any offence mentioned in Section 9 has been committed in respect of any dutiable salt, shall, instead of making a complaint to a magistrate, or instituting proceedings with a view to confiscation, impose as a penalty an additional duty on such salt not exceeding the duty leviable thereon under Chapter III. of this Act. Power to levy additional duty as penalty.

The imposition of every such penalty shall be at once reported, if the salt, in respect of which an offence has been committed, exceeds five sers in weight, to the Commissioner of the Division in which such penalty is imposed, and, if such salt does not exceed five sers in weight, to the Assistant Commissioner,

And shall require the sanction of the Commissioner or Assistant Commissioner, as the case may be, to whom it is so reported.

14. Any zamindár or other proprietor of land, and any agent of a zamindár or proprietor of land, who wilfully connives at any offence mentioned in Section 9, shall for every such offence be punishable by any magistrate exercising powers not less than those of a magistrate of the second class with fine which may extend to 500 rupees, or with imprisonment for a term which may extend to six months, or with both. Punishment for connivance at offences mentioned in Section 9.

CHAPTER V.—Powers of Stoppage, Search, Seizure, and Arrest.

15. Any salt revenue officer empowered in this behalf by the Local Government may at any time enter and search any place in which any article is manufactured or refined under a license granted under this Act or any rule made hereunder. Power to search places where article is manufactured under license.

16. Any salt revenue officer may stop and detain any person whom he has reason to believe to be liable to punishment under this Act; Power to detain suspected person, and to seize goods liable to confiscation.
And may seize any salt or saltpetre in respect of which there is reason to believe that any offence mentioned in Section 9 has been committed, or that any duty is payable, together with the vessels, packages, or coverings, in which such

such salt or saltpetre is contained, and the animals or conveyances used in carrying it.

Power to arrest.

17. Any salt revenue officer may arrest any person whom he has reason to believe to have committed any such offence as last aforesaid.

Procedure of officer having reason to believe unlawful manufacture.

18. Whenever any salt revenue officer not inferior in rank to a Sub-Inspector, has reason to believe that salt or saltpetre is being unlawfully manufactured, refined or stored in an unlicensed place,

Such officer shall first record in writing (so far as may be practicable) (a) the name, residence, and calling of the informant (if any); (b) the locality and description of the house, boat, or place where the officer believes that the salt or saltpetre is being so manufactured, refined or stored; (c) the name of the person by or for whom the salt or saltpetre is so manufactured, refined or stored; and (d) the supposed quantity and description of the salt or saltpetre, with the grounds for believing the same to be unlawfully manufactured, refined or stored;

And may then summon in writing the officer in charge of the police station within whose jurisdiction the house, boat, or place to be searched is situate to attend him;

Power to enter and search.

And may then, after sunrise and before sunset (but always in the presence of an officer of the police not inferior in rank to a head constable), enter and search any house, boat, or place in which there is reason to believe that salt or saltpetre is being so manufactured, refined or stored;

And, in case of resistance, may break open any door, and force and remove any other obstacle to such entry;

And may seize and carry away all salt and saltpetre so manufactured, refined or stored, and all materials used in the manufacture or refinement of such salt or saltpetre;

And may also detain and search and, if he thinks proper, arrest the occupier of the said house, boat, or place, together with all persons concerned in the manufacture, refinement, or storing, of such salt or saltpetre, or in the concealing thereof.

If the place so entered is an apartment in the actual occupancy of a woman who, according to the custom of the country, does not appear in public, the officer entering the same shall be guided by the rules prescribed for such cases in the Code of Criminal Procedure.

Before conducting a search under this section, the officer conducting it shall call upon two or more respectable inhabitants (if any) of the locality in which the house, boat, or place, is situate, to attend and witness the search, and the search shall be made in the presence of such inhabitants (if any), and also (if practicable) of the occupant of the house, boat, or place searched.

Whenever it is necessary to cause a woman to be searched, the search shall be made by another woman with strict regard to decency.

Failure of police officer to attend.

19. Any officer in charge of a police station who, on application in writing made by a salt revenue officer to attend for any of the purposes specified in Section 18, refuses or fails within a reasonable time so to attend or to depute a subordinate officer, not inferior in rank to a head constable, so to attend, shall for every such offence be punished with fine which may extend to 500 rupees.

Report of arrest, seizure, and search.

20. Whenever a salt revenue officer under the rank of Assistant Commissioner arrests under this Act any person,

Or seizes any article as liable to confiscation under this Act,

Or enters any house, boat, or place, for the purpose of searching for any such article,

He shall (unless generally empowered by the Assistant Commissioner to send the person arrested to the magistrate) within 48 hours next after such arrest, seizure, or entry, make a full report of all the particulars of such arrest, seizure, or entry, to his official superior, for the information of the Assistant Commissioner.

Every officer making any arrest under this Act, or his official superior, shall, if generally empowered in this behalf by the Assistant Commissioner, either send with all convenient dispatch the person arrested to the magistrate having jurisdiction to deal with the case, or order the discharge of such person.

Every

Every officer of police attending any search made under Section 18 shall report the same to his official superior.

21. Whenever the Assistant Commissioner is informed of the seizure of any article exceeding five sers in weight as liable to confiscation under this Act, he shall, with all convenient dispatch, report the circumstances of the case to the Commissioner of the Division in which such seizure is made, who may thereupon proceed under Section 12. Procedure in respect of articles seized.

If the article seized does not exceed five sers in weight, such Assistant Commissioner may dispose of the case himself under the said section.

22. Any article in respect of which a penalty is imposed under Section 13 may be detained pending the receipt of the order of the Commissioner of the Division or the Assistant Commissioner, as the case may be, on the report required by the same section: Procedure on detention of article subject to additional duty.

Provided that, if the owner of any article so detained deposits the amount of such penalty with, and pays all ordinary duty and charges payable on such article to, the salt revenue officer detaining the same, such article shall be at once released.

When an article is so detained it shall on the receipt of the said order be dealt with in accordance with the rules made in this behalf hereunder.

When an article has been released under the second paragraph of this section, and the Commissioner of the Division or Assistant Commissioner, as the case may be, reduces, or declines to sanction, the penalty imposed in respect of such article, the amount refundable to the owner shall be paid to him on his applying therefor to the Assistant Commissioner within six months, to be computed (where the order has been made by the Commissioner of the Division) from the day on which the Assistant Commissioner has received such order, and (where the order has been made by the Assistant Commissioner) from the date of such order.

When any penalty the amount of which has been deposited under the second clause of this section is sanctioned,

Or when any sum refundable under this section has not been claimed within the said period of six months,

The amount so in deposit, or the sum so refundable, shall be forfeited to Her Majesty, unless the Commissioner of Northern India Salt Revenue otherwise directs.

23. Whenever the Assistant Commissioner is informed of the arrest of any person, he shall (unless such person has been dealt with under the penultimate paragraph of Section 20) either send with all convenient dispatch the person arrested to the magistrate having jurisdiction to deal with the case, or order the immediate discharge of such person. Procedure in respect of person arrested.

24. All officers of police, and all officers of Government engaged in the collection of land revenue, are hereby empowered and required to assist the salt revenue officers in the execution of this Act. Officers required to assist salt revenue officers.

25. Any salt revenue officer who—

(a.) Without reasonable ground of suspicion searches or causes to be searched any house, boat or place;

(b.) Vexatiously and unnecessarily detains, searches or arrests any person;

(c.) Vexatiously and unnecessarily seizes the moveable property of any person, on pretence of seizing or searching for any article liable to confiscation under this Act;

(d.) Commits as such officer any other act to the injury of any person, when such officer has not reason to believe that such act is required for the execution of his duty;

Shall for every such offence be punishable, by a magistrate exercising powers not less than those of a magistrate of the second class, with fine which may extend to 500 rupees.

Any person wilfully and maliciously giving false information and so causing a search to be made under this Act shall be punishable, by a magistrate

exercising the same powers, with fine which may extend to 500 rupees, or with imprisonment for a term which may extend to two years, or with both.

Power to regulate seizures and disposal of things seized.

26. The Governor General in Council may from time to time make rules consistent with this Act to regulate the seizure, disposal and destruction of things liable to be seized under this Act.

Such rules may, among other matters, provide—

(a.) That the owner or person having the charge of any animal seized and detained shall provide from day to day for its keep while detained, and that, if he omits to do so, such animal may be sold by public auction, and the expenses (if any) incurred on account of it defrayed from the proceeds of the sale.

(b.) That when anything is seized and an order for its release is subsequently passed, and the owner does not, within a period to be fixed by such rules, appear to claim such thing and tender the duty, penalties and charges (if any) due in respect thereof, it may be sold by public auction, and such duty, penalties and charges defrayed from the proceeds of the sale.

(c.) That the surplus proceeds of a sale under clause (a) or clause (b) of this section shall, unless the owner of the thing seized establishes his claim to such proceeds within a period, not less than three months, to be fixed by such rules, be forfeited to Her Majesty.

CHAPTER VI.—Miscellaneous.

Power to prohibit import and transit of salt.

27. The Governor General in Council may, from time to time, by rule, prohibit absolutely, or subject to conditions, the importation of salt into, or the transit of salt over, the said territories or any part thereof.

Except in the case of a prohibition under this section, nothing in this Act shall affect the transit of salt into or from any of the said territories, from or into any other part of British India.

Further matters for which Governor General in Council may make rules.

28. In addition to the rules which the Governor General in Council is hereinbefore empowered to make, he may from time to time make rules consistent with this Act to regulate the following matters, namely :—

(a.) The persons by whom, and the time, place and manner at or in which, anything to be done under this Act shall be done ;

(b.) The cases in which and the officers to whom, and the conditions subject to which, orders given by salt revenue officers under this Act shall be appealable ;

(c.) The fee to be charged on account of any license, pass, certificate, dákhilá, rawána or other such document issued under this Act ;
And generally to carry out the provisions herein contained.

Publication of rules.

29. All rules made under this Act shall be published in the "Gazette of India," and shall thereupon have the force of law.

Power to confer powers of Assistant Commissioner and salt revenue officers.

30. Subject to the provisions herein contained, and to any rules for the time being in force made by the Governor General in Council, the Local Government or the Commissioner of Northern India Salt Revenue may invest any person with the powers of an Assistant Commissioner under this Act, or with all or any of the powers hereinbefore conferred on salt revenue officers.

Amendment of Madras Act VI. of 1871.

31. For Section 11 of the Madras Salt Excise Act, 1871, the following shall be substituted :—

Levy of duty on salt.

" 11. The excise duty on salt manufactured in any district, or part of a district, to which this Act may be extended, shall be paid under such orders as the Board of Revenue from time to time makes in this behalf; but no such duty shall be leviable until the salt is about to be removed from the place of storage; and no salt shall be so removed without a permit authorising its removal from store, and such permit shall specify the quantity to be removed and the excise duty levied or due thereon."

SCHEDULE.—(See Section 2).

ENACTMENTS Repealed.—ACTS of the GOVERNOR GENERAL IN COUNCIL.

Number and Year.	Short Title.	Extent of Repeal.
VIII. of 1875 -	The Inland Customs Act, 1875.	The whole.
II. of 1876 -	The Burma Land and Revenue Act, 1876.	Section 39, Clause (b), and in Clause (c) of the same section the words and letter "under Clause (b)."
XVIII. of 1877 -	The Salt Act, 1877	The whole.

REGULATION.

III. of 1877 -	The Ajmír Laws Regulation, 1877.	Sections 36 and 37.
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ACT of the LIEUTENANT GOVERNOR of BENGAL in COUNCIL.

Number and Year.	Short Title.	Extent of Repeal.
VII. of 1864 -	The Salt Act, 1864 -	Section 9.

R. J. Crosthwaite,
Officiating Secretary to the Government of India.

THE following Act of the Governor General of India in Council received the assent of His Excellency the Governor General on the 10th March 1882, and is hereby promulgated for general information :—

ACT No. XIII. OF 1882.

AN ACT to amend the law relating to Kánungos and Patwáris in the North-Western Provinces and Oudh.

Preamble.

WHEREAS it is expedient to amend, in manner hereafter appearing, the law relating to Kánungos and Patwáris in the North-Western Provinces; it is hereby enacted as follows :—

Short title.

1. This Act may be called "The Kánungos and Patwáris Act, 1882;" and shall come into force at once.

Commencement.

Repeal of Sections of Act No. XIX. of 1873 and Act No. VIII. of 1879.

2. Sections 29, 30, and 31 of the North-Western Provinces Land Revenue Act, 1873, and Sections 4 and 5 of the North-Western Provinces Land Revenue Act, 1879, are hereby repealed.

Notwithstanding such repeal any landlord may recover from a tenant any rate, or any portion of a rate, accruing due before the 30th day of June 1882, and which he is entitled to recover, under any rule made under Section 29 of the said North-Western Provinces Land Revenue Act, 1873, from such tenant.

Disposal of balance of provincial fund constituted by Act No. XIX. of 1873.

3. The existing balance of the provincial fund constituted by Section 29 of the said North-Western Provinces Land Revenue Act, 1873, shall be disposed of in such manner as the Local Government, with the previous sanction of the Governor General in Council, may from time to time direct.

Information to be furnished by owner or occupier of land.

4. For the purpose of preparing the registers or accounts prescribed by the said North-Western Provinces Land Revenue Act, 1873, or by any rule made thereunder, every owner or occupier of land in any patwári circle, and the agent of every such owner or occupier, shall furnish to the patwári of such circle, the kánungo, or such person as the collector of the district may appoint in this behalf, such information, at such times, as the Local Government may from time to time by rule prescribe.

Explanation.—"Owner" in this section includes also a superior and an inferior proprietor, and a lessee, mortgagee, or conditional vendee, in possession.

And whereas it is also expedient to amend the law relating to kánungos and patwáris in Oudh; it is hereby further enacted as follows :—

Repeal of Sections 203 to 215 (both inclusive) of Act No. XVII. of 1876.

5. Sections 203 to 215 (both inclusive) of the Oudh Land Revenue Act, 1876, are hereby repealed; but all appointments and rules made under any of the said sections and now in force shall, so far as they are consistent herewith, be deemed to have been made hereunder.

Power to fix number and limits of patwáris' circles.

6. With the previous sanction of the Chief Commissioner, the Deputy Commissioner shall fix the number of patwáris' circles in his district, and the respective limits of such circles, and may, with the like sanction, from time to time alter the number and limits so fixed.

For each such circle the Deputy Commissioner shall appoint a patwári.

Patwári to be appointed for each circle.

Power to make rules for selection, &c., of patwáris.

7. The Chief Commissioner may, from time to time, make rules consistent with this Act—

(a.) Regulating the selection, appointment, suspension, dismissal, duties, and supervision of patwáris;

(b.) Prescribing the fines which may be imposed on patwáris, and on persons appointed temporarily to perform their duties, for neglect of their duty.

Kánungos and patwáris to be public servants, and their records public records.

8. Every kánungo and patwári, and every person appointed temporarily to perform the duties of any such officer, shall be deemed to be a public servant within the meaning of the Indian Penal Code,

And all official records and papers kept by any such officer or person shall be deemed to be public records and the property of Government.

9. For

9. For the purpose of preparing the registers or accounts prescribed by the said Oudh Land Revenue Act, 1876, or by any rule made thereunder, every owner or occupier of land in any patwári's circle, and the agent of every such owner or occupier, shall furnish to the patwári of such circle, the kánúngo, or such person as the Deputy Commissioner may appoint in this behalf, such information, at such times, as the Chief Commissioner may from time to time by rule prescribe.

Information to be furnished by owner or occupier of land.

Explanation.—"Owner" in this section includes also a superior and an inferior proprietor, and a lessee, mortgagee, or conditional vendee, in possession.

10. No suit shall be brought by a landlord against a tenant for the recovery of any cess or rate accruing due after the 30th day of June 1882, and payable, in money or in kind, by such tenant on account of the remuneration of a patwári.

Suits for recovery of patwári-cess barred.

11. Sections 1 and 10 and this section extend to the territories respectively administered by the Lieutenant Governor of the North-Western Provinces and the Chief Commissioner of Oudh. Sections 2, 3, and 4 extend to the territories administered by the said Lieutenant Governor, and Sections 5 to 9 (both inclusive) extend to the territories administered by the said Chief Commissioner.

Local extent.

R. J. Crosthwaite,
Officiating Secretary to the Government of India.