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ABSTRACT OF THE PROCEEDINGS  
OF  
THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA,  
ASSEMBLED FOR THE PURPOSE OF MAKING  
LAWS AND REGULATIONS,  
FROM APRIL 1906 TO MARCH 1907,  
WITH INDEX.

VOLUME XLV.



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1907.

**CALCUTTA:**  
**GOVERNMENT OF INDIA CENTRAL PRINTING OFFICE,**  
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**ABSTRACT OF THE PROCEEDINGS**  
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**1906-1907.**

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*Proceedings of the Council of the Governor General of India, assembled for the purpose of making Laws and Regulations under the provisions of the Indian Councils Acts, 1861 and 1892 (24 & 25 Vict., c. 67, and 55 & 56 Vict., c. 14).*

The Council met at Viceregal Lodge, Simla, on Friday, the 10th August, 1906.

P R E S E N T :

- His Excellency the Earl of Minto, P.C., G.C.M.G., G.M.S.I., G.M.I.E., Viceroy and Governor General of India, *presiding*.  
His Honour Sir C. M. Rivaz, K.C.S.I., Lieutenant-Governor of the Punjab.  
His Excellency General Viscount Kitchener of Khartoum, G.C.B., O.M., G.C.M.G., Commander-in-Chief in India.  
The Hon'ble Sir A. T. Arundel, K.C.S.I.  
The Hon'ble Sir Denzil Ibbetson, K.C.S.I.  
The Hon'ble Mr. H. Erle Richards, K.C.  
The Hon'ble Mr. E. N. Baker, C.S.I.  
The Hon'ble Major-General C. H. Scott, C.B., R.A.  
The Hon'ble Sir C. L. Tupper, K.C.I.E.  
The Hon'ble Mr. T. Gordon Walker, C.S.I.

NEW MEMBER.

The Hon'ble MR. GORDON WALKER took his seat as an Additional Member of Council.

EXCISE (AMENDMENT) BILL.

The Hon'ble MR. BAKER moved for leave to introduce a Bill to amend the Excise Act, 1896. He said:—"My Lord, the object of the Bill is to give power to the Local Governments of the Provinces to which the Act applies to control the trade in cocaine. During the last few years we have received evidence that the consumption of this drug in various parts of India is spreading to an extent far beyond what can be ascribed to legitimate medicinal purposes. Thus, while the Bombay Government have reported that a large firm of chemists in Bombay only sell about six ounces of cocaine annually for purely medicinal purposes, we have lately had information of single consignments of hundreds of ounces supplied to chemists and others in various places in the Punjab. The Local Government of the latter Province has reported that the spread of the cocaine habit

## EXCISE.

[*Mr. Baker.*]

[10TH AUGUST, 1906.]

especially in the larger cities 'constitutes a most serious danger to avert which both European and Native opinion agree that prompt action should be taken.' The cocaine thus procured appears to be used largely as a stimulant, as an intoxicant, and occasionally as an aphrodisiac. We know from medical authorities that its use for these purposes is deleterious and may even, in the case of persons of delicate constitution, cause risk of death. Our object is therefore to enable cocaine to be dealt with as an 'intoxicating drug' within the purview of the Excise law and thus to enable the strict control which that law allows in respect of persons licensed to sell it and in regard to the amount which buyers may possess. Now, the wording of the Excise Acts of Madras, Bombay and Bengal has already enabled this action to be taken. Cocaine has been notified as an intoxicating drug within one or other of these Acts since 1900 in Bengal, since 1903 in Bombay, and since 1905 in Madras; and its sale has been confined in those Provinces to approved chemists, druggists, or medical practitioners with the intention that they shall supply it only for medicinal purposes. It is now most desirable that similar action should be taken under the Indian Excise Act (XII of 1896) which applies to the rest of India. Unfortunately, while this Act gives full powers of control in respect to 'intoxicating drugs,' these, as defined in its section 3 (1) (j), are hemp drugs only. We now propose to amend the definition so as to include any other drug which the Local Government may by notification declare to be included therein. This will empower the Governments of the Provinces to which the Act applies to deal with cocaine in the same way as is done in the three large Provinces of Bengal, Bombay and Madras.

"The remaining provisions of the Bill are formal and technical and their object is sufficiently explained in the Statement of Objects and Reasons which I shall lay on the table."

The motion was put and agreed to.

The Hon'ble MR. BAKER also introduced the Bill.

The Hon'ble MR. BAKER also moved that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in the Gazette of India in English and in the local official Gazettes of the United Provinces, the Punjab, Burma, the Central Provinces and Coorg in English and in such other languages as the Local Governments think fit.

The motion was put and agreed to.

*LAND IMPROVEMENT AND AGRICULTURISTS' LOANS.*

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[10TH AUGUST, 1906.] [*Sir Denzil Ibbetson.*]

**LAND IMPROVEMENT AND AGRICULTURISTS' LOANS  
(AMENDMENT) BILL.**

The Hon'ble SIR DENZIL IBBETSON moved for leave to introduce a Bill to amend the Land Improvement Loans Act, 1883, and the Agriculturists' Loans Act, 1884. He said:—"My Lord, the purport of the Bill, which I think will be welcomed by everybody, is set forth in the Statement of Objects and Reasons."

The motion was put and agreed to.

The Hon'ble SIR DENZIL IBBETSON also introduced the Bill.

The Hon'ble SIR DENZIL IBBETSON also moved that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in the Gazette of India in English and in the local official Gazettes in English and in such other languages as the Local Governments think fit.

The motion was put and agreed to.

The Council adjourned to Friday, the 31st August, 1906.

J. M. MACPHERSON,

*Secretary to the Government of India,  
Legislative Department.*

SIMLA :  
The 10th August, 1906. }



*Proceedings of the Council of the Governor General of India, assembled for the purpose of making Laws and Regulations under the provisions of the Indian Councils Acts, 1861 and 1892 (24 & 25 Vict., c. 67, and 55 & 56 Vict., c. 14).*

The Council met at the Viceregal Lodge, Simla, on Friday, the 31st August, 1906.

P R E S E N T :

His Excellency the Earl of Minto, P.C., G.C.M.G., G.M.S.I., G.M.I.E., Viceroy and Governor General of India, *presiding*.  
His Honour Sir C. M. Riyaz, K.C.S.I., Lieutenant-Governor of the Punjab.  
His Excellency General Viscount Kitchener, of Khartoum, G.C.B., O.M., G.C.M.G., Commander-in-Chief in India.  
The Hon'ble Sir A. T. Arundel, K.C.S.I.  
The Hon'ble Sir Denzil Ibbetson, K.C.S.I.  
The Hon'ble Mr. H. Erle Richards, K.C.  
The Hon'ble Mr. E. N. Baker, C.S.I.  
The Hon'ble Major-General C. H. Scott, C.B., R.A.  
The Hon'ble Sir C. L. Tupper, K.C.I.E., C.S.I.  
The Hon'ble Mr. T. Gordon Walker, C.S.I.

EXCISE (AMENDMENT) BILL.

The Hon'ble MR. BAKER moved that the Bill to amend the Excise Act, 1896, be taken into consideration.

The motion was put and agreed to.

The Hon'ble MR. BAKER moved that the Bill be passed.

The motion was put and agreed to.

LAND IMPROVEMENT AND AGRICULTURISTS' LOANS  
(AMENDMENT) BILL.

The Hon'ble SIR DENZIL IBBETSON moved that the Bill to amend the Land Improvement Loans Act, 1883, and the Agriculturists' Loans Act, 1884, be taken into consideration. He said :—“ My Lord, the only object of the small Bill which I introduced at the last meeting of the Council was to give Local Governments wider discretion in the matter of agricultural advances, in accordance with

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[*Sir Denzil Ibbetson.*]    [31ST AUGUST, 1906.]

the intention which we had announced in a Resolution issued some months ago. We therefore did not think it necessary to consult them, and we have received no criticisms upon the Bill."

The motion was put and agreed to.

The Hon'ble SIR DENZIL IBBETSON moved that the Bill be passed.

The motion was put and agreed to.

The Council adjourned to Friday, the 28th September, 1906.

SIMLA:  
The 31st August, 1906. }

J. M. MACPHERSON,  
*Secretary to the Government of India,  
Legislative Department.*

*Proceedings of the Council of the Governor General of India, assembled for the purpose of making Laws and Regulations under the provisions of the Indian Councils Acts, 1861 and 1892 (24 & 25 Vict., c. 67, and 55 & 56 Vict., c. 14).*

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The Council met at the Viceregal Lodge, Simla, on Friday, the 28th September, 1906.

**P R E S E N T :**

His Excellency the Earl of Minto, P.C., G.C.M.G., G.M.S.I., G.M.I.E., Viceroy and Governor General of India, *presiding*.

The Hon'ble Sir A. T. Arundel, K.C.S.I.

The Hon'ble Sir Denzil Ibbetson, K.C.S.I.

The Hon'ble Mr. H. Erle Richards, K.C.

The Hon'ble Mr. E. N. Baker, C.S.I.

The Hon'ble Major-General C. H. Scott, C.B., R.A.

The Hon'ble Mr. T. Gordon Walker, C.S.I.

**INSOLVENCY (PROVINCIAL) BILL.**

The Hon'ble MR. RICHARDS moved for leave to introduce a Bill to consolidate and amend the law relating to Insolvency in British India, as administered by Courts having jurisdiction outside the Presidency-towns and the Town of Rangoon. He said:—"My Lord, in making this motion I do not propose to explain the provisions of the Bill in any detail, because it is founded on, and is indeed for the most part, a mere reproduction of the Chapter on Insolvency in the Bill to amend the Code of Civil Procedure which has for some time past been before this Council. In the form of that Chapter the present Bill, or the greater part of it, has been passed by a Select Committee of this Council and has been generally accepted by Local Governments, High Courts and other authorities to whom it was circulated. The necessity for some amendment of the law is admitted and no objection has been taken to the general form of the amendment adopted in the Bill.

"The Law of Insolvency in the Presidency-towns and Rangoon differs from that in force in the rest of British India; in the former it is governed by the Imperial Statute, the Indian Insolvency Act of 1848; in the latter by the Code of Civil Procedure. The present Bill does not affect the Act of 1848, nor does it affect insolvency proceedings in the towns to which that Act applies. It takes

[*Mr. Richards.*] [28TH SEPTEMBER, 1906.]

the place of the Chapter on Insolvency in the Code and relates only to the parts of British India to which the Act does not apply.

"The provisions of the Insolvency Chapter of the present Code originated in the Code of 1859, and were somewhat extended in the Code of 1877 and by the amending Act of 1879: but since 1879 they have not been changed and the Chapter still remains, as it was described by the late Lord Hobhouse, 'a germ and nothing more than a germ of an Insolvency Law'. Since then conditions have progressed and there can be no doubt that the time has arrived when a more complete law is needed, both for the purpose of relieving honest, but unfortunate, debtors, and for the purpose of securing the rights of creditors. This is especially the case in the large centres of trade in the Mufassal, and it is to be remembered that there are more than a score of towns in the Mufassal, with a population of over a hundred thousand. In the more backward parts of the country there is perhaps little need of any Law of Insolvency at all at the present time, but the Bill is drawn to apply only to areas within the jurisdiction of such Courts as the Local Governments may notify; it need not therefore be applied to these parts.

"Speaking generally, the main defects in the present law are that its application is too limited in scope; that it does not afford adequate relief to honest debtors; and, on the other hand, that it does not sufficiently secure the rights of creditors.

"As to the first of these matters—the Insolvency Chapter of the Code of Civil Procedure can be made use of only by debtors who have been arrested or imprisoned in the execution of a decree for money or against whose property an order of attachment has been passed in execution of such a decree; it can be put in force only by creditors who have obtained a decree for the payment of money. It is limited therefore to cases in which legal proceedings have been instituted and judgment obtained. The Bill removes this restriction by declaring that an insolvency petition may be presented by any creditor or by any debtor if the debtor has committed an 'act of insolvency', and an 'act of insolvency' is defined in the Bill (following English legislation and, to some extent, the law of the Presidency-towns) to include acts which have the effect of defeating the rights of the creditors, such as fraudulent transfers of property or the absconding of the debtor; acts which are of themselves evidence of insolvency, such as the conveying of property to a trustee for the benefit of creditors generally, the giving notice to creditors that the debtor has suspended, or is about to suspend, payment of his debts, and the presentation of a petition to be adjudged an insolvent under the Bill;

[28TH SEPTEMBER, 1906.] [Mr. Richards.]

and also acts on which insolvency proceedings can be founded under the present Code. The scope of the Bill therefore is much more extensive than that of the present law.

“ Next as regards the relief of debtors. Under the Code of Civil Procedure a debtor is released from custody only on the certificate of the receiver that the insolvent has placed him in possession of all his property, and when he is finally discharged under the insolvency proceedings the effect of the discharge is limited: it does not free the debtor himself from arrest or imprisonment, or his property from seizure and attachment, on account of any debt which has not been entered in the schedule: and even in respect of scheduled debts his property subsequently acquired may be taken in execution until those debts have been satisfied to the extent of one-third, or until the expiry of twelve years from the date of discharge. The debtor, therefore, although he may have acted perfectly honestly throughout, may remain under grave disability for a considerable period. Under the Bill, on the contrary, the debtor will be released from prison immediately on the making of an order adjudging him an insolvent, and after his discharge, speaking generally, no proceedings can be taken against him in respect of any debts provable in the insolvency.

“ Then as regards creditors, it will be found that the rights of creditors are much better secured under the Bill than under the existing law. The order of adjudication is to relate back to the date of the presentation of the insolvency petition, and from that time the property of the debtor is to be available only for the payment of debts under the insolvency. Provisions have also been added, following the English law, for the avoidance of voluntary settlements and of transfers of property giving undue preference to particular creditors, and the provisions intended to prevent dishonesty on the part of debtors have been made more stringent.

“ In addition to these principal matters clauses have been inserted, *inter alia*, to provide for compositions; to make special provisions in regard to immoveable property; and to give the Courts power to summarily administer small estates.

“ The Bill departs in one important respect from the proposals of the Select Committee. Under the scheme adopted by them insolvency proceedings were initiated by a ‘ conditional order ’ made *ex parte*, followed by a ‘ declaration of insolvency ’ made after hearing the parties concerned. It is thought that this procedure would be liable to abuse, and that conditional orders would be obtained

[*Mr. Richards; Mr. Baker.*] [28TH SEPTEMBER, 1906.]

merely to harass an alleged debtor. The Bill therefore provides for one order only, and that an adjudication order made after hearing the debtor; but in order to prevent the property of the debtor being made away with in the interval, the Court is given powers of control over that property between the date of the presentation of the petition and that of the adjudication order.

“The general result of the Bill, if passed, will be to provide an Insolvency Law based on the lines of the English Law of Bankruptcy, but in a greatly simplified form—a form which it is hoped will be suitable to the requirements of the Mufassal and to the capacities of the Courts which will have to administer it. It consists of 46 clauses in all, as against the 170 sections and 53 rules which constitute the English Act of 1883, and the 134 clauses and 55 rules of which the Bankruptcy Bill introduced in this Council in 1885 was composed.”

The motion was put and agreed to.

The Hon'ble MR. RICHARDS introduced the Bill.

The Hon'ble MR. RICHARDS moved that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in the Gazette of India in English and in the local official Gazettes in English and in such other languages as the Local Governments think fit.

The motion was put and agreed to.

#### PRESIDENCY BANKS (AMENDMENT) BILL.

The Hon'ble MR. BAKER moved for leave to introduce a Bill further to amend the Presidency Banks Act, 1876. He said:—“My Lord, this Bill has been under consideration for some time, and it was originally in contemplation that it should be a somewhat important measure conferring power on the Banks, among other matters, to have recourse to the London money market under certain restrictions, a power which they do not at present possess. Serious objections have, however, been found to exist to this proposal, and eventually it was decided that, in the interests of the country as a whole, it is not expedient to give the Banks access to London. This proposal has therefore been abandoned, and, as a consequence, certain other proposals which were contingent thereon have also been dropped.

“These omissions have deprived the Bill of much of its importance. It is now a measure of relatively minor consequence, whose only object is to remove certain restrictions on the powers of the Banks which experience has shown to be unnecessary, and slightly to enlarge the permissible scope of their operations.

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The principal new powers which it is now proposed to confer on the Banks are the following, *vis.* :

- (1) to deal in securities issued by State-aided Railways or by District Boards ;
- (2) to make loans and advances on other than personal security for a period not exceeding six months, the existing limitation being three months ;
- (3) to grant overdrafts up to Rs. 10,000 instead of only up to Rs. 2,000 as at present ;
- (4) with the sanction of Government in each case to take over the capital, assets and business of any other bank in British India, and to carry on its business in accordance with the provisions of the Presidency Banks Act ;
- (5) to advance money on the joint and several promissory note of two or more persons unconnected in business ;
- (6) with the previous sanction of the Local Government, to lend money for a period not exceeding six months to the Court of Wards in respect of estates under management ; and,
- (7) in the case of the Bank of Madras, to lend, on Ceylon Government securities, resources raised by the Banks in Ceylon.

"It is also proposed to remove the existing statutory limitations on the capital of each bank."

The motion was put and agreed to.

The Hon'ble MR. BAKER introduced the Bill.

The Hon'ble MR. BAKER moved that the Bill, together with the Statement of Objects and Reasons relating thereto, be published only in English in the Gazette of India, the Calcutta Gazette, the Fort Saint George Gazette and the Bombay Government Gazette.

The motion was put and agreed to.

The Council adjourned *sine die*.

J. M. MACPHERSON,

Secretary to the Government of India,  
Legislative Department.

SIMLA :  
The 28th September, 1906. }

*Proceedings of the Council of the Governor General of India, assembled for the purpose of making Laws and Regulations under the provisions of the Indian Councils Acts, 1861 and 1892 (24 & 25 Vict., c. 67, and 55 & 56 Vict., c. 14).*

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The Council met at Government House, Calcutta, on Friday, the 14th December, 1906.

PRESENT:

His Excellency the Earl of Minto, P.C., G.C.M.G., G.M.S.I., G.M.I.E., Viceroy and Governor General of India, *presiding*.

His Honour Sir A. H. L. Fraser, K.C.S.I., Lieutenant-Governor of Bengal.

His Excellency General Viscount Kitchener of Khartoum, G.C.B., O.M., G.C.M.G., Commander-in-Chief in India.

The Hon'ble Sir Denzil Ibbetson, K.C.S.I.

The Hon'ble Mr. H. Erle Richards, K.C.

The Hon'ble Mr. J. P. Hewett, C.S.I., C.I.E.

The Hon'ble Mr. E. N. Baker, C.S.I.

The Hon'ble Major-General C. H. Scott, C.B., R.A.

The Hon'ble Sir Harvey Adamson, K.T., C.S.I.

The Hon'ble Mr. Gopal Krishna Gokhale, C.I.E.

The Hon'ble Mr. A. A. Apcar, C.S.I.

The Hon'ble Mr. S. Ismay, C.S.I.

The Hon'ble Mr. W. T. Hall, C.S.I.

The Hon'ble Nawab Saiyid Muhammad Sahib Bahadur.

The Hon'ble Sir Rameshwara Singh, K.C.I.E., Maharaja Bahadur of Darbhanga.

The Hon'ble Munshi Madho Lal.

The Hon'ble Mr. Gangadhar Rao Madhav Chitnavis, C.I.E.

The Hon'ble Sir S. W. Edgerley, K.C.V.O., C.I.E.

The Hon'ble Mr. F. A. Slacke.

The Hon'ble Mr. H. A. Sim, C.I.E.

The Hon'ble Tikka Sahib Ripudaman Singh of Nabha.

NEW MEMBERS.

The Hon'ble MAHARAJA SIR RAMESHWARA SINGH BAHADUR of DARBHANGA, the Hon'ble MUNSHI MADHO LAL, the Hon'ble MR. GANGADHAR RAO MADHAV CHITNAVIS, the Hon'ble SIR S. W. EDGERLEY, the Hon'ble MR. SLACKE, the Hon'ble MR. SIM, and the Hon'ble TIKKA SAHIB RIPUDAMAN SINGH OF NABHA took their seats as Additional Members of Council.



## QUESTION AND ANSWER; INSOLVENCY.

[Mr. Apar; Mr. Hewett; Mr. Richards.] [14TH DECEMBER, 1900.]

### QUESTION AND ANSWER.

The Hon'ble MR. APCAR asked :—

"In view of the urgent representations which have been made to Government by the mercantile community in favour of the selection of Sara as the site for the proposed railway bridge over the Lower Ganges, and in view also of the fact that the need for the speedy construction of the bridge at Sara has been greatly accentuated during the last few weeks by the serious block of traffic which has occurred at the Sara-Damukdia crossing, will the Government be pleased to give such information as may be available in regard to the present position of the project?"

The Hon'ble MR. HEWETT replied :—

"In 1903 and again in 1904 the Government of India strongly recommended to the Secretary of State the construction at an early date of a bridge over the Ganges at Sara. The Secretary of State postponed consideration of the project until information could be made available of the effect on the traffic of the new railway from Katihar to Ranaghat which has not yet been opened throughout its entire length. The Secretary of State has now asked the Government of India for their opinion on the proposal of the Bengal and North-Western Railway to construct a bridge at Godagiri, and also for their general views on the question of bridging the Ganges. The matter has been under the consideration of the Railway Board, who have recommended that there should be one bridge at Rampur Boalia to be constructed from State funds; that the Bengal and North-Western and Eastern Bengal-Railways should be connected by short metre gauge extensions with this bridge; and that the metre gauge should be given access to Calcutta by means of a new line also to be constructed by the State. The Government of India have decided to appoint a small Committee to investigate the whole question of the site at which the Ganges should be bridged. It will be presided over by the Director of Railway Construction, and the Government of Bengal, the Port Commissioners of Calcutta, the Bengal Chamber of Commerce, and the Bengal National Chamber of Commerce will each have a representative on it."

### INSOLVENCY (PROVINCIAL) BILL.

The Hon'ble MR. RICHARDS moved that the Bill to consolidate and amend the law relating to Insolvency in British India, as administered by Courts having jurisdiction outside the Presidency-towns and the town of Rangoon be referred to a Select Committee consisting of the Hon'ble Sir Harvey Adamson,

[14TH DECEMBER, 1906.] [Mr. Baker; Munshi Madho Lal.]

the Hon'ble Mr. Apar, the Hon'ble Mr. Ismay, the Hon'ble Munshi Madho Lal, the Hon'ble Dr. Rashbehari Ghose and the mover. He said that the name of the Hon'ble Dr. Rashbehari Ghose was not on the Notice Paper, but that it had been added with the consent of His Excellency.

The motion was put and agreed to.

### PRESIDENCY BANKS (AMENDMENT) BILL.

The Hon'ble MR. BAKER moved that the Bill further to amend the Presidency Banks Act, 1876, be referred to a Select Committee consisting of the Hon'ble Mr. Richards, the Hon'ble Mr. Apar, the Hon'ble Nawab Saiyid Muhammad Sahib Bahadur, the Hon'ble Sir Steyning Edgerley and the mover.

The Hon'ble MUNSHI MADHO LAL said:—" My Lord; with Your Excellency's permission I would like to make a few observations with reference to the Presidency Banks Amendment Bill now before the Council, which is going to be referred to the Select Committee.

" I venture to suggest that the power that it is proposed to confer on the Presidency Banks as regards the advancement of loans to the Court of Wards may be extended a little further so as to empower the Banks to advance money also to solvent landowners on their own credit and on the security of their estates.

" By the term 'solvent landowners' I mean landowners whose management may be as efficient as that of the Court of Wards and whose credit in the estimation of the public may not be inferior to that of the Court.

" It often happens that such solvent landowners are sometimes in want of money and are anxious to have a loan as a temporary accommodation. They have recourse to the assistance of petty bankers who take advantage of their difficulty and charge exorbitant rates of interest on the monies advanced by them.

" I am aware that Presidency Banks are not allowed to lock in their funds in non-liquid investments, such as loans on landed property; but I may be allowed to submit that loans to such landowners may be made on the same principle as the one upon which the Bill proposes to advance loans to the Courts of Wards, *vis.*, upon their credit and on the security of the estates under their superintendence.

## PRESIDENCY BANKS.

[*Munshi Madho Lal; Mr. Baker.*] [14TH DECEMBER, 1906.]

"I suppose that such loans are proposed to be advanced because they are regarded as liquid investments, *viz.*, the loans can be realized as soon as the Banks want to have their money back. But to all intents and purposes such loans will have to be given on the credit of the Court of Wards and on the security of the estate of the debtor.

"I have the honour to propose that loans may also be given to large landed proprietors whose credit may be as good as that of the Courts of Wards and whose estates may be as valuable as those that come under their superintendence. I am sanguine that there will be no difficulty in realizing the amounts thus advanced. It is clear that such loans will also be granted under the same restrictions as govern the case of the Courts of Wards, *viz.*—

- (i) sanction of the Local Government,
- (ii) a period not exceeding six months.

"Strictly speaking, the loans that the Bill proposes to grant to the Courts of Wards are loans granted on their credit. Similarly, the grant of loans to big landholders will also be made on their credit subject to the control of the Local Government.

"It need hardly be said that the Government does not stand as surety for the loans advanced to the Court of Wards, and that, if it gives anything at all, it gives only moral influence and support to the institution.

"I have been constrained to make these observations in the interest of big landholders, and I hope that they will be favourably considered by this Hon'ble Council and the Select Committee to which the Bill may be referred."

The Hon'ble MR. BAKER said:—"My Lord, I am a little doubtful whether the Hon'ble Member is, strictly speaking, in order in making his observations on the occasion of the present motion. The present motion, which is substantially of a formal character, is merely to refer the Bill to a Select Committee; but inasmuch as the Hon'ble Member was good enough to explain to me yesterday that he intended to make some remarks, I shall, with Your Excellency's permission, state briefly what I consider are the objections to the proposal. The nature of the proposal, briefly, is that Presidency Banks should be empowered to make loans to what the Hon'ble Member describes as 'solvent landlords' on the security of their estates, subject to the same restrictions and in the same way as loans which it is proposed by the Bill that they may be permitted to make to estates under the

**PRESIDENCY BANKS ; REPEALING AND AMENDING (RATES AND CESSSES) 17**

[14TH DECEMBER, 1906.] [*Mr. Baker; Sir Denzil Ibbetson.*]

management of the Court of Wards. I cannot assent to this proposal. Hitherto the Presidency Banks have had no power to advance money on the security of landed property, and this restriction has been imposed for the sufficient reason that, if they did, their funds might be locked up in what the Hon'ble Member describes as a non-liquid form. The Bill proposes to allow a very restricted exception to this by empowering them to lend money to the Courts of Wards for not more than six months at a time and subject to the sanction of the Local Government. Financial purists might take exception even to this closely safeguarded concession, and I myself should regard it with considerable doubt if I thought it likely to be made use of very largely. I believe, however, that the limitation of six months will in practice effectively restrict its operation. But the wide extension advocated by the Hon'ble Member seems to me to be wholly indefensible. In the case of the Court of Wards, Government management and the sanction of the Local Government afford a guarantee not only of ultimate solvency, but also that the loan will be liquidated on its maturity. In the case of private estates there will be no such security. The Local Government can possess no information as to whether private estates are solvent or not, or whether the owner, even if solvent, is able to repay the loan within the time prescribed. It seems to me that the extension which the Hon'ble Member proposes is far too dangerous to be permitted, and I should certainly advise the Council and the Members of the Select Committee not to entertain it."

The motion was put and agreed to.

**REPEALING AND AMENDING (RATES AND CESSSES) BILL.**

The Hon'ble SIR DENZIL IBBETSON moved for leave to introduce a Bill to repeal and amend certain enactments relating to abolished rates and cesses. He said:—"The purport of the Bill is explained in the Statement of Objects and Reasons."

The motion was put and agreed to.

The Hon'ble SIR DENZIL IBBETSON introduced the Bill.

The Hon'ble SIR DENZIL IBBETSON moved that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in the Gazette of India in English and in the local official Gazettes of Madras, Bombay, Bengal, Eastern Bengal and Assam, the Punjab, the Central Provinces and Coorg in English and in such other languages as the Local Governments think fit.

The motion was put and agreed to.

18 LOCAL AUTHORITIES LOAN, CENTRAL PROVINCES BOILER INSPECTION.

[Mr. Baker; Mr. Hewett.] [14TH DECEMBER, 1906.]

LOCAL AUTHORITIES LOAN (AMENDMENT) BILL.

The Hon'ble MR. BAKER moved for leave to introduce a Bill further to amend the Local Authorities Loan Act, 1879. He said:—"My Lord, the circumstances which have led us to consider that this amendment is necessary are as follows.

"The present Act empowers a local authority to borrow money 'for the carrying out of any works which it is legally authorised to carry out.' Sometime ago, the Howrah Municipality desired to make a survey of that town, and proposed to raise a loan of a lakh of rupees to defray the cost of it. On reference to the law officers, however, it was held by them that a survey was not a 'work' within the meaning of the Act, and that it was therefore not open to the Municipality to raise a loan for such a purpose. Now a survey is a necessary and integral preliminary to many works of municipal improvement, such as drainage, or the clearance of congested areas: and it is desirable that there should be no legal bar to the raising of loans for such an object.

"It is also possible that there may be other objects of public utility which cannot strictly be described as 'works' within the meaning of the Act. We propose, therefore, to amend the law so as to permit of the borrowing of money by a local authority for any purpose to which its funds may legally be applied."

The motion was put and agreed to.

The Hon'ble MR. BAKER introduced the Bill.

The Hon'ble MR. BAKER moved that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in the Gazette of India in English, and in the local official Gazettes in English and in such other languages as the Local Governments think fit.

The motion was put and agreed to.

CENTRAL PROVINCES BOILER INSPECTION BILL.

The Hon'ble MR. HEWETT moved for leave to introduce a Bill to provide for the inspection of Steam-boilers, and Prime-movers and for their management by competent Engineers in the Central Provinces. He said:—"My Lord, there is at present no legal provision for the licensing and inspection by competent authority of boilers and prime-movers in the Central Provinces, or

*CENTRAL PROVINCES BOILER INSPECTION.*

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[14TH DECEMBER, 1906.] [Mr. Hewett.]

for their management by properly qualified engineers. Owing to industrial expansion, there has been a rapid growth in the number of boilers and prime-movers in the Province, and it is now necessary to provide a machinery by means of which the use of unsafe boilers can be guarded against. The Bill, which has been modelled on the lines of the Bombay Boiler Inspection Act, 1891, is intended to provide this. Similar Acts, passed in the Local Legislative Councils, are in force in many Provinces ; but, as there is no Legislative Council in the Central Provinces, it is necessary to introduce the Bill in this Council.

"The Bombay Act has been selected as a model, as it is already in force in Berar. It will eventually be necessary, for the sake of uniformity, to apply the Central Provinces Act to Berar, and the course now adopted will, it is anticipated, enable this to be effected with the minimum of administrative inconvenience.

"The provisions of the Bill do not differ materially from those of the Bombay Boiler Inspection Act, and none of the clauses call for any special remarks."

The motion was put and agreed to.

The Hon'ble MR. HEWETT introduced the Bill.

The Hon'ble MR. HEWETT moved that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in the Gazette of India in English and in the Central Provinces Gazette in English and in such other languages as the Local Government thinks fit.

The motion was put and agreed to.

The Council adjourned to Friday, the 18th January, 1907.

J. M. MACPHERSON,  
*Secretary to the Government of India,  
Legislative Department.*

CALCUTTA :  
The 15th December, 1906. }

*Proceedings of the Council of the Governor General of India, assembled for the purpose of making Laws and Regulations under the provisions of the Indian Councils Acts, 1861 and 1892 (24 & 25 Vict., c. 67, and 55 & 56 Vict., c. 14).*

The Council met at Government House, Calcutta, on Friday, the 18th January 1907.

PRESENT:

- His Excellency the Earl of Minto, P.C., G.C.M.G., G.M.S.I., G.M.I.E., Viceroy and Governor General of India, *presiding*.  
The Hon'ble Sir Denzil Ibbetson, K.C.S.I.  
The Hon'ble Mr. H. Erle Richards, K.C.  
The Hon'ble Mr. E. N. Baker, C.S.I.  
The Hon'ble Major-General C. H. Scott, C.B., R.A.  
The Hon'ble Sir Harvey Adamson, K.T., C.S.I.  
The Hon'ble Mr. J. F. Finlay, C.S.I.  
The Hon'ble Mr. Gopal Krishna Gokhale, C.I.E.  
The Hon'ble Mr. A. A. Apcar, C.S.I.  
The Hon'ble Mr. W. T. Hall, C.S.I.  
The Hon'ble Nawab Bahadur Khwaja Salimulla of Dacca, C.S.I.  
The Hon'ble Nawab Saiyid Muhammad Sahib Bahadur.  
The Hon'ble Munshi Madho Lal.  
The Hon'ble Mr. Gangadhar Rao Madhav Chitnavis, C.I.E.  
The Hon'ble Sir S. W. Edgerley, K.C.V.O., C.I.E.  
The Hon'ble Mr. F. A. Slacke.  
The Hon'ble Mr. H. A. Sim, C.I.E.  
The Hon'ble Tikka Sahib Ripudaman Singh of Nabha.  
The Hon'ble Dr. Rashbehari Ghose, C.I.E., D.L.

NEW MEMBER.

The Hon'ble DR. RASHBEHARI GHOSE took his seat as an Additional Member of Council.

QUESTIONS AND ANSWERS.

The Hon'ble NAWAB BAHADUR KHWAJA SALIMULLA OF DACCA asked:—

“Will Government be pleased to state what action is to be taken should the total abolishment of the Government opium revenue at the instance of the Anti-Opium party in England be decided upon? Is Government prepared to support

## QUESTIONS AND ANSWERS.

[*Nawab Bahadur Khwaja Salimulla of Dacca*; [18TH JANUARY 1907.]  
*Mr. Baker*; *Sir Harvey Adamson.*]

the Secretary of State's statement made in the House of Commons as to the desirability of the English Parliament making good to India the loss of revenue which will be brought about if the persistent efforts of the Anti-Opium party in Parliament are successful?"

The Hon'ble MR. BAKER replied:—

"The proposals of the Chinese Government in regard to Indian opium have only recently been received, and are under consideration. The Government of India think that there would be no advantage in anticipating the result of the negotiations. With reference to the second part of the question, it does not appear from the report of Mr. Morley's speech in the House of Commons on the 30th May 1906 that he made any such definite statement as is implied in the question."

The Hon'ble NAWAB BAHADUR KHWAJA SALIMULLA OF DACCA asked:—

"Will Government be pleased to state whether it is a fact that the Government of Madras has sanctioned a grant of Rs. 30,000 for the publication of Dr. Pope's Tamil Lexicon? If so, will Government be pleased to move the Government of the United Provinces to give similar encouragement to the compilation and completion of the Urdu Lexicon—*The Amir ul Logat?*"

The Hon'ble SIR HARVEY ADAMSON replied:—

"The Madras Government recently submitted proposals to the Secretary of State for the payment by the Government of £400 a year for five years as a contribution towards the cost of compiling and publishing a Tamil-English lexicon, the materials for which have been collected by Mr. Pope of Oxford University. The Secretary of State has however withheld his sanction pending a further consideration of the scheme and of its probable cost. The Government of India have no information regarding the Urdu lexicon—the *Amir ul Logat.*"

The Hon'ble NAWAB BAHADUR KHWAJA SALIMULLA OF DACCA asked:—

"Has the attention of the Government been drawn to a recent decision of the High Court of Bombay which has declared railway receipts not negotiable, and, if so, is it the intention of Government to take measures to legalise the negotiability of such receipts?"



QUESTIONS AND ANSWERS.

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[18TH JANUARY 1907.] [Mr. Finlay; Nawab Bahadur Khwaja Salimulla of  
Dacca; Sir Harvey Adamson.]

The Hon'ble MR. FINLAY replied—

"The Government are aware that railway receipts are not negotiable. The question of making them negotiable instruments has been considered several times and hitherto the Government have refused to propose legislation with that object, one of the main reasons for the decision being the great diversity of opinion among the commercial community. If commercial opinion ever asks for the change in the law with some approach to unanimity, the Government will be willing to consider the question again."

The Hon'ble NAWAB BAHADUR KHWAJA SALIMULLA OF DACCA asked:—

"Having regard to the fact that the Bengal Government was unable to reply to a question on the subject asked at the meeting of its Legislative Council on the 10th November last; will Government be pleased to state the exact stage at which the Calcutta Improvement Trust Scheme has arrived, and whether it will be possible to place the official papers regarding this subject on the Council table at an early date?"

The Hon'ble SIR HARVEY ADAMSON replied—

"A summary of the Calcutta Improvement Scheme as provisionally approved by the Government of India was referred in July 1905 for the opinions of the Municipal Corporation and other local bodies concerned, and the papers were then published. It is understood that those opinions have been received and considered by the Government of Bengal and that His Honour the Lieutenant-Governor is about to address the Government of India on the subject. No papers can be placed upon the Council table at present."

The Hon'ble NAWAB BAHADUR KHWAJA SALIMULLA OF DACCA asked:—

"Having regard to the objection taken by certain members of the Bengal Legislative Council at its meeting of the 10th November last to the introduction in that Council of the Bill for the amendment of the Bengal Tenancy Act of 1885, on the grounds that the Council is unable now to legislate for the Province of Eastern Bengal and Assam and that it is desirable that the amendments to be made by the Bill should apply to that Province also, will Government be pleased to state whether there is any objection to the withdrawal of the Bill from the local Council and its introduction in the Legislative Council of the Government of India?"

[Sir Denzil Ibbetson; Nawab Bahadur Khwaja [18TH JANUARY 1907.]  
Salimulla of Dacca; Mr. Baker.]

The Hon'ble SIR DENZIL IBBETSON replied :—

"The question whether the Bill for the amendment of the Bengal Tenancy Act should be introduced in the Local or in the Imperial Council was duly considered by the Government of India when the draft Bill first came before them. They decided that the proposed legislation should be undertaken in the Provincial Council; mainly because the detailed examination of the Bill by the officers of Eastern Bengal and Assam which would have been necessary before the Bill could have been introduced to apply to both provinces would have involved a delay which it was important to avoid; but partly also because the different conditions of the two provinces may render advisable some small variations in the detailed provisions of the Act as it will be passed for Bengal, before it is applied to the sister province. But before sanctioning its introduction in the Bengal Council, the Government of India consulted the Government of Eastern Bengal and Assam, and ascertained that it accepted the principles and main provisions of the Bill, and was prepared to introduce similar legislation as soon as the Bengal Bill had been passed. The present Lieutenant-Governor announced his intention of adopting this course, in the meeting of his Legislative Council of the 18th December 1906.

"On general grounds, it is always advisable that the Imperial Council should be relieved of legislation which a Provincial Council is competent to undertake; and this is especially desirable in the case of Tenancy legislation, where, as the Hon'ble Babu Jogendra Nath Mukharjee pointed out when the Bengal Bill was introduced, it is most important that the Bill should be considered by men who are intimately acquainted with local conditions, and immediately representative of the interests which will be affected."

The Hon'ble NAWAB BAHADUR KHWAJA SALIMULLA OF DACCA asked :—

"Has the attention of the Government been drawn to the statement in the *Englishman* of the 10th November last where it is stated that it is proposed to make a rule that in future officiating service will count for pension. Will Government be pleased to state whether it is a fact that a definite conclusion has been arrived at in this matter? And, if so, will Government be pleased to place the papers regarding the same on the Council table?"

The Hon'ble MR. BAKER replied :—

"Certain proposals on this subject were submitted to the Government of India by the Government of Bengal in August last and were referred back to

QUESTIONS AND ANSWERS.

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[18TH JANUARY 1907.] [*Mr. Baker; Nawab Bahadur Khwaja Salimulla of Dacca; Sir Harvey Adamson.*]

the Local Government for further information. No decision has yet been arrived at."

The Hon'ble NAWAB BAHADUR KHWAJA SALIMULLA OF DACCA asked:—

"Will Government be pleased to lay on the Council table a statement showing—

- (a) the approximate number of men employed in the Subordinate and Ministerial service of the Revenue, Judicial, Educational, Medical, Postal and Telegraph Departments of the various Local Governments;
- (b) the maximum pay drawn in each grade of the service of such Departments; and
- (c) the date when the number and pay of the men in such Departments were last increased?"

The Hon'ble SIR HARVEY ADAMSON replied:—

"A statement showing the number of employes drawing Rs. 75 and upwards in the Departments mentioned was published in the Gazette of India of the 4th June 1904. The fuller information now asked for could not be furnished without an expenditure of time and labour which the Government of India cannot regard as commensurate with its probable utility."

The Hon'ble NAWAB BAHADUR KHWAJA SALIMULLA OF DACCA asked:—

"Will Government be pleased to state whether it is a fact that the amounts payable for tentage and travelling allowance (and particularly permanent travelling allowance) to Deputy Collectors and Magistrates, and officers of other Departments of the Provincial Service, are less than those payable to officers who are Civilians or members of the recently organized Police Department, and, if so, will Government be pleased to state the reason for this difference?"

The Hon'ble MR. BAKER replied:—

"The broad principle on which travelling allowances are fixed is that they should be sufficient, but not more than sufficient, to cover the expenses which an officer of any particular class may reasonably be expected to incur in travelling on the public service. A similar principle applies to tentage, which is confined to the Madras and Bombay Presidencies, and which is intended to

[Mr. Baker; Nawab Bahadur Khwaja Salimulla [18TH JANUARY 1907.]  
of Dacca; Mr. Finlay.]

enable officers to provide themselves with the tents they require for their official duties.

"It is the case that officers of the Imperial branches of the service ordinarily receive higher rates of travelling allowance than those of the Provincial branch. The reason for this is that, in the opinion of Government, the reasonable expenses of travelling are greater in the former case than in the latter.

"No change has been made in the rates of travelling allowance admissible to officers of the Police Department under the recent reorganization."

The Hon'ble NAWAB BAHADUR KHWAJA SALIMULLA OF DACCA asked:—

"Will Government be pleased to state whether any *ad interim* report has been made to Government by the Hon'ble Mr. K. G. Gupta, I.C.S., on Special Duty on fisheries and fish supply of Bengal? If not, has Government observed that certain comments have been made in the public papers regarding what appears to be derived from Mr. Gupta's investigation?"

The Hon'ble MR. FINLAY replied:—

"No *ad interim* report has been made by Mr. K. G. Gupta on the fisheries of Bengal, but he has submitted one progress report to the Government of Bengal. The Government have not observed any comments in the public newspapers on the subject."

The Hon'ble NAWAB BAHADUR KHWAJA SALIMULLA OF DACCA asked:—

"Will Government be pleased to state—

- (a) whether any and what correspondence has taken place between the Government of India and the Secretary of State regarding the disability and hardship suffered by British Indian subjects in the Transvaal and Natal;
- (b) whether the attention of Government has been drawn to the memorial of the British Indian Association of the Transvaal to the Secretary of State for the Colonies with reference to the Vrededopp Stands Ordinance of 1906 published in the *Transvaal Government Gazette* dated 28th September, praying *inter alia* that His Majesty the King-Emperor may disallow the Ordinance?

"Will Government be pleased to place on the Council table any correspondence or papers on this subject?"

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[18TH JANUARY 1907.] [*Mr. Finlay; Nawab Bahadur Khwaja Salimulla of Dacca; Sir Harvey Adamson.*]

The Hon'ble MR. FINLAY replied :—

“(a) The Government of India have from time to time communicated with the Secretary of State regarding the treatment of British Indians in the Transvaal and Natal. Full information on the subject in regard to both Colonies up to the beginning of 1905 was given to this Council in Lord Curzon's speech in the Budget Debate on the 29th of March 1905. Lord Curzon then summarised the correspondence and described the action taken by the Government of India up to that time. As that speech is accessible to Hon'ble Members, I need not repeat what Lord Curzon said. The only addition I need make is to lay on the table a copy of the despatch of the 20th of July 1904 from the Secretary of State for the Colonies to the Government of the Transvaal.

“ There has been correspondence with the Secretary of State subsequent to 1904 on the same subject, but it cannot yet be made public.

“ The Government of India have, however, consistently pursued the policy indicated by Lord Curzon, and have lost no opportunity of pleading the cause and doing all in their power to protect the interests of British Indians in South Africa.

“(b) The Government of India have received no information in regard to the memorial of the British Indian Association of the Transvaal referred to by the Hon'ble Member.”

The Hon'ble NAWAB BAHADUR KHWAJA SALIMULLA OF DACCA asked :—

“(a) Will Government be pleased to state whether any correspondence has recently taken place between the Government and the Secretary of State regarding the question of separation of the magisterial and executive duties of Revenue-officers ?

“(b) Will Government be pleased, before it finally resolves on such separation, to institute a proper and thorough enquiry by an independent Commission and have up to date evidence recorded of men and officers having personal experience ?

“(c) Will Government be pleased to wait and see the actual result of the experiment of such separation, tried in some of the Native States, before it takes final action in British India ?”

The Hon'ble SIR HARVEY ADAMSON replied :—

“ The Government of India have not yet addressed the Secretary of State regarding the separation of magisterial and executive duties. A large mass of

[*Sir Harvey Adamson; Nawab Bahadur Khwaja [18TH JANUARY, 1907.]*  
*Salimulla of Dacca; Mr. Baker.*]

evidence has been collected, and until this is digested the Government of India are unable to say what action will be taken."

The Hon'ble NAWAB BAHADUR KHWAJA SALIMULLA OF DACCA asked:—

"Has the attention of Government been drawn to an article in the *Pioneer* of the 24th November last concerning the Indian Account Department? Will Government be pleased to appoint a small Commission of Government expert officers and one or two gentlemen of mercantile and business experience with a view to re-organization of the mode and method of keeping Government accounts so as to make them suitable to the present times?"

The Hon'ble MR. BAKER replied:—

"Government have observed the article in question, which does not however appear to them to call for any special notice. They do not consider that any occasion exists for appointing a Committee to enquire into the accounts system, which is under expert supervision, and is adapted to the conditions of the country."

#### CORONERS (AMENDMENT) BILL.

The Hon'ble SIR HARVEY ADAMSON moved for leave to introduce a Bill further to amend the Coroners Act, 1871, and the Prisoners Act, 1900. He said:—"The grounds of the proposed legislation are fully set forth in the Statement of Objects and Reasons, to which I have nothing to add."

The motion was put and agreed to.

The Hon'ble SIR HARVEY ADAMSON introduced the Bill.

The Hon'ble SIR HARVEY ADAMSON moved that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in English in the Gazette of India, and in the Bombay Government Gazette, and the Calcutta Gazette.

The motion was put and agreed to.

The Council adjourned to Friday, the 1st February, 1907.

J. M. MACPHERSON,  
*Secretary to the Government of India,*  
*Legislative Department.*

CALCUTTA:

The 18th January 1907. }

*Proceedings of the Council of the Governor General of India, assembled for the purpose of making Laws and Regulations under the provisions of the Indian Councils Acts, 1861 and 1892 (24 & 25 Vict., c. 67, and 55 & 56 Vict., c. 14).*

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The Council met at Government House, Calcutta, on Friday, the 1st February 1907.

PRESENT:

- His Excellency the Earl of Minto, P.C., G.C.M.G., G.M.S.I., G.M.I.E., Viceroy and Governor General of India, *presiding*.  
His Excellency General Viscount Kitchener of Khartoum, G.C.B., O.M., G.C.M.G., Commander-in-Chief in India.  
The Hon'ble Sir Denzil Ibbetson, K.C.S.I.  
The Hon'ble Mr. H. Erle Richards, K.C.  
The Hon'ble Mr. E. N. Baker, C.S.I.  
The Hon'ble Major-General C. H. Scott, C.B., R.A.  
The Hon'ble Sir Harvey Adamson, K.T., C.S.I.  
The Hon'ble Mr. J. F. Finlay, C.S.I.  
The Hon'ble Mr. Gopal Krishna Gokhale, C.I.E.  
The Hon'ble Mr. A. A. Apcar, C.S.I.  
The Hon'ble Mr. W. T. Hall, C.S.I.  
The Hon'ble Nawab Saiyid Muhammad Sahib Bahadur.  
The Hon'ble Munshi Madho Lal.  
The Hon'ble Mr. Gangadhar Rao Madhav Chitnavis, C.I.E.  
The Hon'ble Sir S. W. Edgerley, K.C.V.O., C.I.E.  
The Hon'ble Mr. H. W. W. Reynolds.  
The Hon'ble Mr. H. A. Sim, C.I.E.  
The Hon'ble Tikka Sahib Ripudaman Singh of Nabha.  
The Hon'ble Dr. Rashbehari Ghose, C.I.E., D.L.

NEW MEMBER.

The Hon'ble MR. REYNOLDS took his seat as an Additional Member of Council.

QUESTIONS AND ANSWERS.

The Hon'ble TIKKA SAHIB RIPUDAMAN SINGH OF NABHA asked:—

“ Will Government be pleased to state what decision has been arrived at with regard to the Imperial Service Troops as referred to in Lord Curzon's speech at the Daly College, Indore, on the 4th November 1905 ?

[The Commander-in-Chief; Tikka Sahib of Nabha; [1ST FEBRUARY 1907.]  
Sir Harvey Adamson.]

His Excellency THE COMMANDER-IN-CHIEF replied :—

“ The offers made by the Chiefs in response to Lord Curzon's appeal were submitted for the consideration of His Majesty's Secretary of State for India in pursuance of whose instructions each offer is now being considered separately in consultation with the Chief concerned.”

The Hon'ble TIKKA SAHIB RIPUDAMAN SINGH OF NABHA asked :—

“ With reference to the Typhoid Commission recently appointed, will the Government be good enough to state the nature of the enquiries ordered and the class of persons from whom information is sought? ”

His Excellency THE COMMANDER-IN-CHIEF replied :—

“ The terms of the orders appointing the Committee specified that it was ' for the purpose of investigating and advising on the incidence of Enteric fever in India and its prophylaxis.' ”

“ Up to the present the questions considered by the Committee have included diagnosis and statistical returns; infection by water, milk, foods, dust, flies, etc., infection from outside sources, sewage disposal, and from washing of clothes; sanitary inspection and supervision, anti-typhoid inoculation, and certain technical bacteriological questions.

“ Information has been and is being obtained from Medical officers of both services, from General and other officers commanding, from Engineer officers, the Inspecting officers of cantonments and the Anti-typhoid Inoculation Committee in London.”

The Hon'ble TIKKA SAHIB RIPUDAMAN SINGH OF NABHA asked :—

“ Will Government be pleased to state what stage the scheme of the Tata Research Institute has reached? ”

The Hon'ble SIR HARVEY ADAMSON replied :—

“ A scheme drawn up in accordance with the Charitable Endowments Act for the administration of the Tata Research Institute has recently been submitted to the Government of India by the Solicitors of the Tata family. It has been framed in consultation with Dr. Morris Travers, F.R.S., who has recently been appointed Director of the Institute, and the Government of India propose to take it into consideration as soon as they receive a further communication from the Mysore Darbar regarding the site of the buildings.”



[1ST FEBRUARY 1907.] [Tikka Sahib of Nabha ; Sir Harvey Adamson ; Mr. Chitnavis ; Mr. Richards ; Mr. Finlay.]

The Hon'ble TIKKA SAHIB RIPUDAMAN SINGH OF NABHA asked :—

“ Will Government be pleased to state the results of the enquiries of the ‘Plague Research Commission’ appointed some time since ? ”

The Hon'ble SIR HARVEY ADAMSON replied :—

“ A preliminary report on the investigations of the Plague Research Committee has been published recently under their authority in a special number of the *Journal of Hygiene*. A copy of this is laid upon the table.”

The Hon'ble MR. GANGADHAR RAO MADHAV CHITNAVIS asked :—

“ Has Government received a memorial from the people of Nagpur and several other districts of the Central Provinces, praying for the extension of the right of election to the Local Bodies in the matter of the appointment of a member for those Provinces to the Imperial Legislative Council of India ? What action does Government propose to take in the matter ? ”

The Hon'ble MR. RICHARDS replied :—

“ The memorial referred to by the Hon'ble Member has been received, and will be taken into consideration in due course. Government is not at present in a position to make any statement in regard to it.”

The Hon'ble MR. GANGADHAR RAO MADHAV CHITNAVIS asked :—

“ Has the attention of Government been drawn to the Resolution of the Second Industrial Conference praying for the early publication of the Report of the Indian Stores Committee ? Will Government be pleased to state when it proposes to publish the Report, whether before or after the passing of final orders by Government ? ”

“ Does Government not think it desirable that Reports of Committees of Inquiry should be published before final orders are passed by Government to enable the public to offer suggestions which may also be considered by Government along with the Reports ? ”

The Hon'ble MR. FINLAY replied :—

“ The attention of Government has been drawn to the Resolution of the second Industrial Conference praying for the early publication of the Report of the Indian Stores Committee. Government are not in a position to state when the Report will be published.

“ Government are unable to lay down any definite rule in the matter, but will consider each case on its own merits.”

[*Mr. Chitanavis; Mr. Finlay; Mr. Gokhale; Sir Harvey Adamson.*] [1ST FEBRUARY 1907.]

The Hon'ble MR. GANGADHAR RAO MADHAV CHITNAVIS asked :—

“ Is it a fact that the present scale of pay of the subordinate Postal establishment was fixed over thirty years ago? Have prices and wages increased since then? Is it a fact that salaries have been increased in other Departments on that ground? If so, will Government be pleased to revise the scale of pay of the subordinate Postal establishment, so as to make due allowance for the increased cost of living? ”

The Hon'ble MR. FINLAY replied :—

“ It is not the case that the present scales of pay of the subordinate Postal establishment were fixed over thirty years ago. As regards the salaries of postmen, village postmen, peons, and packers,—who form the bulk of the subordinate establishment,—the following information gives an abstract of the changes which have been made during recent years, and shows a continuous improvement in the conditions of the service of these officials. In 1897, 11 per cent. of the postmen and village postmen were in receipt of less than Rs. 7 a month, in 1906 practically none. In 1897, 34 per cent. drew less than Rs. 8 a month; in 1906, in spite of the transfer to Imperial from provincial and local funds of a large number of postmen and village postmen on low pay, the percentage has fallen to 19. In 1897, 66 per cent. drew less than Rs. 9 a month; in 1906, 45 per cent. In 1897 only 18 per cent. were drawing Rs. 10 or higher pay; in 1906, 34 per cent. In the case of peons and packers, in 1897 12 per cent. were drawing less than Rs. 6 a month; in 1906 practically none. In 1897, 45 per cent. were drawing less than Rs. 7 a month; in 1906 only 23 per cent.

“ Similar information in respect of the remainder of the subordinate establishment is not available, and could not be obtained without an expenditure of time and labour incommensurate with any advantages to be derived from its preparation. In the circumstances, replies to the other questions asked by the Hon'ble Member in connection with this subject do not appear to be necessary.”

The Hon'ble MR. GOKHALE asked :—

“ Will Government be pleased to lay on the table a Return, showing the annual expenditure on Primary Education for the last five years from (a) Provincial Revenues; (b) Local Funds, (c) Municipal Funds, (d) Fees, and (e) Other sources? ”

The Hon'ble SIR HARVEY ADAMSON replied :—

“ The statement asked for by the Hon'ble Member is laid upon the table. \* ”

\* *Vide Appendix A.*

[1ST FEBRUARY 1907.] [Mr. Gokhale; The Commander-in-Chief; Mr. Baker.]

The Hon'ble MR. GOKHALE asked :—

“ Will Government be pleased to state if commissions have been granted since last March to any more members of the Cadet Corps, and, if so, where these men have been posted and what are their prospects of being entrusted with regimental duties in the Indian Army ? ”

His Excellency THE COMMANDER-IN-CHIEF replied :—

“ Commissions have recently been granted to four more members of the Imperial Cadet Corps, namely :—

Khan Muhammad Akbar Khan of Hoti.

Malik Mumtaz Muhammad Khan of Shahpur.

Banwar Prithi Singh of Kota.

Bala Sahib Daphle of Jath.

“ It is proposed to post the three first-named officers to the Frontier Militia, the Division of the Chief of the Staff, and the Supply and Transport Corps, respectively, and Lieutenant Bala Sahib Daphle is being attached to a native infantry regiment for a further period of military instruction.

“ The question of these officers being given regimental employment in the Indian Army has not yet arisen.”

#### PRESIDENCY BANKS (AMENDMENT) BILL.

The Hon'ble MR. BAKER presented the Report of the Select Committee on the Bill further to amend the Presidency Banks Act, 1876.

The Council adjourned to Friday, the 15th February 1907.

J. M. MACPHERSON,  
*Secretary to the Government of India,  
Legislative Department.*

CALCUTTA;  
The 1st February 1907. }

## APPENDIX.

### APPENDIX A.\*

*\* Expenditure on Primary Schools in British India for the quinquennium ending 31st May 1906.*

Year.	Provincial revenues.	Local funds.	Municipal funds.	Fees.	Other sources.
	Rs.	Rs.	Rs.	Rs.	Rs.
1901-02 . .	16,27,947	36,44,386	7,76,485	31,15,211	27,11,730
1902-03 . .	20,48,908	44,14,151	8,68,527	33,54,122	29,41,518
1903-04 . .	20,13,920	46,68,499	8,46,997	32,24,069	29,56,723
1904-05 . .	24,08,098	45,42,045	9,29,784	31,65,391	27,50,891
1905-06 . .	26,39,270	49,52,821	9,85,703	32,25,889	27,91,262

*Vide p. 32.*

*Proceedings of the Council of the Governor General of India, assembled for the purpose of making Laws and Regulations under the provisions of the Indian Councils Acts, 1861 and 1892 (24 & 25 Vict., c. 67, and 55 & 56 Vict., c. 14).*

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The Council met at Government House, Calcutta, on Friday, the 15<sup>th</sup> February 1907.

PRESENT:

- His Excellency the Earl of Minto, P.C., G.C.M.G., G.M.S.I., G.M.I.E., Viceroy and Governor General of India, *presiding*.  
His Honour Sir A. H. L. Fraser, K.C.S.I., Lieutenant-Governor of Bengal.  
His Excellency General Viscount Kitchener of Khartoum, G.C.B., O.M., G.C.M.G., Commander-in-Chief in India.  
The Hon'ble Sir Denzil Ibbetson, K.C.S.I.  
The Hon'ble Mr. H. Erle Richards, K.C.  
The Hon'ble Mr. E. N. Baker, C.S.I.  
The Hon'ble Major-General C. H. Scott, C.B., R.A.  
The Hon'ble Sir Harvey Adamson, K.T., C.S.I.  
The Hon'ble Mr. A. A. Apcar, C.S.I.  
The Hon'ble Mr. S. Ismay, C.S.I.  
The Hon'ble Mr. W. T. Hall, C.S.I.  
The Hon'ble Sir Rameshwara Singh, K.C.I.E., Maharaja Bahadur of Darbhanga.  
The Hon'ble Mr. Gangadhar Rao Madhav Chitnavis, C.I.E.  
The Hon'ble Sir S. W. Edgerley, K.C.V.O., C.I.E.  
The Hon'ble Mr. H. W. W. Reynolds.  
The Hon'ble Mr. F. A. Slacke.  
The Hon'ble Mr. H. A. Sim, C.I.E.  
The Hon'ble Tikka Sahib Ripudaman Singh of Nabha.

QUESTIONS AND ANSWERS.

The Hon'ble MR. CHITNAVIS asked:—

“Adverting to that portion of my question regarding the pay of the postal establishment that remained unanswered at the last Council meeting, I beg permission to ask if it is a fact that the present scale of pay of postal employes below the rank of superintendents was fixed in 1875 and whether that scale has since then been revised, considering the rise in wages and prices. If not, will Government be pleased to consider the advisability of revising the scale of such employes, so as to make some allowance for the increased cost of living?”

[*Mr. Baker; Mr. Chitanavis; Sir Harvey [15TH FEBRUARY 1907.] Adamson.*]

The Hon'ble MR. BAKER replied :—

“ It is not the case that the present scale of pay of postal employés below the rank of superintendent was fixed in 1875. The scales of pay of these servants are constantly being revised ; and, as already stated, it would be impossible to give more detailed information in respect of this matter without an expenditure of time and labour incommensurate with the advantages to be derived from the collection of statistical information on the subject.”

The Hon'ble MR. CHITNAVIS asked :—

“ In view of the facts that the Ayurvedic Materia Medica and the Yunani Materia Medica are rich and valuable, and that with the decadence of the Indian systems of treatment they have come to be neglected, will Government be pleased to say if there is any arrangement for the compilation and publication of the most up-to-date information of indigenous drugs and whether Government thinks such information is necessary ? If so, will Government be pleased to consider the advisability of constituting Boards of experts at convenient centres for such purpose or compiling such information in any other way as it may think best ? ”

The Hon'ble SIR HARVEY ADAMSON replied :—

“ The desirability of collecting information regarding indigenous drugs has been recognised by the Government of India for some years past. A collection of papers relating to the subject is laid upon the table.\* The work is now in charge of a Central Committee of six members presided over by the Professor of Materia Medica in the Calcutta Medical College.”

#### PRESIDENCY BANKS (AMENDMENT) BILL.

The Hon'ble MR. BAKER moved that the Report of the Select Committee on the Bill further to amend the Presidency Banks Act, 1876, be taken into consideration. He said :—“ I will take the opportunity of offering some observations on one point which is not referred to in the Report—I mean the question of allowing the Presidency Banks to borrow in London.

“ Disappointment has been expressed by the Chambers of Commerce that this proposal, which had been under consideration for some time, should have been abandoned; and some of them have asked for a statement of the reasons which have led to this result. The request is reasonable, and I shall endeavour to comply with it.

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\* Not printed.

[15TH FEBRUARY 1907.] [Mr. Baker.]

“ At the outset, I may observe that the question is one on which there is a good deal to be said on both sides. The financial advisers of the Government of India at different times have held different views regarding it; and when we find such high authorities as Mr. Barclay Chapman and Sir John Strachey holding one opinion, while Sir James Westland held a contrary one, and Sir Clinton Dawkins only assented to the proposal on conditions which were quite unacceptable to the Banks, a cautious person would probably be disposed to regard it with prudent reserve. But there is one authority which, since the proposal was first originated over forty years ago, has never wavered in his views on the subject, and that is the Secretary of State. Now I would remind the Council that the Secretary of State has access to the highest expert banking advice in London, *i.e.*, probably in the world, and it is a well-known fact that, acting on that advice, each successive Secretary of State to whom the proposal has been submitted has refused to entertain it. This fact, I think, possesses no small significance.

“ The reasons for not adopting the proposal are these: Firstly, it is not clear that to give the Presidency Banks access to London would really increase the net aggregate facilities for importing capital into India. The Exchange Banks with their large capital and resources collected from many parts of the world, and free from the special restrictions which necessarily attach to the Presidency Banks, possess ample facilities for supplying all the capital that Indian trade requires. To admit the Presidency Banks into this class of business would add a new channel of import, but would in no way increase the supply of capital offering. If it is the case that the total funds imported to India in the busy season would not be increased by the means in question, it is preferable in the public interest that the business should be left to the Exchange Banks, rather than that the Presidency Banks should be enabled to embark upon it. This I shall now endeavour to show.

“ I am not now referring to the risks which were formerly held to attach to engaging in foreign exchange business. That objection was a powerful one in former days; but with a stable exchange, it has lost almost all its force. The objections to which I allude are of a different character.

“ It is of course well understood that the Presidency Banks could not legitimately be allowed to receive deposits or engage in ordinary banking business in London. If therefore they were allowed access to London, it would mean merely that they would be permitted to borrow in that market (subject to certain restrictions), to remit the funds thus borrowed to India, and, after the term of the loan had expired, to return the money to London for repayment. In

other words, all sums thus brought out to India by the Presidency Banks would have to be remitted back to London, after a comparatively short interval. Now with the Exchange Banks, that is not wholly the case. Part of what they import no doubt goes back again; but part of it at least remains in this country, even during the slack season. This has been shown among other things by the comparatively small reflux of gold which has taken place each year at the end of the busy season. The capital, which thus remains in India, and is not re-exported, is available for investment in our rupee loans which are always floated in the summer months, and improves the rate which we obtain for them.

“ If therefore we allowed the Presidency Banks to attract to themselves part of the business of importing capital which is now done by the Exchange Banks, one result would be that the issue price of Government loans would be likely to suffer.

“ Another result of analogous character would be that the average rate obtained for the Secretary of State's Council drawings would probably be lowered. The necessity for returning the money to London when the busy season was over would depress exchange during the slack months. And this would not be counterbalanced by a rise during the busy months, for during the latter, exchange is always high and could not be raised appreciably higher without touching specie point. The net result for the whole twelve months would thus be a fall.

“ A third objection is that a Presidency Bank which had taken a sterling loan for a fixed term might be forced to denude itself of resources in a time of stringency in order to repay it when due. This danger may be regarded as theoretical rather than practical; but it is a contingency which cannot be wholly overlooked in a general review of the position.

“ Lastly, we have to consider the effect on the Exchange Banks themselves of permitting the Presidency Banks to embark upon even a limited competition with them in financing the foreign trade of the country. The Exchange Banks play a most important part in providing for the requirements of this trade, and hitherto they have, I believe, discharged their functions to the general satisfaction of the commercial public. They have of course no claim to be protected against competition in their business, but the competition must be on equal terms, and they might fairly complain if they were required to enter the lists against a State-aided competitor. It has sometimes been affirmed that the use of the Government balances free of interest, and the general prestige which



[15TH FEBRUARY 1907.] [Mr. Baker.]

attaches to the position of State bankers, are of comparatively little value, and are counterbalanced by the restrictions which are imposed by the law and the contracts made thereunder. I do not think that rivals in the same field can be expected to regard the matter in the same light. The Government balances are usually about 3 crores of rupees, say  $\frac{1}{4}$ ths of the aggregate paid up capital of the three Presidency Banks, taken together. It cannot reasonably be disputed that the free use of this very large sum must be of the greatest value to the Banks; and I may mention that occasions have occurred, not so very long ago, when the Government balances at one or other of the Banks actually exceeded its whole cash resources. If the Exchange Banks are apprehensive of having to encounter such powerfully aided competitors, one cannot regard their apprehension as altogether unreasonable.

“ These, my Lord, are the reasons which have led to the decision not to pursue the proposal to give the Presidency Banks power to borrow in London. We all sympathise with the desire of the Chambers of Commerce to afford facilities for the easy provision of cheap capital; but it is open to doubt whether this particular measure would really increase existing facilities, while it is likely to be attended by drawbacks and disadvantages of its own.

“ I do not think I need offer any remarks on any other provisions of the Bill.”

The motion was put and agreed to.

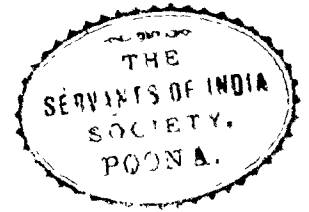
The Hon'ble MR. BAKER moved that the Bill as amended be passed.

The motion was put and agreed to.

The Council adjourned to Friday, the 1st March 1907.

J. M. MACPHERSON,  
Secretary to the Government of India,  
Legislative Department.

CALCUTTA; }  
The 15th February 1907. }



*Proceedings of the Council of the Governor General of India, assembled for the purpose of making Laws and Regulations under the provisions of the Indian Councils Acts, 1861 and 1892 (24 & 25 Vict., c. 67, and 55 & 56 Vict., c. 14).*

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His Excellency General Viscount Kitchener of Khartoum, G.C.B., O.M., G.C.M.G., Commander-in-Chief in India.  
The Hon'ble Mr. H. Erle Richards, K.C.  
The Hon'ble Mr. E. N. Baker, C.S.I.  
The Hon'ble Major-General C. H. Scott, C.B., R.A.  
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The Hon'ble Mr. J. F. Finlay, C.S.I.  
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The Hon'ble Mr. S. Ismay, C.S.I.  
The Hon'ble Mr. W. T. Hall, C.S.I.  
The Hon'ble Nawab Bahadur Khwaja Salimulla of Dacca, C.S.I.  
The Hon'ble Nawab Saiyid Muhammad Sahib Bahadur.  
The Hon'ble Sir Rameshwara Singh, K.C.I.E., Maharaja Bahadur of Darbhanga.  
The Hon'ble Munshi Madho Lal.  
The Hon'ble Mr. Gangadhar Rao Madhav Chitnavis, C.I.E.  
The Hon'ble Sir S. W. Edgerley, K.C.V.O., C.I.E.  
The Hon'ble Mr. H. W. W. Reynolds.  
The Hon'ble Mr. F. A. Slacke.  
The Hon'ble Mr. H. A. Sim, C.I.E.  
The Hon'ble Tikka Sahib Ripudaman Singh of Nabha.  
The Hon'ble Dr. Rashbehari Ghose, C.I.E., D.L.

QUESTIONS AND ANSWERS.

The Hon'ble TIKKA SAHIB RIPUDAMAN SINGH OF NABHA asked :—

“ Will the Government be pleased to lay on the table a statement showing (a) the names of the States which maintain Imperial Service Troops, (b) the annual income of each State, (c) the strength of Imperial troops maintained by it, and (d) its annual cost of maintenance of the Imperial Service Troops ?

[The Commander-in-Chief; Nawab Bahadur Khwaja Salimulla of Dacca; Sir Harvey Adamson.] [1ST MARCH 1907.]

His Excellency THE COMMANDER-IN-CHIEF replied :—

“ I am very glad to be able to do so.”\*

The Hon'ble NAWAB BAHADUR KHWAJA SALIMULLA OF DACCA asked :—

“ Before publishing its final resolution, will Government be pleased to take the public into its confidence and state what it proposes to do as regards the constitution of the Legislative Councils, the amendment of which has now been for some time under the consideration of Government ?

“ Can Government see its way to place on the Council table any papers regarding this matter ? ”

The Hon'ble SIR HARVEY ADAMSON replied :—

“ The Government is not prepared at present to make any pronouncement in the matter or to lay any papers on the table.”

The Hon'ble NAWAB BAHADUR KHWAJA SALIMULLA OF DACCA asked :—

“ Will Government be pleased to state how many 'Councillors of the Empire' have been created since the appointment of those on the Proclamation of our late beloved Queen, as Empress of India, and to give the names of those now living holding this high office ? ”

His Excellency THE COMMANDER-IN-CHIEF replied :—

“ No further nominations to the title of 'Councillor of the Empress' have been made since its creation in 1877. None of the Indian Chiefs and Princes on whom the title was then conferred are now alive.”

The Hon'ble NAWAB BAHADUR KHWAJA SALIMULLA OF DACCA asked :—

“ Has the attention of Government been drawn to the article in the *Moslem Patriot* of Madras dated the 24th January last on Mr. A. C. Rafiqi's pamphlet on 'Inversion of Time', regarding the neglected state of the graves at Rangoon where lie buried Bahadur Shah, the last of the Delhi Emperors, and his Consort ? ”

“ If so, will Government be pleased to move the Government of Burma to reconsider its decision and see to a suitable tomb being raised where lie interred these distinguished personages.”

The Hon'ble SIR HARVEY ADAMSON replied:—

“The attention of the Government of India has not been drawn to any article in the *Moslem Patriot* regarding the state of the grave at Rangoon of the late Bahadur Shah, the last king of Delhi, but as a matter of fact the question of the desirability of suitably marking for historical purposes his burial-place has been for some time past under the consideration of the Government of India and instructions have been sent to the Government of Burma.”

### PROVINCIAL INSOLVENCY BILL.

The Hon'ble MR. ERLE RICHARDS presented the Report of the Select Committee on the Bill to consolidate and amend the Law relating to Insolvency in British India as administered by Courts having jurisdiction outside the Presidency-towns and the Town of Rangoon. He said:—“My Lord, I have on a former occasion explained to this Council the object and the scope of the Provincial Insolvency Bill. As the Council are aware, the Bill in the form in which it was introduced was practically taken from the Chapter on Insolvency in the Bill to amend the Civil Procedure Code as revised by the Select Committee which considered that Bill. In that form it had been twice circulated, but enveloped in a mass of other material it had escaped particular attention. In its present form as a separate Bill it has received more consideration and most useful criticisms have been submitted, not only by the High Courts and by Judges in various parts of India, but also by various legal Associations, headed by the Standing Committee of the Bar of Calcutta. These criticisms have been subjected to a careful examination by the Select Committee, and it will, I think, be found that they have been largely met by the amendments that have been introduced into the Bill. In any measure of legal reform we have to face the difficulty that conditions vary greatly in the different parts of India, and it has been pointed out to us by more than one authority that the Bill as circulated was in advance of the requirements of the more backward areas. We have introduced a provision to meet this difficulty which will, we hope, be found satisfactory. I will not, my Lord, at this stage discuss the particular amendments which are submitted for the consideration of this Council: they are fully dealt with in the Report of the Select Committee, and I shall have an opportunity of explaining them before the session closes. I will content myself today with formally presenting the Report.”

## CENTRAL PROVINCES BOILER INSPECTION BILL.

The Hon'ble MR. FINLAY: "Your Excellency, I have now to ask the Council to take into consideration the Central Provinces Boiler Inspection Bill, which was introduced on December 14. This is a non-contentious Bill, and the comments on the Bill received since its introduction do not indicate the need of any alteration of importance. It is therefore considered unnecessary to refer the Bill to a Select Committee. When the Council accepts the motion I am now about to move, I shall propose three unimportant amendments. I move that the Bill to provide for the inspection of Steam-boilers and Prime-movers and for their management by competent Engineers in the Central Provinces be taken into consideration."

The motion was put and agreed to.

The Hon'ble MR. FINLAY: "The first two amendments that I have to propose are to clause 10, the clause which provides for appeals against a refusal by an inspector to grant a boiler license. These amendments are proposed in consequence of the remarks on the clause made by the Chief Commissioner. They make it clear that the District Magistrate must appoint one or more assessors to aid him in disposing of an appeal, while the Commissioner in hearing an appeal from the order of the District Magistrate may act either with or without the aid of assessors, at his discretion. The Commissioner will have before him the views of the expert assessors who sat with the District Magistrate; and it will often not be necessary for him to call in further expert advice. I move that in sub-clause (1) of clause 10 of the Bill, for the word 'may', in line 1, the word 'shall' be substituted."

The motion was put and agreed to.

The Hon'ble MR. FINLAY moved that in sub-clause (3) of the same clause, for the words and figures "in accordance with the provisions of sub-sections (1) and (2)" the words and figure "to inquire into and determine the appeal, with or without the aid of assessors, as he may think fit, in accordance with the provisions of sub-section (2)" be substituted.

The motion was put and agreed to.

The Hon'ble MR. FINLAY: "The third amendment which I propose reduces to Rs. 50 the sum of Rs. 150 which clause 11 allows the appellate Court to require the owner of the boiler to pay as costs in the case of an unfounded or frivolous appeal. I propose this amendment at the instance of my friend Mr. Chitnavis. The Hon'ble Member naturally takes a special interest in a

[1ST MARCH]1907.]

[*Mr. Finlay.*]

Central Provinces Bill ; and he was good enough to go through the Bill with me a few days ago. We discussed several points, and in the end the Hon'ble Member expressed his willingness to accept the Bill as it stands with one exception. The exception was clause 11, which allows a penalty to be inflicted on the owner if the appellate Court is of opinion that an appeal is unfounded or frivolous. Mr. Chitnavis was apprehensive that this clause might have the effect of unduly restricting resort to the right of appeal from the orders of the inspectors, and he at first proposed that the clause should be omitted altogether. I referred him to the similar sections in the corresponding Acts in force in other Provinces, and said that the provision in question would be used only in extreme cases, and that it was desirable to have some means of discouraging unfounded or frivolous appeals. The Hon'ble Member then said that he would be content if the penalty in the clause were reduced from Rs. 150 to Rs. 50. I accepted this suggestion, with Your Excellency's permission. The reduced penalty will be sufficient to secure the object in view. I move that in clause 11, sub-clause (1), fifth line, for the words 'one hundred and fifty' the word 'fifty' be substituted."

The motion was put and agreed to.

The Hon'ble MR. FINLAY moved that the Bill as amended be passed.

The motion was put and agreed to.

The Council adjourned to Friday, the 15th March 1907.

J. M. MACPHERSON,  
*Secretary to the Government of India,  
Legislative Department.*

CALCUTTA:

*The 1st March 1907.*

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## APPENDIX B.

(Vide page 42.)

States.	Annual Revenue.	Cavalry.	Infantry.	Artillery.	Sappers.	Cameel Corps.	TRANSPORT CORPS.			Annual cost of maintenance of I. S. T.
							Men.	Ponies or Camels.	Carts.	
	Rs.									Rs.
Kashmir	89,00,000	151	2,927	411	...	...	...	...	...	9,20,076
Patiala	61,00,000	601	1,173	...	...	...	...	...	...	6,33,631
Jind	15,00,000	...	578	...	...	...	...	...	...	1,07,892
Nagha	12,00,000	...	595	...	...	...	...	...	...	1,20,347
Kapurthala	13,00,000	...	393	...	...	...	...	...	...	1,23,139
Bahawalpur	24,00,000	...	...	...	...	153	354	929	...	2,00,000
Faridkot	4,00,000	...	...	...	176	...	...	...	...	54,854
Sirmur	5,00,000	...	...	...	194	...	...	...	...	48,119
Maler Kotla	3,00,000	...	...	...	173	...	...	...	...	34,500
Alwar	30,00,000	556	892	...	...	...	...	...	...	4,38,676
Bharatpur	37,00,000	...	516	...	...	...	484	564	399	4,63,980
Jodhpur	50,00,000	745	...	...	...	...	...	...	...	4,18,000
Bikaner	20,00,000	...	...	...	...	485	...	...	...	1,55,557
Jaipur	62,00,000	...	...	...	...	...	800	1,170	544	2,52,001
Rampur	33,00,000	312	...	...	...	...	...	...	...	1,49,238
Gwalior	1,48,00,000	1,879	1,047	...	...	...	537	722 ponies	300	12,90,707
Bhopal	25,00,000	389	...	...	...	...	...	...	...	2,02,097
Indore	48,00,000	200	...	...	...	...	387	385	150	2,41,314
Mysore	2,15,00,000	517	...	...	...	...	497	715	300	6,17,485
Hyderabad	3,59,00,000	772	...	...	...	...	...	...	...	5,01,656
Bhavnagar	30,00,000	295	...	...	...	...	...	...	...	1,79,962
Navanagar	32,00,000	150	...	...	...	...	...	...	...	59,460
Junagarh	27,00,000	100	...	...	...	...	...	...	...	68,541

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The Council met at Government House, Calcutta, on Friday, the 15th March 1907.

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- His Honour Sir A. H. L. Fraser, K.C.S.I., Lieutenant-Governor of Bengal.
- His Excellency General Viscount Kitchener of Khartoum, G.C.B., O.M., G.C.M.G., Commander-in-Chief in India.
- The Hon'ble Mr. H. Erle Richards, K.C.
- The Hon'ble Mr. E. N. Baker, C.S.I.
- The Hon'ble Major-General C. H. Scott, C.B., R.A.
- The Hon'ble Sir Harvey Adamson, K.T., C.S.I.
- The Hon'ble Mr. J. F. Finlay, C.S.I.
- The Hon'ble Mr. J. O. Miller, C.S.I.
- The Hon'ble Mr. Gopal Krishna Gokhale, C.I.E.
- The Hon'ble Mr. A. A. Apcar, C.S.I.
- The Hon'ble Mr. S. Ismay, C.S.I.
- The Hon'ble Mr. W. T. Hall, C.S.I.
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- The Hon'ble Mr. H. W. W. Reynolds.
- The Hon'ble Mr. F. A. Slacke.
- The Hon'ble Mr. H. A. Sim, C.I.E.
- The Hon'ble Tikka Sahib Ripudaman Singh of Nabha.
- The Hon'ble Dr. Rashbehary Ghose, C.I.E., D.L.

PROVINCIAL INSOLVENCY BILL.

The Hon'ble MR. ERLE RICHARDS moved that the Report of the Select Committee on the Bill to consolidate and amend the Law relating to Insolvency



[Mr. Erle Richards.] [15TH MARCH 1907.]

in British India, as administered by Courts having jurisdiction outside the Presidency-towns and the Town of Rangoon, be taken into consideration. He said :—" My Lord, the alterations in the Insolvency Bill which are recommended for adoption are shown in distinctive type in the copy of the Bill which is before this Council, and they are fully dealt with in the Report of the Select Committee which I had the honour of laying on the table at the last meeting; but I think it may be of assistance to the Council if I explain the more important of the changes which are suggested. The subject is a very technical one, but I shall endeavour to make my explanations as clear and as brief as possible.

" Speaking generally of the amendments, I think it is fair to say that they do much to simplify and abbreviate the Bill. The clauses of the Bill as introduced were taken by the Select Committee on the Code of Civil Procedure Bill from the English Bankruptcy Act of 1883, and they were justified in taking them from that Act, because the clauses in that form have been found to work well enough in England. But to people accustomed only to an elementary system of insolvency, such as that at present in force in the mufassal, they have appeared involved, and the Committee have, therefore, endeavoured to simplify the language of the Bill throughout and to dispense with the use of technical terms which are not yet familiar to Indian lawyers. Several of the more lengthy clauses have been shortened: in particular I would refer to the clauses regarding secured creditors and discharge which have been greatly reduced in length and the order of the clauses has been rearranged in order to present the procedure in its natural sequence.

" The main difficulty in framing a satisfactory law on this subject is the difficulty to which I have referred on a former occasion. It is the difficulty of framing any one law which is equally suited to the different parts of the country. A law adapted for the towns is too complicated for the country districts; a law suited for the country districts is altogether insufficient for the great centres of trade. This is no new difficulty. I find that Lord Hobhouse, when introducing into this Council just thirty years ago the rudimentary system of insolvency which is to be found in the Code of Civil Procedure, said of the criticisms made on those provisions :—" One gentleman tells us that we ought to enact a complete Insolvency Bill for the mufassal, another that the sections we have inserted into the Bill are such as the mufassal Courts are not strong enough to work, another says that the provisions are too cumbersome, and another, they are too meagre." The same criticisms have been made on the

[15TH MARCH 1907.] [Mr. Erle Richards.]

present Bill. Some of our critics have told us that the Bill is altogether insufficient because it does not provide for many cases which must arise in insolvency; others have said that the Bill is altogether too complicated and that the cases we have provided for can never arise. The difficulty arises not from the form of this particular Bill but is inherent in the subject with which it deals. The Select Committee have given careful consideration to this question. They feel that legal reform cannot be postponed until the requirements of the whole country become uniform; they feel that trading centres cannot be left without an adequate system of insolvency merely because other parts of the country are as yet less developed. On the other hand, they feel that it is desirable to avoid forcing on backward districts a law which is too complicated for their requirements. In the result they suggest for the consideration of this Council that a power should be inserted—it will be found in clause 54 of the amended Bill—a power corresponding to section 1 of the Transfer of Property Act, 1882—to enable Local Governments to exempt any specified districts within their territories from the operation of certain sections of the Bill. There was a power in the Bill as introduced to enable Local Governments to refrain from investing Courts in certain districts with insolvency jurisdiction: but the Committee think it preferable to have the power of exemption made clear and express. They have therefore given this express power of exemption to Local Governments subject to the control of the Government of India. The effect will be that if Local Governments exercise this power to its full extent the law in the backward districts will remain substantially the same as it is at the present time, while the law in other districts will be the law as enacted in the whole Bill. I do not myself anticipate that when the legal advisers of Local Governments become more fully acquainted with the provisions of this Bill they will advise those Governments to exercise their powers to its full extent. But be that as it may, it will be in the power of Local Governments at any future time to apply the excepted sections gradually to the backward districts as they think fit.

“The next point to which I desire to call attention is that of the Courts which are to administer insolvency. In the Bill as introduced the Local Governments were given power to invest any Courts with insolvency jurisdiction; but it has been pointed out to us—and the Select Committee accept the view—that it is desirable that only the higher Courts should have insolvency jurisdiction. They have therefore inserted a clause—it is numbered 3, subsection (1)—enacting that District Courts are to be the Courts to administer this Act, with a proviso enabling Local Governments to invest subordinate Courts with jurisdiction in any particular classes of cases. The intention is that District

Courts are *prima facie* to be the Courts to administer the Act, and that subordinate Courts are only to be invested with jurisdiction in special classes of cases.

“ Another important matter connected with Insolvency Courts is the subject of appeals. In the Bill as introduced there was no appeal at all from any Court subordinate to the District Court except to the District Court: there was no appeal from a subordinate Court to the High Court. And from a District Court there was no appeal to the High Court except in certain specified cases. The result was that the right of appeal to the High Court was much restricted. There can, my Lord, be no doubt that a multiplicity of appeals is in itself an evil, but it is equally beyond doubt that there is in this country a strong feeling that litigants should have a right of appeal to the High Courts in cases of importance. I trust myself that that feeling may diminish or disappear as the inferior Courts grow stronger, but at present it is a factor which has to be recognised. The Select Committee have therefore amended these provisions, and their amendments will be found in clauses 46 and 47. They propose in the first instance to give in regard to proceedings in subordinate Courts a power to a High Court to call up cases from those Courts. This is a power analogous to the power which High Courts already have in regard to proceedings in Provincial Small Cause Courts under the Act of 1887, which regulates the procedure of those Courts. The effect of this amendment is to give power to a High Court to hear an appeal from a subordinate Court in any case in which it thinks proper to take action.

“ Then in regard to appeals from the District Courts to the High Courts. The Select Committee have left standing the clause which gives an appeal as of right in certain specified cases, but they have added a clause that in all other cases there shall be an appeal with the leave of the District Court or High Court. The result is to give an appeal in any case which is considered either by the Court which tries it or by the High Court to be of sufficient importance to warrant further proceedings. Further, they have added a clause to enable the High Court to deal with insolvency proceedings in the subordinate Courts in the same way as they now deal with proceedings in civil suits in those Courts. The result is that section 25 of the Code of Civil Procedure will apply to insolvency proceedings and that the High Courts will have a power to transfer those proceedings similar to that which they have in regard to civil proceedings.

“ One point more is of principal importance, and that is in regard to the effect of the discharge of an insolvent. Under the Bill as introduced a discharge operated to free an insolvent from all debts provable in insolvency, that is to

[15TH MARCH 1907.] [Mr. Erle Richards.]

say, when once an insolvent was discharged he would have been free from the claims of any creditor in respect of any debt proveable under the Act, and that whether the creditor had in fact had notice of the insolvency proceedings or not. That, my Lord, is the English system and it works well in England. There the area is comparatively small; and there are commercial newspapers which circulate among trading classes, so that it is perfectly easy for any creditor to ascertain the fact of insolvency proceedings having been instituted against his debtor. But in India the conditions are very different. This is a vast country, and there are no means of communicating with the trading classes such as exist in England. Insolvency proceedings might well be started at Dacca and a creditor at Peshawar might not hear of them until the proceedings were over. The local Provincial Gazettes travel no further than the territories of the Local Government which issues them, and even the official Gazette of India has obtained no circulation sufficient for present purposes. The Select Committee have therefore proposed to restore the system of scheduling creditors and to make a discharge operate only to free a debtor from debts entered in the schedule; creditors whose names are entered in the schedule must have had distinct notice of the insolvency. That change is effected in clauses 24 and 25.

"These, my Lord, are the main points to which criticisms have been directed, and I think the Council will agree that those criticisms have been largely met by the amendments which have been introduced in the Bill. There are, however, a few other points which I think it proper to bring to the notice of the Council.

"One is in regard to receivers. It has been brought to the attention of the Committee by our Hon'ble colleague Munshi Madho Lal, and it has also been mentioned by the High Court of Calcutta. We are told—and we accept that view—that there will be difficulty in many cases in finding suitable persons to act as receivers. We are also told—and we accept that view also—that it may be advisable in some cases and in some circumstances to have officials to act as receivers in order that insolvency matters may be thoroughly investigated. We have therefore inserted a clause in the Bill to give power to Local Governments to appoint Official Receivers for specified districts. It is an optional power which can be exercised by Local Governments if they find from practical experience of the working of the Bill that it is expedient. We have added clauses to provide for the payment of these officials and for the delegation to them of certain powers.

[15TH MARCH 1907.] [Dr. Rashbehary Ghose; Munshi Madho Lal.]

however, may find consolation in the reflection that even the best constructed code will not dispense lawyers from being learned.

"The principles underlying the law of insolvency in England and in the Presidency towns have been carefully recast and not only expressed in a much simpler form but modified in many cases. My learned and honourable friend the Law Member, whom I may congratulate on the termination of his labours, has also tried to meet the rather moderate requirements of the more backward parts in the provinces halfway so to speak by providing for a simpler procedure.

"I do not desire to occupy the time of the Council with discussing dry technical points and will only remark that the fullest advantage has been taken of the criticisms which have been made and some objectionable provisions in the original Bill have been weeded out. The Select Committee were, however, unable to accept the suggestion made by a very eminent Judge that an order of adjudication should relate back, as in England, to the act of insolvency. No one, I need hardly say, can differ from Sir Lawrence Jenkins without the greatest hesitation and misgiving; but I may venture to point out that the English doctrine, though it may have the effect of avoiding certain questionable transactions, is a departure from the general rule that a decree or order relates back only to the commencement of the *lis* and has not, I may add, been adopted in America, where an order of adjudication takes effect only from the date on which the petition of insolvency, whether voluntary or involuntary, is presented to the Court."

The Hon'ble MUNSHI MADHO LAL said:—"My Lord, the Bill has now reached a stage in which it passes into an Act and we hope it will become an Act to-day.

"There is one thing to which I have the honour of inviting your Excellency's attention. It is this:—

"The provision regarding the appointment of Official Receivers, of which mention has been made in our Report in paragraph 4, and enacted in clauses 19 and 52, may be put into force as soon as possible, so that schemes may be ready on the date when this Act comes into operation. This will save from ruin the large landed properties that are in the hands of the judgment-debtors at present. It need hardly be said that judgment-debtors in cases of the kind become apathetic and do not care to keep the properties attached in execution or to be sold under mortgage-decrees in the condition in which they ought to be, and the properties are possibly ruined in litigation between judg-

[15TH MARCH 1907.] [Munshi Madho Lal; Mr. Ismay.]

ment-debtors and the decree-holders, which take a number of years, sometimes twelve to twenty years.

"The appointment of Official Receivers is a necessity. Receivers would be of great use not only to the judgment-debtor himself but to the creditor also. In this connection I may further suggest that there is a large and well educated class of vakils and pleaders in every district in this country whose services may be safely utilized for the purpose. In conclusion I may mention that it is a good Act and will be useful to debtors and creditors."

The Hon'ble MR. ISMAY said:—"My Lord, the Hon'ble Member in charge of the Bill now before the Council has dealt with its incidents in considerable detail, but I am unwilling to give an altogether silent vote in favour of its passing into law. It has been objected in some quarters that the Bill is in advance of the times, that the law as at present existing is sufficient for the wants of the mufassal, and reference is made to the undisputed fact that creditors very rarely invoke the assistance of that law. It is not, however, I venture to think, sufficiently realized that outside the Presidency-towns a creditor has at present practically no remedy against a dishonest debtor. The law as contained in Chapter XX of the Code of Civil Procedure, was, as it seems to me, enacted almost entirely in the interests of debtors. Under that law no creditor can apply to have his debtor declared an insolvent unless and until he has obtained a decree against him, so that a trader who unexpectedly gets into difficulties has ample facilities for concealing or making away with the whole of his property before his creditors can take any action. Even when the holder of a decree does apply under the Code, the only practical result is that the insolvent is discharged as a matter of course, that he is exempted from liability to arrest on account of any of the scheduled debts, and that those debts to the extent of two-thirds are at once remitted. The law provides no doubt that such property as the insolvent is willing to disgorge shall vest in a receiver, but there is no machinery enabling the Court summarily to annul transfers made in anticipation of insolvency, and in actual practice the only property which ever finds its way into the hands of the receiver is such property as the insolvent has not contrived to conceal or otherwise dispose of. Under these circumstances it is no matter for surprise to find that creditors studiously ignore the insolvency provisions of the Code and prefer to take their chance of getting fraudulent transfers annulled by regular suits.

"Under the provisions of the Bill now before the Council any creditor whose debt amounts to Rs. 500 may present an insolvency petition against his

debtor and on sufficient cause shown may cause his property to be at once attached. Ample power is reserved to the Courts to compel the production of his property by the debtor and to deal effectively with any case in which a debtor is guilty of any act of bad faith in the performance of the duties imposed on him. Fraudulent transfers made in anticipation of insolvency may be summarily annulled, and when once an order of adjudication has been made an insolvent is debarred from making any payment or entering into any contract. Discharges will no longer be granted as a matter of course and the insolvent who fails to get his discharge will be unable to incur fresh liabilities.

“ My Lord, I can recall to my mind many cases in which debtors have succeeded in getting rid of the whole of their property, leaving their creditors with absolutely no remedy. The Bill now before the Council is designed to meet cases of this kind. It is in the main an adaptation in as simple and untechnical language as the nature of the subject permits of those provisions of the English law of bankruptcy which appear to be best suited to the requirements of the mufassal. It would be too much to hope that the measure is a measure of perfection, but I believe that the Bill will be found to supply a real want, and it is in this belief that it has my full support.”

The motion was put and agreed to.

The Council adjourned to Wednesday, the 20th March 1907.

J. M. MACPHERSON,  
*Secretary to the Government of India,*  
*Legislative Department.*

CALCUTTA ;  
*The 15th March 1907.* }

*Proceedings of the Council of the Governor General of India, assembled for the purpose of making Laws and Regulations under the provisions of the Indian Councils Acts, 1861 and 1892 (24 & 25 Vict., c. 67, and 55 & 56 Vict., c. 14).*

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The Council met at Government House, Calcutta, on Wednesday, the 20th March 1907.

PRESENT :

His Excellency the Earl of Minto, P.C., G.C.M.G., G.M.S.I., G.M.I.E., Viceroy and Governor General of India, *presiding*.

His Excellency General Viscount Kitchener of Khartoum, G.C.B., O.M., G.C.M.G., Commander-in-Chief in India.

The Hon'ble Mr. H. Erle Richards, K.C.

The Hon'ble Mr. E. N. Baker, C.S.I.

The Hon'ble Major-General C. H. Scott, C.B., R.A.

The Hon'ble Sir Harvey Adamson, K.T., C.S.I.

The Hon'ble Mr. J. F. Finlay, C.S.I.

The Hon'ble Mr. J. O. Miller, C.S.I.

The Hon'ble Mr. Gopal Krishna Gokhale, C.I.E.

The Hon'ble Mr. A. A. Apcar, C.S.I.

The Hon'ble Mr. S. Ismay, C.S.I.

The Hon'ble Mr. W. T. Hall, C.S.I.

The Hon'ble Nawab Saiyid Muhammad Sahib Bahadur.

The Hon'ble Sir Rameshwara Singh, K.C.I.E., Maharaja Bahadur of Darbhanga.

The Hon'ble Munshi Madho Lal.

The Hon'ble Mr. Gangadhar Rao Madhav Chitnavis, C.I.E.

The Hon'ble Sir S. W. Edgerley, K.C.V.O., C.I.E.

The Hon'ble Mr. H. W. W. Reynolds.

The Hon'ble Mr. F. A. Slacke.

The Hon'ble Mr. H. A. Sim, C.I.E.

The Hon'ble Tikka Sahib Ripudaman Singh of Nabha.

FINANCIAL STATEMENT FOR 1907-1908.

The Hon'ble MR. BAKER introduced and explained the Financial Statement for 1907-1908. He said:—"My Lord, I beg to lay on the table the Financial Statement for 1907-08 together with the usual papers and accounts. The following is a summary of those points which seem likely to be of general interest.



"A year ago we budgetted for a surplus during the current year of 131 lakhs of rupees. When the year opened agricultural prospects were somewhat unpromising in certain parts of India, and nearly half a million persons were in receipt of relief. These unfavourable features however soon passed away; the monsoon rains were full and well distributed nearly everywhere, and the harvests have been generally abundant, especially in the Bombay Presidency. The consequences of this good fortune may be seen in the general expansion of most of our principal heads of revenue—Land Revenue has exceeded our estimate by over 20 lakhs: Excise by 13 lakhs: Assessed Taxes by 10 lakhs: and Stamps by nearly 8 lakhs. The opium receipts are in excess of what we expected by the large sum of 116 lakhs, in consequence mainly of the high prices obtained at the sales of Bengal opium. The only exceptions of note are Salt and Customs, which between them are 40 lakhs below the estimate. The shortage in the latter case is mainly due to the large contraction in the exports of rice, and in less degree to reduced imports of spirits, in consequence of extensive clearances in February of last year. Out receipts from commercial services and other Departments have exceeded the estimate by 148 lakhs; the chief contributing factors being Irrigation, Interest, Exchange, and seignorage charges on coinage. All told our total revenues are likely to be in excess of the Budget Estimate by 287 lakhs of rupees, which represents about  $2\frac{1}{2}$  per cent of the total. Our gross expenditure fell short of Budget provision by 34 lakhs, but the Provincial Governments and local bodies added largely to their balances instead of drawing on them, and the sum chargeable against revenue has been correspondingly increased. We now expect to close the year with a surplus of 199 lakhs, which is 67 lakhs better than we anticipated a year ago.

"For next year, we estimate our revenue at 11,252 lakhs: our expenditure chargeable against revenue at 11,136 lakhs: and our net surplus at 116 lakhs.

"For the third year in succession we are fortunate enough to be able to make a substantial reduction of taxation. We have decided to reduce the Salt tax by 8 annas a maund, with effect from this date. The duty will now stand at a uniform rate of R1 a maund throughout India and Burma, and the incidence works out to less than  $2\frac{3}{4}$  annas a head of the population. Council will remember that just five years ago, the duty was R2-8-0 a maund except in Burma. The loss of revenue is estimated to amount to 190 lakhs of rupees per annum.

[20TH MARCH 1907.]

[Mr. Baker.]

"The future of our Opium revenue has been engaging our earnest attention, in connection with the proposals recently made by the Chinese Government for the gradual suppression of the opium habit in that country. We have recently addressed the Secretary of State fully on the subject, and it is not in my power to make any announcement at present. In fact no forecast of the ultimate outcome is at all possible. But as evidence of the expressed desire of His Majesty's Government to meet the Chinese reformers in a sympathetic spirit, we have decided to reduce the area under cultivation immediately to 900,000 bighas, and also to fix the number of chests of Bengal opium offered at the monthly sales at 4,000, with effect from July next, in place of 4,400 as at present. We have also thought it prudent to take a cautious estimate of the prices likely to be realized at the sales and have taken these at Rs. 1,250 per chest as compared with an average of Rs. 1,391 obtained during the current year. The net revenue which we expect to receive from this source is estimated at over 96 lakhs less than in the present year.

"We propose to effect certain reductions in postal charges, which though not of great amount will nevertheless be a considerable convenience to the public. The half-anna rate of letter postage will carry letters up to one tola in weight, instead of  $\frac{3}{4}$  of a tola as hitherto: and the weight carried for one anna will be raised from  $1\frac{1}{2}$  tolas to 3 tolas. There will also be some minor reductions in the foreign letter rates. These changes will take effect from the 1st October next and we expect that they will cost us 11 lakhs during the remainder of the year.

"Under Army charges of all kinds we have effected a reduction of over 68 lakhs. The grants for what is called special military expenditure, including the reorganisation of the army, have been reduced by 75 lakhs, and the amount carried over from the current year is limited to  $47\frac{1}{2}$  lakhs as compared with 90 lakhs on the last occasion. These reductions are however partly counterbalanced by growth of ordinary military expenditure, mainly due to the increased cost of food, fodder and supplies.

"For police reform we have provided additional grants aggregating  $30\frac{1}{2}$  lakhs a year.

"For Education, the budget provision is 303 lakhs, which is, I think, the highest ever yet made. This is exclusive of building grants and indirect charges debited under other heads. The budget includes no provision for making education free of charge in primary schools: but we are in communication with Local Governments on this important question, and we have received an assurance from the Secretary of State that notwithstanding the absence of a budget grant, if a

60 *FINANCIAL STATEMENT; REPEALS AND AMENDMENTS*  
*(RATES AND CESSES).*

[*Mr. Baker; Mr. Miller.*] [20TH MARCH 1907.]

suitable scheme is submitted to and approved by him, he will authorize us to introduce it in the course of the year if the financial position then permits.

"We have recast the system under which the cost of famine relief has hitherto been a wholly Provincial charge, and have introduced a new plan by which Imperial revenues will bear the lion's share, though not the whole, of the burden. The ruling principle of the new scheme is that we provide Local Governments with the means of building up a reserve of credit with the Imperial Government, on which they can draw when famine comes. Full details will be found in the body of the Financial Statement.

"For capital expenditure, we have provided 125 lakhs for Irrigation Major Works, and 13½ crores for Railways, of which 568 lakhs have been allotted for rolling stock on open lines. We should have been glad to provide 10 millions sterling for Railway construction, as we did in 1906-07 and hoped to do in the ensuing year. But the state of the money market both in this country and still more markedly in London makes it inopportune to call upon it for the larger sum.

"We have introduced a change in the form of the Railway accounts, by which working expenses are deducted from gross receipts, and the earnings are shown *net* in the summation of our revenues.

"These, my Lord, are the leading features of the Financial Statement for the ensuing year. To all appearance our finances are still on an ascending plane of prosperity. Causes for anxiety are indeed not wanting and the need for economy and unceasing watchfulness is as great as ever. But so far as can now be judged the outlook is clear and our prospects for the coming year are full of hope."

REPEALING AND AMENDING (RATES AND CESSES) BILL.

The Hon'ble MR. MILLER moved that the Bill to repeal and amend certain enactments relating to abolished rates and cesses be taken into consideration.

The motion was put and agreed to.

The Hon'ble MR. MILLER moved that in Part E of the Schedule to the Bill, after the entries relating to Act X of 1878, the following be inserted, namely:—

"Act XVII of 1878 (The North- ern India Ferries Act, 1878).	17	For sub-clause (ii) of clause (c) the following to be substituted:
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(ii) be applied to any local works likely to promote the public health, comfort or convenience."

[20TH MARCH 1907.] [Mr. Miller.]

He said :—" Two small amendments have been found necessary in the Schedule to this Bill. We are now repealing Act X of 1878 (the Central Provinces Additional Rates Act, 1878). It has been pointed out that in Act XVII of 1878 allusion is made to the Act which is now about to be repealed, and which will in the future disappear from the Central Provinces Code of Laws. It is more convenient that, instead of this reference to the Act about to be repealed, the words which are used in that Act be transferred to Act XVII of 1878."

The motion was put and agreed to.

The Hon'ble MR. MILLER moved that in the same Part of the said Schedule, for the entry in column 3 opposite section 143A of Act XVIII of 1881, the following be substituted, namely :—

"In clause (c), the words 'patwari and' to be omitted; and for the words 'they are' the words 'he is' to be substituted."

He said :—" This is a purely drafting amendment."

The motion was put and agreed to.

The Hon'ble MR. MILLER moved that the Bill as amended be passed. He said :—" My Lord, the Bill that we have been considering places the seal upon the policy that has been followed during the past two years by the Government of India in utilising a portion of its surplus in remitting certain burdens imposed on the land over and above the land-revenue. That policy has evoked lively expressions of appreciation in this Council. It has been received with much satisfaction in the provinces generally both by the classes immediately interested in the land and by the Local Governments and Administrations concerned. Steps have already been taken to give effect to the various remissions, and the Council will, I have no doubt, be glad to pass this Bill, which marks the disappearance of these rates and cesses from the Statute Book."

The motion was put and agreed to.

The Council adjourned to Wednesday, the 27th March 1907.

J. M. MACPHERSON,  
*Secretary to the Government of India,  
Legislative Department.*

CALCUTTA ; }  
The 22nd March 1907. }

*Proceedings of the Council of the Governor General of India, assembled for the purpose of making Laws and Regulations under the provisions of the Indian Councils Acts, 1861 and 1892 (24 & 25 Vict., c. 67, and 55 & 56 Vict., c. 14).*

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The Council met at Government House, Calcutta, on Wednesday, the 27th March 1907.

PRESENT :

His Excellency the Earl of Minto, P.C., G.C.M.G., G.M.S.I., G.M.I.E., Viceroy and Governor General of India, *presiding*.

His Honour Sir A. H. L. Fraser, K.C.S.I., Lieutenant-Governor of Bengal.

His Excellency General Viscount Kitchener of Khartoum, G.C.B., O.M., G.C.M.G., Commander-in-Chief in India.

The Hon'ble Mr. H. Erle Richards, K.C.

The Hon'ble Mr. E. N. Baker, C.S.I.

The Hon'ble Major-General C. H. Scott, C.B., R.A.

The Hon'ble Sir Harvey Adamson, K.T., C.S.I.

The Hon'ble Mr. J. F. Finlay, C.S.I.

The Hon'ble Mr. J. O. Miller, C.S.I.

The Hon'ble Mr. Gopal Krishna Gokhale, C.I.E.

The Hon'ble Mr. A. A. Apcar, C.S.I.

The Hon'ble Mr. S. Ismay, C.S.I.

The Hon'ble Mr. W. T. Hall, C.S.I.

The Hon'ble Nawab Bahadur Khwaja Salimulla of Dacca, C.S.I.

The Hon'ble Nawab Saiyid Muhammad Sahib Bahadur.

The Hon'ble Sir Rameshwara Singh, K.C.I.E., Maharaja Bahadur of Darbhanga.

The Hon'ble Munshi Madho Lal.

The Hon'ble Mr. Gangadhar Rao Madhav Chitnavis, C.I.E.

The Hon'ble Sir S. W. Edgerley, K.C.V.O., C.I.E.

The Hon'ble Mr. H. W. W. Reynolds.

The Hon'ble Mr. F. A. Slacke.

The Hon'ble Mr. H. A. Sim, C.I.E.

The Hon'ble Tikka Sahib Ripudaman Singh of Nabha.

The Hon'ble Dr. Rashbehary Ghose, C.I.E., D.L.

[*Munshi Madho Lal*; *Sir Harvey Adamson*; *Nawab* [27TH MARCH 1907.]  
*Saiyid Muhammad.*]

## QUESTIONS AND ANSWERS.

The Hon'ble MUNSHI MADHO LAL asked :—

“ Will the Government be pleased to mention if it is under contemplation to have fresh legislation on the protection and management of endowed properties all over India on the lines suggested by the Hon'ble Mr. Ananda Charlu in this Council, and whether the Provincial Legislative Council of the United Provinces of Agra and Oudh can be allowed to legislate on that subject for those Provinces ?”

The Hon'ble SIR HARVEY ADAMSON replied :—

“ The Government of India do not contemplate undertaking any legislation on this subject. The Bill introduced by the Hon'ble Mr. Ananda Charlu in the session of 1900-01 was withdrawn by him in consequence of the opposition it had aroused. The Governor General has received no application for sanction to the introduction of a Bill on the subject into the Legislative Council of the United Provinces.”

The Hon'ble NAWAB SAIYID MUHAMMAD SAHIB BAHADUR asked :—

“(a) Has the attention of the Government been drawn to the memorial of the Simla House Proprietors' Association to the Punjab Government, regarding the Simla municipal elections, published in the *Indian Daily News* of January 1st, 1907 ?

“(b) Will the Government be pleased to state if it is true, as therein alleged, that the Punjab Government have declined to confirm the election of several Municipal Commissioners who were duly elected so far back as October, 1905, on the ground that the question of the future administration of Simla has been referred to the Government of India ?

“(c) If so, will the Government be pleased to state when they propose to pass orders on the reference made by the Government of the Punjab?”

The Hon'ble SIR HARVEY ADAMSON replied :—

“The Government of India have within the last few days received a copy of a memorial, dated the 7th December 1906, addressed by the Simla House Proprietors' Association to the Lieutenant-Governor of the Punjab. The Association has also addressed a letter to the Government of India under date the 9th March 1907, regarding the future administration of the Simla Municipality. This letter will be taken into early consideration.

“The Government of India were informed in the commencement of 1907 by the Lieutenant-Governor of the Punjab that he had refrained from confirming or notifying the election of three candidates who had been elected to fill vacancies in the Municipal Committee of Simla which occurred in August 1905, on the ground that he anticipated that the decision of the Secretary of State on the question of the future administration of Simla might be expected at an early date. In February 1907 the Government of India informed the Government of the Punjab that no reply had yet been received from the Secretary of State on the question of the future administration of Simla, and left it to the Lieutenant-Governor to decide what action should be taken with regard to the vacancies.”

#### DISCUSSION OF THE FINANCIAL STATEMENT FOR 1907-1908.

The Hon'ble Dr. RASHBEHARY GHOSE said :—“Your Excellency, I cannot open the debate without congratulating the Government of India on the reduction of the salt-tax. This great boon, I am sure, will be much appreciated in millions of Indian homes where even common salt is regarded as something in the nature of a luxury. In lightening the salt-tax the Government have

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lightened, in some small measure, the hard destiny of the toiling masses who constitute the real people and who ought to be their first care. The successive reductions of the duty have all been steps in the right direction. But the greatest still remains behind—the total repeal of a tax which is such a heavy burden on those who are the least able to sustain it. We all hope that crowning step will be taken by Your Excellency before you lay down your high office. By repealing this obnoxious tax Your Lordship would add fresh lustre to a historic name which would then be cherished by us with the same affectionate veneration with which the name of Aurelian, who gave the people free salt, was cherished by the citizens of the Roman Empire.

“The remarkable stimulus imparted to the consumption of one of the first necessities of life by the recent reductions in the salt-tax of which the Finance Minister spoke on Wednesday last is to my mind a conclusive argument against the retention of an impost which falls so heavily on the hunger-stricken masses, Speaking in 1903, my Hon'ble friend Mr. Gokhale said that the consumption of salt was not even ten pounds per head, whereas the highest medical opinion lays down twenty pounds per head as the standard for healthful existence. But this standard will not be reached till the tax is completely wiped out; though it may be said that where food is not over-abundant, the consumption of salt need not be so high as twenty pounds. The Hon'ble Finance Member observed, in defence, I presume, of the retention of the tax on salt, that it is the only contribution towards the public expenditure that is made by a large number of the people. My Hon'ble friend Mr. Gokhale, I know, does not admit the correctness of this statement. I hope Mr. Gokhale is right; for, if the Hon'ble Finance Member's assertion is well founded, what does it show? It only shows the hopeless, the unspeakable, poverty of the masses in India.

“My Lord, with the dark shadow hanging over our opium-revenue, the total repeal of the duty may seem to be a bold or even a rash step to take. There is, however, a well-known saying about threatened men, and I believe this will hold good of our trade in opium with China. But if the government of the country cannot be carried on without the revenue derived from salt, I would suggest the imposition in its stead of a succession-duty on the estates of deceased Hindus and Muhammadans.

“Our best acknowledgments are also due to Government for the provision which has been made in the Budget under review for enabling Local



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Administrations to meet a famine immediately without being obliged to do so with their own limited resources. The new scheme promises to relieve the various Local Governments of the strain on their exchequer when they are threatened with a famine. Under this system the greater part of the burden would fall on the Imperial revenues. But the real problem before the Government is not to meet a famine by doles, but to avert it. This can only be done by lightening the burden of taxation, by the construction of irrigation canals, the spread of improved methods of agriculture, the encouragement of manufacturing industries, and the growth of intelligence among the people by means of education. Without these neither Agriculturists' Relief Acts nor Land Alienation Acts would avert those terrible visitations which many intelligent foreigners regard as a standing reproach to the Government of the country. The evolution of the Famine Code may be a very excellent thing, but the evolution of agriculture and manufacturing industry would be more welcome. A hungry people, my Lord, can never be a very contented people, for hunger is a mischievous counsellor, more mischievous than the most pestilent agitator or the most vocal loyalist whom it requires Ithuriel's spear to unmask.

"My Lord, it may be, as we have been told, that no Government in the world except the British is capable of doing what Britain is able to do in India in famine time, and that no Government that might be substituted for the British would attempt to undertake such a task. But the world and its Governments are rather censorious and might be tempted to ask awkward questions when Indian famines are made to adorn a peroration or to point what to an English audience must be an obvious moral. Every schoolboy knows the story of Aristides and the Athenians.

"I have no desire, my Lord, to play the part of the pessimist who refuses to be comforted. But though the youngest member here present, I am no longer young in years and have lost the robust optimism and together with it some of the illusions of the springtide. Trade returns and increasing revenues, like all statistics, may be made to tell a flattering tale, but the frequent recurrence of famines is an undeniable fact which is not adequately explained by rhetorical phrases about wresting the keys of the universe from Providence, and when I think in this Council chamber of my famished countrymen, I seem almost to hear their piteous cries which are as the 'moaning of the midnight sea', and am unpleasantly reminded of a passage in Heine in which that rather strident mocker describes the dismay of the Olympian gods at a ghastly sight on which I may not be more explicit; for this somewhat erratic genius who was engaged

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all his life in doing battle manfully with Philistinism did not write for the parsonage or the drawing-room.

“ This is, however, not the proper place to discuss the question on which so much controversy is surging in our day, namely, whether the people of India are growing more and more prosperous notwithstanding the ever-increasing foreign drain for which Lord Salisbury, who was nothing if not cynically frank, substituted a stronger expression, which need not be repeated here. The reason why I do not enter upon the discussion is that I cannot compress it within the limits of a single speech. One thing, however, is clear. India is still a very poor country, and we must, to use a homely saying, cut our coat according to our cloth. And this leads me to say a few words on the military estimates. For though we cannot divide or even move a resolution, the lyrical function of speaking out our hearts is not denied to us. My Lord, it is our high office and privilege to be the interpreters between our countrymen and Government, and we should be wanting in our duty if we did not attempt according to our feeble lights to assist in the solution of the various questions suggested by the Budget on which depend the happiness and prosperity of one-sixth of the whole population of the earth. A great English minister whose name is dear to all lawyers told us the other day that he has no more control over these estimates than over the winds and tides, but we have yet not reached that stage of positive perfection which refuses to believe in the efficacy of prayers, and which in the present case need not be wafted across the seas.

“ One of our poets who lived many centuries before Shakespeare and Milton, and whose name is quite familiar in Germany, if not in England, has said of an ancient Hindu King :

प्रजानामिव भूख्यर्थं स ताभ्यो बलिमग्रहोत् ।  
सहस्रगुणमुत्सृष्टुमादत्ते हि रसं रविः ॥

‘ For the welfare of the subjects themselves he used to take taxes from them; just as the sun takes water (from the earth) to return (the same) a thousandfold (in the shape of rain).’

“ Peace and order are no doubt the greatest blessings which the king confers on his subjects in return for the taxes paid by them, and it would be puerile to complain of any expenditure reasonably incurred in defending the country and in maintaining peace and order, without which no progress is possible. But there is a very general idea in this country that the military estimates are excessive. In the time of the Mogul Emperors, when the soldiers were paid in land, only a few estates, or rather their revenues—which I may mention in passing never left the

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country—were set apart for the support of the army. At the present day, however our military expenditure exceeds the whole of the land-revenue, so that not only has all India become one vast military feud, but even the poor man's salt must contribute to the maintenance of mountain batteries ready to take the field in any part of the world.

“ My Lord, I may be told that I am a mere lawyer ‘ that never set a squadron in the field,’ but there are some questions on which the man in the street may claim to be heard. Shortly after the Crimean War there was an interesting controversy between Lord Palmerston and Sir George Lewis on the proverbial saying that prevention is better than cure, which like all epigrammatic sayings contains only a half-truth. It may be a good maxim in medicine, but in its application to politics we must not forget that the system of insurance may be carried too far. If an evil is certain and proximate, prevention is certainly better than cure; but not so if the evil is remote and uncertain. For the evil may probably never occur and the cure, should it occur, may not be very expensive. ‘ Our foreign relations,’ said Sir George Lewis, that most logical of reasoners, ‘ are so various and so intricate that if we insure against every danger which ingenuity can devise, there will be no end of our insurances. Even in private life it is found profitable for those who carry on operations on a large scale not to insure. A man who has one or two ships, or one or two farmhouses, insures. But a man who has many ships and many farmhouses often does not insure.’ Most people will, I venture to think, admit the truth of these remarks; though they may not agree with Sir George Lewis that diplomatic agents whose time is generally only half employed are sometimes too apt to frighten their own Government with exaggerated reports of the ambitions and encroaching designs of foreign Powers, which I may add have sometimes a tendency to fulfil themselves. The real truth is the foreign relations of England are on too large a scale to allow her to insure systematically for all risks, however remote and contingent. But she may always safely rely upon the valour of her sons and the goodwill and loyalty of a contented people.

“ I repeat, the answer to the question—is prevention better than cure?—must depend upon the magnitude, the certainty, and the nearness of the peril against which we have to guard ourselves, and I submit that the enormous military expenditure is too large a premium to pay to insure us against the off-chance of a foreign invasion; specially at the present moment, when our relations with our neighbours are most friendly, and there is not a speck of cloud in the blue sky. But some of us are too prone to anticipate the future, and in constantly

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watching the movements of other nations forget the humbler duties which lie near at hand.

"On such a question of policy as this, and, as Disraeli pointed out long ago, military expenditure depends upon policy, surely a civilian is entitled without presumption to form his own opinion. Indeed, in some respects he is likely to take a sounder view, as he would not be under the dominion of those idols of the den and of the market which are so apt to cloud our vision. 'All professions,' says Cardinal Newman, 'have their dangers; all general truths have their fallacies, all spheres of action have their limits, and are liable to improper extension or alteration. Every professional man has rightly a zeal for his profession, and he would not do his duty towards it without that zeal, and that zeal soon becomes exclusive or rather necessarily involves a sort of exclusiveness. A zealous professional man soon comes to think that his profession is all in all, and that the world would not go on without it. We have heard, for instance,' adds the Cardinal—he was speaking not in the twentieth but in the nineteenth century, 'a great deal lately in regard to the war in India, of political views suggesting one plan of campaign and military views suggesting another. How hard it must be for the military man to forego his own strategical dispositions; not on the ground that they are not the best,—not that they are not acknowledged by those who nevertheless put them aside to be the best for the object of military subjects,—but because military success is not the highest of objects and the end of ends,—because it is not the sovereign science, but must ever be subordinate to political considerations or maxims of government, which is a higher science with higher objects,—and that therefore his sure success on the field must be relinquished because the interests of the Council and Cabinet require the sacrifice, that the war must yield to the statesman's craft, the Commander-in-Chief to the Governor General. Yet what the soldier feels is natural, and what the statesman does is just. This collision, this desire on the part of every profession to be supreme, this necessary, though reluctant, subordination of the one to the other, is a process ever going on, ever acted out before our eyes.'

"My Lord, I fear in my remarks on the Budget I have taken too wide a sweep and have overlooked the law of concentration of energy, but there remain two questions which call for immediate solution, and on which I trust I may say without much arrogance or presumption I have some claim to speak.

"My Lord, it is frequently said that India is held by the sword. This is perfectly true. But the sword by which the country is held has both a finer temper and a keener edge than the rude weapon of the soldier; for it is the

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sword of Justice. Whatever, therefore, is calculated to promote the proper administration of justice ought to engage the earnest attention of Government. Now, I am not going to discuss the capacity of our young Magistrates to deal out justice among a people with whose language they can have only a very imperfect acquaintance, and whose manners, customs, and sentiments must be a sealed book to them, for I know it is not always expedient to say things merely because one honestly believes them. But it is certainly not inexpedient to point out one most serious blot on the administration of criminal justice. Is it necessary to say that I refer to the union of judicial and executive functions in the same public servant? I admit that the fusion may have been necessary in earlier times, and may possibly be still necessary in the more backward parts, but it is certainly an anachronism at the present day in the advanced provinces. The memorial which was addressed to the Secretary of State in July 1899 by Lord Hobhouse, Sir Richard Garth, Sir Richard Couch, Sir Charles Sargent, Sir William Markby, Sir John Budd Phear, Sir John Scott, Sir William Wedderburn, Sir Roland Wilson, and Mr. Reynolds embodies everything that can be said on the question, and it would be a work of supererogation to travel over the same ground again. There are, however, some fallacies which, though doomed to death, are yet fated not to die. The opponents of reform still assert with a confidence not according to knowledge that the combination is essential to the prestige of a public officer in an oriental country; but, as pointed out in the memorial in question, is the prestige of the Viceroy less than the prestige which hedges in a District Magistrate, because the Magistrate may send a man to gaol and the Viceroy cannot? And this reminds me that prestige—which literally means an enchantment or illusion—is a word of evil parentage, as a distinguished conservative statesman said on a memorable occasion, and even in its best sense means something (I need not be more explicit) of which those who speak of their prestige have no reason to be proud. Lord Macaulay once said: 'I have often observed that a fine Greek compound is an excellent substitute for a reason.' In India, where a knowledge of Greek is not so common, and a new compound cannot be readily turned out, a sonorous word like 'prestige' serves the same useful purpose.

"It is also said by the opponents of the proposed reform that it is a mere counsel of perfection, as you cannot carry it out without doubling the staff throughout the country, and we are reminded of the condition of Indian finance. But Mr. Romesh Chunder Dutt, who rose to be the Commissioner of a Division, has shown that in the province of Bengal at least the separation of judicial and executive functions would not add materially to the cost of administration, and that any additional expenditure which it might entail could

be easily met by savings or economies in other directions. The scheme formulated by Mr. Dutt was referred to with approval in the memorial submitted to the Secretary of State, and there is every reason to believe that it can be practically carried out. It is, however, unnecessary for me to labour this point; for the plea of an empty exchequer is no longer tenable; but I fear that a bureaucracy always 'perplexed by fear of change' will find some other excuse for retaining their authority. The scheme, they will say, looks very well on paper, but any attempt to put it into practice will certainly end in failure. Readers of Sydney Smith will, however, remember the famous oration in which the greatest wit which the English Church gave to the nineteenth century gathered together the long catena of fallacies which were so ruthlessly exposed by that stalwart radical, Jeremy Bentham, whose name was once a bye-word for all that is hateful. 'I tell the honourable mover at once,' says the orator in Sydney Smith, 'his scheme is too good to be practicable. It savours of Utopia. It looks well in theory, but it won't do in practice. It will not do, I repeat, Sir, in practice, and so the advocates of the measure will find if, unfortunately, it should find its way through Parliament. (Cheers.)' The truth is, a reluctance to part with power is inherent in human nature, and there is a great deal of human nature in the members of that much be-praised service, the Covenanted Indian Civil Service, some of whom, whose knowledge of the East seems to have been drawn from the Arabian nights, would perhaps like to play the part of the Cazi sitting in the gate, administering patriarchal justice. 'Just the thing, you know, for these orientals.'

"My Lord, the country has been waiting for the proposed reform for years. The distinguished men who memorialized the Secretary of State in 1899 earnestly trusted that Lord George Hamilton would ask the Government of India to prepare a scheme for the complete separation of the judicial and executive functions, and to report upon this urgently pressing question at an early date. But nothing has yet been done. The question, we are told, is still under consideration. No reader of Dickens need however be surprised at this; specially when he remembers that red tape is now even cheaper than in the days of Little Dorrit.

"The union of judicial and executive functions in the same person is not the only anachronism to which I would invite Your Excellency's attention. In the administration of civil justice, too, we are weighed down by the dead hand of the past. The highest judicial offices with the largest salaries in the provinces have been reserved as a close preserve for the members of the favoured Civil Service. I freely admit that there are many among them distinguished by ability of the highest order; but ability, however great, cannot dispense with legal

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learning; for though administrative skill may come by nature, a knowledge of law is unfortunately not one of the gifts of fortune. The result is their incapacity is contrasted with the knowledge and training of those over whose judgments they sit in appeal, members of the Subordinate Judicial Service, as it is called, men of ripe experience and possessing the inestimable advantage of being natives of the country. Now it may be that the countrymen of Sir Salar Jung of Hyderabad, Sir Madhava Rao of Baroda, Dewans Poomiah and Ranga Charlu of Mysore, Sir Dinkar Rao of Gwalior, Kantichandra Mookerji of Jeypore, are not fit for high executive office,—the experiment has yet to be made, but our fitness for judicial office is acknowledged by everybody including Privy Councillors like Lord Selborne.

“So far back as 1842 the Indian Law Commissioners considered ‘a more extensive employment of the natives of the country as a means both of increasing the efficiency of the Courts and of improving the moral condition of the people.’ Again, the Public Service Commission, which included a retired Chief Justice of Madras and other distinguished members, in their report, which was published more than eighteen years ago, said:—‘It may be observed that many witnesses examined before the Commission have urged that judicial offices should be made over more freely to natives of India, and some witnesses have gone so far as to recommend that the greater part, if not the whole, of the civil judicial work of the country might be usefully entrusted to native agency. In the expediency of employing duly qualified natives to a large extent in the judicial branch of the public service, the Commission fully concurs. The highest judicial offices in the country have already been filled by natives with marked ability, while the subordinate judiciary, which is composed almost exclusively of natives of India, has displayed very great aptitude for judicial office.’

“In 1869 a writer in the Edinburgh Review—it is an open secret that the author of the article was Mr. Justice, now Sir William, Markby—gave an extract from a minute of Mr. Justice Loch, who was formerly himself a District Judge, which shows pretty clearly the state of things in the sixties of the last century. ‘An assistant’ said Mr. Justice Loch (that is, a member of the Civil Service who has just come out from England), ‘remains at the sudder station of a district for a very short period. In the course of a year from his joining it, he is liable to be sent to take charge of a sub-division. For the next fifteen years of his career, he is employed in the duties of a Magistrate and Collector.’ That is the first part of his career, and the last part is described in these words:—‘Without any training in the particular duties of a Civil Judge or any knowledge of the law by which his proceedings are to be guided, a man after fifteen or more years’ service as Magistrate or Collector, or both, is

transferred to the bench and expected to control a number of subordinate Courts, the judges of which may have commenced and continued their judicial career before he entered the service.' It would be impossible to give a complete idea of such a career, says the Edinburgh Reviewer, to any one who is not acquainted with the administration, or rather the mal-administration, of justice in India. Suppose, says the writer, a man who had divided fifteen years of his life between the duties of chief constable of a county, a land-agent, a justice of the peace, and a clerk in Somerset House, were to be suddenly placed as a Judge in the Court of Queen's Bench, you would have something of the same kind in England and not more absurd.

"I must not here omit to refer to a letter addressed nearly fifty years ago by Mr. Howard, Director of Public Instruction of Bombay, to the Government of that province, in which he said 'The time is fast approaching when lawyers trained in this country will be procurable in such numbers, and possessed of such professional attainments and practical experience, as to constitute a formidable body of rivals to the untrained Judges of the Civil Service. I am well aware that many members of the Civil Service believe that a Judge in this country need have no law; that "common sense" is enough for him illuminated by practice and a knowledge of the people. To this it would certainly be replied, with unanswerable force, that the question is not between knowledge of the law on the one hand and practical experience on the other, but between law and no law, practical knowledge being equal on both sides. The question then will present itself before many years—'Can Government exclude from the highest judicial offices the only men who are especially educated and competent to fill them? And if the answer is in the negative, the result will sooner or later be to give natives a monopoly of the Judicial Bench.'

"If Mr. Howard had belonged to the household of bureaucracy, he would not have been filled with these misgivings. The existing order of things may not be altered according to their law, which altereth not. They may be convinced, but they will not be persuaded; mere routine and prescription, if I may venture to say so without offence, playing a large part in moulding their opinions; for the dyer's hand is subdued to what it works in. But the minds of men are widened with the process of the suns and I am not without hope that the reforms which I am advocating will be carried out in due time. I say, due time, for I have no hope of taking by storm the stronghold of officialdom. I know too that reform is always slow-footed, and nowhere more so than in India. But I have no hesitation in saying that the time has now arrived when the civil judicial work in the more advanced provinces may and ought to be entrusted to Indian agency. I should



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add that since Mr. Justice Loch wrote, and the Edinburgh Reviewer exposed the absurdity of the whole system, things have grown very much worse. For we now find boy-magistrates, as they are sometimes called by an irreverent public, of only seven or eight years' standing, promoted to the bench of the District Court. On the other hand, the universities are annually sending forth a large number of lawyers with the best legal training. The evil, therefore, instead of being on the wane, is constantly on the increase, and any delay in reforming the system would only lead to the contrast between the Judges of the Civil Service and the trained lawyers being more and more marked. Surely, surely this is a grave scandal which ought not to be any longer tolerated, though its removal may trench on the vested interests of the Indian Civil Service.

“ Again, the work of administration is gradually assuming such vast proportions that if the country is to be better governed, Indian agency must be more and more largely employed as we cannot sustain the cost of importing our public servants from England, except under absolute necessity. The admission of one or two Indians annually to the Covenanted Civil Service will not solve the problem, nor the promotion of a few men to the Provincial Service. It is no longer a question of generosity or even of justice but, as many distinguished Englishmen have said, an absolute financial necessity. This may be said to be a truism, but the enunciation even of truisms is sometimes not altogether unprofitable.

“ Both economy and increased efficiency therefore call for the change for which I am pleading. It is also demanded by other and perhaps higher considerations. A new movement, my Lord, is in progress which threatens to sweep aside the moderate party who are described as dark Feringees whose sole ambition is to please their English masters. It is no secret that our young men, not merely in Bengal but also in the other provinces, not merely Hindus but also Muhammadans, are drifting further and further away from that party to which I have the honour to belong, and which they charge with having fallen under the spell of ‘political hypocrisy’ and ‘transparent subterfuges,’ utterly unable to withstand the subtle arts of those who would keep the word of promise to the ear and break it to the heart.’ In the bitterness of their hearts they forget all that they owe to Government, British peace and British order, British freedom of speech and British freedom of public meeting. They forget too that if the dead bones have begun to stir, it is English science and English literature that have breathed the breath of life into them. But these men who claim to be the very salt of India can find nothing good in a foreign Government and are continually mourning over the destruction of their arts and

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their industries, their exclusion from their legitimate share in the management of their own affairs, their physical as well as political enervation, their poverty and what they call their more than Egyptian bondage.

"I do not mean to hold this out as a threat; for I know the English character too well to imagine that our rulers would make any concession to groundless disaffection. I mention it only to induce them to look facts in the face. My Lord, men whose minds have been nourished on the strong meat of English history and of English literature cannot long be refused a proper share in the administration of their own country. Here is an opportunity of redeeming the pledge given by Parliament in 1833 and repeated in the Queen's Proclamation, which lays down the principle that the people of India have a right to share with their fellow English subjects, according to their capacity for the task, in the administration of the country, a principle which has since been repeatedly affirmed by the Government of India. Those who are jealous of the honour of England and feel any stain on her good name as a wound—and we as her adopted children can claim to be among them—must keenly desire that these promises should not remain a dead letter.

"In the name, therefore, of economy, in the name of increased efficiency, by the solemn pledges given by the Parliament of Great Britain, by that Proclamation which is at once our trust and our charter, the Proclamation of the good Queen whose name will be cherished by us longer than the most enduring hall in marble or effigy in bronze, I invite, I implore, I beseech Your Excellency to throw open the judicial service to trained lawyers in India, and thus satisfy in some measure our legitimate aspirations.

"I have already given so much good advice to Government that I feel some hesitation in giving more. But our rulers are civilised men, and I am not likely to come to any harm if I venture to add that the income-tax, although an essentially equitable tax as falling on those who are best able to bear the burden, is in one respect open to objection. The incidence of the tax is the same whether the income is precarious—as, for instance, professional income—or permanent, earned or unearned.

"My Lord, I began by thanking Government for the reduction of the salt-duty, and I will conclude by expressing our deep gratitude for the grant of 303 lakhs for the encouragement of education as well as the promise which is held out of free primary education. What the country wants is a network of schools for primary as well as secondary education, and above all the very highest kind of technical

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education; for the industrial development of the country with its vast resources is the problem of problems of the present day. We know how difficult it is to build up an industry without protection. But to ask for protection for our nascent industries would be to cry for the moon. We cannot regulate our tariffs; we can only suggest and implore. And this is the real secret of the strength of the Swadeshi movement. We know that the industrial supremacy of England was first established under a policy of strict protection which had such a disastrous effect on our own industries. We know, too, how Germany and the United States have prospered under a similar policy. The Government of India have expressed their sympathy with the Swadeshi movement. If they cannot show their sympathy by abolishing the excise-duties on our cotton manufactures, let them show it by endowing a central polytechnic college on the model, I will not say of the institutions which have been established in the United States or in European countries, but on those which have been established in Japan. But though we want more than Government are now in a position to give us, I repeat we are deeply thankful for the liberal provision made in the Budget for the wider diffusion of education. And here let me congratulate the Hon'ble Finance Minister on the Budget he has been able to lay before us. If it is true that 'a sorrow's crown of sorrows' is remembering happier things, it is equally true that a joy's crown of joys is the memory of unhappier times. And I remember the dark days when, owing to the financial situation of the Government, the construction of important public works had to be suspended, when all branches of the administration were starved, and when even the cry of the military authorities, 'Give, give,' not unfrequently met with a blunt refusal. And I also remember how that good man Sir James Westland struggled manfully against adversity, and that the only redeeming feature in his Budget was the grant of exchange compensation allowance, against which, however, I had the hardness of heart to protest in the interest of the not very lightly taxed people of this country.

"I have now, my Lord, come to an end. I trust in the few remarks which I have ventured on the Budget I have not shown a censorious spirit. If I have not extenuated anything or played the rôle of an indiscriminate panegyrist, an easy rôle to play, no one can say that I have deliberately set down aught in malice. Perfect impartiality, we all know, cannot be expected from any man, not even from an official bronzed by fifty Indian summers. But one thing I may claim for myself without boasting, and that is honesty of purpose—an honesty of purpose which is perfectly compatible as well with fidelity to Government as with fidelity to the best interests of India, our mother-land, a land of which we have every reason to be proud."

## FINANCIAL STATEMENT.

[Tikka Sahib of Nabha.] [27TH MARCH 1907.]

The Hon'ble TIKKA SAHIB RIPUDAMAN SINGH OF NABHA said :—" My Lord, I heartily congratulate my Hon'ble Colleague the Financial Member on the satisfactory budget which he presented to the Council this day last week. It is a matter of sincere pleasure that the present Financial year has closed with a large surplus in excess of the budget estimate of the last year.

" For the third year in succession the Hon'ble Member has been able to announce a reduction of the salt-tax to Re. 1 a maund throughout the whole of India. This measure is estimated to cause a loss of 190 lakhs of rupees in 1907-08, but we sincerely hope that this loss to the State Treasury will be more than repaid by the increase in consumption of salt, as has proved to be the case on past occasions whenever tax was reduced in this direction.

" The reduction in the postal charges and the raising of the weight of articles carried by post will be welcomed by the educated class of people in this country, who will be benefited by this change.

" The grant of 22½ lakhs of rupees to Local Governments for Police reform will be considered satisfactory on all hands, and it is hoped that the reforms advocated by the Police Commission will be thoroughly carried out.

" The recasting of the system of Famine Relief is a measure that will enable Local Governments to meet this calamity—whenever it unfortunately befalls the country—with greater energy and better equipment.

" My Lord, as a Sikh I naturally feel inclined to think first about the defence of my country, and I beg to be allowed to offer a few observations on the subject. It is a matter of satisfaction that our army has of late been brought to a higher standard of efficiency and placed on a more secure footing, so that our forces are now ready to take the field at a moment's notice. But, my Lord, I am afraid that even now they are not adequate to meet all emergencies, and for that reason I would beg leave to say a few words.

" It is true that even in Europe people are now thinking of reducing armaments, and conferences are held at the Hague to promote universal peace; thinkers like Tolstoi preach to us non-resistance to evil by violence as the only means of securing national peace and prosperity; but I beg to submit that in my humble opinion all these things sound well only in theory, but cannot be brought within the range of practical politics. In my opinion, the best guarantee of peace is not passive resistance, but armed force, and so it is not only necessary, but imperative, that our army should be strong enough, both for offensive and defensive purposes. My Lord, I am not going to suggest that our regular

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army should be increased. I am rather of opinion that mercenary troops alone cannot be relied upon in a moment of grave danger to defend the interests of a great country. Therefore I beg leave to suggest that a scheme should be worked out to create a national militia and large reserve force ready to serve with the regular troops whenever required. I don't mean to say that a large proportion of the population should be armed : all that I suggest is that a larger number of able-bodied young men should receive military training and form a reserve force. We gratefully acknowledge the great boon of education, the security of life and property, and other great benefits conferred on the people of India by the British Government ; but, my Lord, it would be a matter of deep regret and disappointment to the well-wishers of the country if the people deteriorate in physical strength and the martial instincts of the warlike races of India are allowed to die out. I am sorry to confess that with the spread of civilization people are, to a great extent, losing their energy, activity, and manly habits ; their love of luxury is making them more and more effeminate. I know, my Lord, that the problem is difficult of solution ; but as it has to be faced, some practical steps should be taken in this direction, though nothing need be done in a hurry. It would not be perhaps advisable to begin with the scheme on a large scale, and hence I beg leave to suggest that in the beginning an experiment should be made in the Punjab, and it can be extended to other Provinces of India when it proves successful, as I believe it will if properly carried out. This will serve many other purposes also. First, the difficulty of recruiting for the regular army will disappear, as trained men from this reserve shall always be available for the regular army. Secondly, this force will serve as a reserve and, in the time of war, will be available to fill the vacancies in the Indian Army caused by losses of war. Thirdly, these forces will be always at hand for independent action. And thus we shall have at our disposal a body of fine men at a comparatively small cost. I am not going to present a cut-and-dried scheme in this matter—that should be and must be left to the Military experts to work out. I have merely expressed the thoughts which have occurred to me. My Lord, I don't know in what light the Council will take these suggestions of mine, but for my own part I assure you that they are coming from the heart of one whose sole aim is the stability of the British Raj in India, and the prosperity and security of his own country. Lord Curzon in one of his speeches spoke of the Punjab as 'the home of a race that produces not merely men but heroes,' and these words of Lord Curzon will justify my suggesting that the experiment should be first tried in the Punjab. Moreover, the loyalty of the Sikhs is a proved fact. Their devotion to the British Raj is formed on the well-known prophecy of their ninth Guru, and so they consider their interests as one with those of the English Government.

" My Lord, I must acknowledge here with deep gratitude on behalf of the Sikhs the kind and sympathetic treatment which they have always received at the hands of the Government, and more especially the deep interest recently shown by Government for their intellectual advancement by promoting and patronizing the spread of education among them. In this respect our best and warmest thanks are due to the Hon'ble Sir Charles Rivaz, who did all that he could to put the Khalsa College on a firmer and more secure basis than it had been before.

" I wish to God that the day may never come when the Sikhs grow incapable of wielding their swords for their beloved Emperor and country and become so void of martial spirit as to bring shame on their past history. For this end, side by side with mental training, physical and military instruction are necessary. One is just as important and essential as the other, and it is to meet this end that I venture to suggest that each able-bodied Sikh youth should receive military training. I cannot do better than to conclude my remarks on this subject, by quoting the words of Your Excellency's predecessor, who said in reply to a Sikh deputation at Lahore as follows:—

'I am pleased to learn that the Khalsa College, which was founded in the time of Sir James Lyall, has already attained to a high standard of excellence, and I hope that it may continue to receive the active support of the Sikh Princes of the Punjab, *and may turn out a number of young men, who, like Lord Lawrence in the famous statue which stands in this city, may be competent to wield the pen, at the same time that their hand rests confidently upon the hilt of the sword.*'

" My Lord, now I shall pass on to another subject, I mean the Imperial Service Troops. From the Statement which was laid on the Council table in reply to my question, it appears that 23 States in all keep these troops. To any one who is a true patriot, and more especially to the Indian Princes, nothing can be more pleasant and honourable than being associated with the defence of their country and their homes; but, my Lord, if I am not mistaken, the burden seems to me not to be equally divided among them in this respect. I have appended a statement\* which will show that the annual cost of upkeep of these troops against the annual income of each State is not uniform, but varies from 1 per cent. to 14 per cent. It is true that these troops are the result of voluntary offers of Indian Princes, but I cannot help thinking why the Government, in view of their other pressing requirements, should not consider it proper and advisable that a rule should be laid down in this matter, in order that every one of them should bear an equal share of the burden in proportion to their respective resources. The expenditure of the State for the upkeep of its Imperial Troops, in my humble opinion, should not

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\*Vide Appendix C.

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exceed 5 per cent. on its annual net income, which will be found adequate for all such purposes. My Lord, it is hoped that 'the sound principles that were formulated in the first place by Lord Dufferin and Lord Lansdowne more than fifteen years ago' at the time of formation of these troops, the principles which 'are essential to its vitality,' will be ever adhered to, and that these troops will 'not be swept into the Indian Army, or treated as though they were the mercenaries of the Crown.' These are the words of Lord Curzon; for my part I can only say that whenever the occasion arises not only these Imperial Troops but every available resource of each State will be at the disposal of the Government.

"My Lord, I want to say a few words about the Imperial Cadet Corps. When this Corps was formed great hopes were entertained. It was thought that a move had been made in the right direction, that the most honourable military posts had been thrown open to the young noblemen of this country, that the Government had done well in thus taking the people into their confidence, and, what was above all, Your Excellency's illustrious predecessor assured us more than once that all the cadets who passed the required examinations would be given commissions in the Indian Army. This was surely a statesmanlike step which Lord Curzon took to solve a pressing problem of the day. Let us hope that this Corps will not only remain as an ornament to the Indian Army, to add to the brilliancy of processions on State occasions, but will also fulfil the real object for which it was formed by the late Viceroy.

"My Lord, before I pass on to other subjects, I consider it my duty to draw the attention of the Government to the constitution and privileges of the Legislative Council of the Punjab, the Province which I have the honour to belong to and represent on this Supreme Council.

"Now that the question of the reform of Indian Legislative Councils is under the consideration of the Government of India, I cannot let the opportunity pass without praying that the rights and privileges now enjoyed by the Legislative Council of the United Provinces of Agra and Oudh may be extended to the Punjab. The Punjab cannot be considered in any way less advanced or less intelligent than its sister and neighbouring province.

"My Lord, I cannot help drawing your attention to the social condition of my country, and a few words about it will not perhaps be considered out of place. I am sure that when I plead for the rights of women of India I will not plead in vain. I know that the Government cannot directly do much in the matter of certain social reforms, but, my Lord, in my humble opinion, it is social

backwardness which has helped and is still helping to check the progress of India to a great extent. The caste system, the neglected condition and ignorance of women, the early marriages, etc., all these things combined are doing more mischief than anything else to the country and its people.

"It is true that with the spread of Western education people have realised the uselessness and absurdity of some of the old and deep-rooted customs, and have begun to improve gradually, and the people of the educated class mix with each other now more freely than before on social occasions. But may I be permitted to point out that centuries before the spread of Western education great teachers of India, like Guru Nanak, realised and not only preached—in those days of great religious intolerance, when people used to be persecuted for telling the truth—but took practical steps to abolish the caste system of India, to raise the status of women equal to that of men, along with many other things.

"My Lord, in the matter of education our women are still left far behind. It is the mother who first moulds the character of her children. Female education is of as vital importance as the education of boys. One of the difficulties which stood in the way of this reform was the apathy of the people shown towards it. The purdah system also unfortunately stood in its way. It is a good sign that people are now beginning to feel the necessity of this reform. Whenever the Government or the liberality of some private person starts an institution for the education of girls, it is welcomed on all hands and people are now ready to take advantage of this boon. The Punjab offers a very good field for this reform, where the purdah system is not so strictly observed as in some other provinces, and where the people are free from many prejudices. An adequate sum out of the educational budget should be appropriated to promote the education of women which must bear a reasonable proportion to that which is spent for the education of boys. Unless we take up this question earnestly in hand I am afraid every other effort done to improve the condition of the people will be fruitless. It is a pleasure to see that a proper move has been made in this direction in the Punjab, and the proposal to establish a girls' school at Lahore is now engaging the attention of the Government; and we have once more to thank Sir Charles Rivaz, whose interest in the education of girls has enabled the Punjabis to form a scheme for the establishment of a good school for girls which has received the support of all classes. The provision of 304 lakhs of rupees in the budget for education—the highest ever yet made—is very encouraging, and free primary education, for which hopes are held out, will prove a great boon to many poor students who could not avail themselves of the benefit of education of even this standard owing to the scanty means of their parents.



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“ My Lord, the curriculum of our schools requires to be carefully revised. The things which merely tax the memory of the students without awakening their curiosity and training their faculties of reasoning and observation should be avoided. The system of examinations should be made more elastic than it is at present, and students should be allowed to pass examinations by compartments.

“ My Lord, as it is the duty of the Government to look to the education of the country, so it is their duty to look to its moral well-being. Under this head I beg to draw your attention to an important matter which requires early reform. The endowed institutions of this country play a great part in influencing the minds of the people and creating higher or lower standards of morality among them. These institutions were endowed by the donors for charitable and educational purposes, and it is a sad thing to see these institutions changed now into dens of vice. Their funds have become the private property of the priests of the temples and such like folk, who have no moral right to them. As long as these institutions remained in the hands of able and virtuous persons they proved a blessing to the people of the country, and served as fountains of knowledge and havens of rest for the poor, but now the same institutions, which have come under the control of worthless, immoral and selfish people, are proving a veritable curse to the country. It would be a great boon to the country if the Government would take up the matter of the reform of these endowments, and it would only be just to devote these endowments to educational and charitable purposes. If such a drastic measure seems to be impracticable for the present, then I would suggest that the people in charge of these institutions should be compelled to spend considerable portions from their income for the purposes for which they were intended.

“ My Lord, there is another important matter to which I would like to draw the attention of the Government, *i.e.*, the question of intoxicating drugs. I need not dwell here at length on the bad and demoralizing effects produced by their use. Many murders, other crimes, insolvencies and other disasters can be traced to intemperate habits. Many good families and happy homes we see are every day brought to ruin by addiction to intoxicating drugs. There is no doubt that Temperance Associations are doing useful and good work in this country to root out the evil habit, but still a great deal remains to be done which cannot be accomplished without the co-operation and help of the Government.

“ Some time ago Government very wisely took practical steps to check the habit of cocaine-eating amongst the people of this country which was very rapidly spreading. Something of the sort is desirable in the case of opium and country

liquor. Their use should be checked by passing some preventative enactment and by raising their prices so high that they may not be within easy reach of men of ordinary means, and also their use should be allowed only at the advice of medical men as is the case with other poisons now. My Lord, I am doubtful that until some drastic measures are taken we will be able to root out this evil habit from the country. I have read in the budget with much satisfaction that orders have been issued to reduce the cultivation of opium in the ensuing year. This step has been taken in a right direction. I know that opium and excise duties are two great sources of revenue to the Government, but I may be allowed to remark that this revenue is collected at the expense of the cause of morality. There was a time when the consideration of the loss of revenue that was derived from these sources was a great impediment to their abolition. Fortunately now our financial position is prosperous, and the remarks of the Financial Member in this matter are very encouraging and it would be better for me to quote them here:—

‘Twenty years ago or even less, the prospect of losing a revenue of 5½ crores a year would have been a cause of very grave anxiety. Even now, if the whole or a great part of the revenue should be struck off at a blow, the dislocation of our finances would be serious and might necessitate recourse to increase of taxation. But if, as we have a clear right to expect, the transition is effected with a due regard to our convenience, and is spread over a suitable term of years, the consequences may be faced, if not with equanimity, at least without apprehension.’

“My Lord, if the Government are prepared to meet the loss in the opium-revenue when it is inevitable, it would be still more generous and noble if we check and suppress the bad habit of opium eating that is taking hold of the Indian population and demoralising it.

“My Lord, the third class passengers in this country suffer great inconvenience in the railway journey. We see them frequently struggling for a seat in the already overcrowded compartments, where they are thrust without any regard to the authorised number of passengers allowed to travel in a compartment. Again, the sheds at the stations which are provided for third class passengers as waiting rooms afford no shelter against sun or the inclemencies of the weather. There are no latrines attached to the third class carriages, and the sufferings of the passengers can be easily imagined. If they go to the latrines at the stations, they are often left behind, and thus they experience a great deal of hardship. They are treated very badly and their condition is very deplorable indeed if they happen to travel by rail at the time of large gatherings held at several places in connection with the religious festivals. On such occa-

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sions they are not treated like human beings, but are huddled together as if they had no feelings. It is an awful sight to see them loaded in goods-wagons with no proper ventilation at all. Several of them fall victim to diseases for want of pure air, while others carry germs of diseases, which play havoc in such gatherings. My Lord, now as the Railway Board have made a provision of 568 lakhs of rupees for rolling stock for the year 1907-08, it is most desirable in the interests of humanity and justice that the inconveniences of the third class passengers should not be lost sight of, who contribute so largely to swell the railway surplus every year.

“ It is gratifying to see that some useful changes have been made in the form of railway accounts from this year to show the net revenue. The old system used to inflate unduly the accounts and suggest misleading comparisons. It is also pleasing to note that the orders are issued by the Railway Board for the adoption on all railways in India of the type of communication between the passengers and guard now in general use in England—a thing which was urgently required in the interests of the safety of the travelling public of this country.”

The Hon'ble MR. SIM said :—“ My Lord, may I congratulate the Government on the continuing prosperity and gratefully acknowledge the uses to which it has been put ? By us in Madras, which is still in the main a country of small land-owners and small incomes, the striking series of measures, calculated to help the agriculturist and the poorer classes, set out in paragraph 36 of the Financial Statement, will be heartily appreciated.

“ The reduction in the *Salt-tax*—a reduction which the Hon'ble the Finance Member shows does reach the consumer—will be welcomed ; so will the new and liberal contribution from Imperial funds for *Famine Relief* ; the improvement in the pay of *Forest-officers* is a well-deserved concession to a hard-worked service ; *Free Primary Education*, in sight, will be a boon to Madras where education is so much in demand ; *Police reform* is as much needed there as elsewhere ; the loss of the *Opium* trade, a dead loss to India, as the Finance Member points out, of 5½ crores, will be less welcome ; but the Indian taxpayer, on whom it will fall, has confidence the British and Indian Governments will make no sacrifice of India's interests without corresponding sacrifice on the part of China. The Hon'ble Member's summary in paragraphs 66 and 67 and Mr. Meyer's Memorandum on *Military Finance* show effective control of and good value for the expenditure under that head.

“ Grateful as we are, however, for these measures, may we still ask for more ; and first, for an increase in the proposed contribution from Imperial Funds for

*Famine Relief?* The Hon'ble Member proposes to give Bombay and the Central Provinces more than five times as much as Madras; the United Provinces are to get nearly twice as much; even Bengal receives more than Madras. It is hard to believe that this represents the real condition of things and that the other Provinces are so much more liable to famine than Madras, as these proposals would suggest: they may have spent more, but some Governments are more liberal than others, and, in any case, the period chosen for the calculation greatly affects the result; a period of thirty, instead of twenty-five, years, for instance, would have included the great Madras famine of 1876-77, and added considerably to the famine expenditure there. As I have said, the hearty thanks of all are due to the Hon'ble Member for his present proposals, but if opportunity should arise for increasing the contribution to Madras I trust that he will take it.

“As quite relevant to such a request the Hon'ble the Finance Member will no doubt remember the words in which last year he described the Provincial Settlement made with the United Provinces—words which, he said, applied equally to the Provincial Settlement made with Madras: ‘It is quite true,’ he said, ‘that as a whole the Provincial Settlement is distinctly less favourable than that of any other Local Government, conspicuously so as compared with those of Bombay, the Punjab and the Central Provinces.’ I trust that the Hon'ble Member will consider that a ‘distinctly less favourable’ Provincial Settlement combined with a ‘distinctly less favourable’ Famine Relief grant constitute very strong grounds for the amendment of one or the other at an early date.

“A second point, also connected with Famine protection, is the provision of funds for new *Irrigation*. The inducement to prefer works that will pay 10 per cent. to works that will pay little or nothing is obvious, but if credit is taken in the account for famine relief saved and human suffering averted the difference is not so great as appears at first sight. The Government of India has not been illiberal in dealing with Madras irrigation in the past: I ask for a continuance of the same consideration in the future.

“A third point—also, in the opinion of many, connected with Famine protection—is money for *Forest* establishment and works. Much of our reserved area in Madras lies in tracts of precarious rainfall, in scattered blocks and near cultivation; regrowth on such areas is particularly necessary, and particularly difficult; a sufficient staff and a generous outlay on works are essential. If proposals to this end should reach the Government of India, I trust they will be sanctioned. They are much needed, and to stint either is to give both Government and the public the maximum of inconvenience with the minimum of benefit.

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"We are not without other needs, also. In time, we trust, the hour and the money will come for them, too, but we recognise the limitations of the year and all that has already been done. Nowhere, indeed more than in Madras, will there be a more cordial appreciation of the efforts which have been made by the present Finance Member and his predecessor during the past five years to simplify, reduce and rearrange the taxation of the country or of the success which has attended those efforts. We trust that the prosperous years may continue, and with them, with continuing success, this policy of financial organisation on similar lines."

The Hon'ble MR. REYNOLDS said :—" My Lord, this time last year we in the United Provinces were suffering in parts from the effects of the failure of the rains in the previous monsoon. These were the more serious as they had followed immediately on the widespread damage caused to the previous spring crop by the frost of 1905. The financial situation at that time was the cause of much anxiety, for we anticipated that the Provincial balances would be depleted by nearly 28 lakhs, and that we should end the year with 14 lakhs less than our minimum balance. Fortunately the rains last June set in in the most timely manner, and though they closed rather prematurely, yet the autumn crops were on the whole good. Over the greater part of the country too the present spring crops promise well, though they have been damaged to some extent by hail, and to a greater degree by rust.

"The fears of a further large expenditure on famine relief which hung over us this time last year have vanished, and thanks to Your Excellency's liberality the burden of debt due to the amount that had to be spent on famine relief has been removed. That expenditure has been approximately 28 lakhs, and had we been forced to meet it from our own resources, we should have been nearly bankrupt. Your Excellency's liberality in taking this expenditure as an Imperial charge, and in starting a scheme of famine insurance to meet such contingencies in future, has relieved the Local Government of much anxiety.

"I have only one criticism to make with regard to this scheme. Last year we had a minor famine extending over parts of two Divisions only and lasting for about a year, and yet we spent a little over 28 lakhs in famine relief. The maximum therefore of 30 lakhs fixed for the United Provinces will clearly be quite insufficient in case of a serious famine extending, as in 1896, over every part except that protected by canal irrigation, and will be dangerously small even in 'a year of moderately severe famine.'

"In spite, however, of the relief afforded to our Provincial finances, I am bound to point out that they might well be in a more satisfactory condition. When the quasi-permanent financial contract was drawn up in 1904, it was expected that the heads of income made over to the Provincial Government would be sufficiently elastic to meet the growing wants of the Province. Unfortunately practical experience shows that this is far from being the case, and our financial arrangements are to a certain extent still further hampered owing to the fact that in the present year 16 per cent. of our income is, and in the coming year 13 per cent. will be, derived from fixed doles incapable of any expansion while practically our whole expenditure is progressive.

"In the first two years of our existing contract the expenditure exceeded the income. In the present year, thanks to a larger opening balance, to the help given by Your Excellency's Government, and the abnormally high receipts from irrigation, the revised estimates show the satisfactory surplus of 62 lakhs instead of the 6 lakhs originally estimated. Our budget for the ensuing year, however, shows a probable expenditure of nearly 5 lakhs in excess of our income.

"I would briefly call your attention, my Lord, to what our more pressing wants are.

"In addressing this Council last year my predecessor pointed out that the immediate needs of the Provinces were better housing for the subordinate police, increased expenditure on education, and aid to the Municipalities to enable them to carry out sanitary reforms. On looking at the last published Finance and Revenue Accounts, namely, those for the year 1905-06, I find that in the United Provinces the total expenditure on education amounted to ₹37,05,689, or ₹78 per thousand of population. In only one other Province was the expenditure per head so low, while in one it was nearly three times as much. For the coming year the expenditure will be raised to nearly 47 lakhs, or ₹99 per thousand, which is an improvement but still far below our wants.

"Under the heading of Medical, again, the expenditure was ₹17,55,445, or only ₹36 per thousand, and in no other Province throughout India was the allotment for this purpose so low in proportion to the population. The allotment for the ensuing year is 19½ lakhs, but more could well be spent on the improvement of the existing institutions and, in addition, the new Medical College at Lucknow will require much assistance from Government to equip and maintain it.

"For public works more money is needed for the housing of the subordinate executive and police staff, and for the enlarging of the District and Tahsili

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offices, nearly all of which are now terribly cramped, and afford nothing like enough space for the growing staff which the annual increase of work in all departments necessitates.

“ We want therefore more money for public works, for education, and for hospitals, and there can be no doubt that municipal needs are growing every year, while the limit of taxation has been nearly reached and the borrowing powers of several Municipalities are all but exhausted.

“ Seven Municipalities have improvement schemes, costing between one and two lakhs each, for which they expect to provide or borrow the necessary funds, but other important centres such as Agra, Benares, Allahabad and Lucknow will require very material assistance to enable them to carry out their now urgent projects. If the wants of these and other important Municipalities are to be met, it is becoming clearer every year that the Provincial Government will in some way or other have to come to their assistance. Lucknow, for instance, has a drainage project estimated to cost about 12 lakhs, for which it cannot provide funds, and taking the larger Municipalities alone, rough estimates show that half a crore could be usefully spent on drainage and water-supply.

“ I need not point out that it is most important that the large pilgrim and commercial centres of the United Provinces should be maintained in good sanitary condition. In past years they have acted as centres whence cholera has spread far and wide over India. Plague is with us now, and until city sanitation is perfected there will always be the risk of similar disasters. The needs of these places are not, I think, a mere local matter, but one of Provincial and even Imperial concern.

“ Turning now to local finance, this has been put on a firmer footing, and contracts have been made with each District Board for the next three years. The Boards have definite sums placed at their disposal and can draw up their own budgets.

“ Some of these budgets have come before me as Commissioner, and it is to my mind quite clear that in a very short time the local authorities will be imitating the example of the Local Government, and asking for more generous allotments.

“ There is, for instance, a loud demand for more money for primary education. School buildings everywhere want enlarging and improving, and boarding houses are required. Railways, again, have been pushed in all directions, and roads at right angles to them now require to be metalled. These are wanted

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not only as feeder roads to the railways; but they also act as most important distributing agencies in case of famine. One very noticeable feature, for instance, in the prices last year was that in the Muttra District prices were higher in the village bazars than in the large marts at head-quarters. This was simply due to the difficulty experienced in getting the grain from the railways over the deep sandy roads.

“ Taking Provincial finance as a whole it seems that, without allowing for any extravagant expenditure in the ensuing year, the budget shows a deficit of 4½rd lakhs, and as matters stand at present it will be nearly impossible to meet the ever-growing demands for the purposes I have indicated.

“ I have already mentioned the financial result from year to year of our present contract, and the urgent need of its revision has been pressed on the Financial Member. We have received from Your Excellency's Government the assurance of a full consideration of our claims in the near future. It only remains therefore for me now to again press our wants on the Financial Department and to respectfully urge a very early and liberal settlement of our requests.”

The Hon'ble SIR STEYNING EDGERLEY said:—“ My Lord, I am glad to open what I have to say by expressing the acknowledgments of the Bombay Government in the matter of the settlement of the incidence of famine charges. Provincialisation on fair terms for the future and a frank acceptance of past charges as Imperial, involving, as that decision does, a refund of 12·32 lakhs spent on famine relief since the opening of the currency of the settlement, is a conclusion with which the Local Government is well content. The past ten years have left heavy arrears of public works expenditure to make good in all departments, and the necessity of spending on famine relief so large a sum out of the initial lump grant of the new settlement had been regarded with some dismay.

“ The provincialisation of famine responsibilities does not at present extend to famine relief in Political Agencies, but, though they have no share in the small revenue which comes in from such areas, the Bombay Government are prepared to accept responsibility in the future for such charges in the Agencies on the same principles and as part of the general settlement subject to consideration of details. There are in the Bombay Agencies a large number of jurisdictional States which are normally solvent. The Government of India are of course under no liability for actual expenditure in their territories, but the Chiefs may be driven to Government for help in serious and prolonged famine. I



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presume that, as in the famine just past, the Government of India will always feel it right to help them in such circumstances. If that be so, the Government of India must I think recognise, in working out a scheme, that they occupy towards such States rather the position of bankers than that of strict controllers of famine relief. Capital will have to be available not for expenditure, but for loan in somewhat larger measure than would be necessary for a strict famine programme in a British district. The Chiefs ought to be dealt with as friends coming to Government to be tided over a period of stress under a full sense of their own responsibilities. They should not, I submit, be subjected to inquisitorial enquiries or to demands for returns, reports, or adoption of British standards of relief. It will be for the Local Government to share the responsibility in this field by seeing that bad debts are not made. Such loans have meant in the recent famine locking up for the time being a capital of rather more than a crore of rupees. Many of the Bombay Chiefs are my personal friends, and I am in a position to know how grateful the Chiefs of Kattiawar and the Guzerat Agencies have been to the Government of India for the help extended to them since 1900. So far as I know at present, the whole of the advances falling into this category will sooner or later be fully recovered. I am glad to notice from paragraph 212 of the statement that repayment is already taking place faster than had been estimated. There will, should such severe and prolonged famine unfortunately recur, be some difficulty in placing so large a sum at the disposal of the Local Government in case of need, and a solution of that problem must be found. The other great difficulty which will need solution is the treatment of relief expenditure in what are known as Thana Circles.

“ I wish to utilise this opportunity to ask the consideration of the Government of India on behalf of a section of the people of the Presidency who suffered terribly during the recent Guzerat famine, and who are not likely to be able to make themselves heard. The landholders in the Thana Circles are owners of small estates and at no time wealthy. At no time are they able to exercise individually their theoretical rights of magisterial civil or police jurisdiction or to meet other obligations which should naturally devolve on persons of their status. So it has come about that these areas, called Thana Circles, have been formed, that the powers of the petty Talukdars resident in the Thana Circles have been, so to speak, put in commission and are now exercised by the Political Agent and subordinates under his control, while the costs of the joint administration are recovered rateably from the Talukdars concerned. When the calamity of 1899 fell on Kattiawar and Guzerat, the resources and credit of this class of landed gentry were speedily exhausted, and provision had to be made to save the lives

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not merely of the labourers and other residents in these villages, but of these small Talukdars themselves and their families. The Agents had to act promptly and on their own responsibility, and large amounts were spent on famine relief in these Thana Circles without it being possible to obtain the concurrence or even consult those at whose cost the expenditure was theoretically being undertaken. Nor when once relief works were started was it possible to confine their benefits to the immediate residents of these villages and the dependants of these Talukdars. People flocked to them from outside and some came even from British districts. The result is that when it became possible to turn from the urgent strain of saving life to the necessary counting of the cost, the Talukdars of these areas have been held liable for a debt of some 23 lakhs on which interest is running. I need not weary this Council with details, but I should like to ask the Government of India to recognise that before their aid was invoked the resources of these people were utterly exhausted, and they themselves on the brink of starvation ; that the whole of the debt is in no case fairly chargeable to these petty landholders ; and that, having regard to the history of the Bombay Thana Circle, the principle should be accepted that when famine is so severe in these areas as to render Government relief unavoidable the expenditure should be treated not as loans, but as direct Government famine expenditure. I would therefore ask the Hon'ble Member in charge Finance Department in his own good time to write off past expenditure and, in the meantime, to permit the amount to remain free of charge on account of interest.

“ If this request can be granted as to the past, and the principles above indicated can be accepted as to the future, there would, I believe, be no difficulty about extending the system of Provincialisation of future famine expenditure which has been introduced for British territory to the Political Agencies under the Bombay Government.

“ I must confess to a little disappointment that the Government of India have not been able to move faster towards what I may perhaps call the settlement figure for police expenditure. The increased cost involved in the proposals of the Police Commission in the Bombay Presidency was estimated in round figures at 26 lakhs. The Commission did not deal either with Aden or with Agency Police, and my recollection at the moment is that the total did not provide fully for Bombay City ; but the Bombay Government cannot omit any of these areas in forming their anticipations of necessary expenditure on reorganisation. It is true that it was not possible to spend on recurring expenditure within those years the whole of the grants made available by the Government of India last year and the year before. It was necessary to obtain the sanction of the Secretary of

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State to detailed proposals, and that takes time. But when I left Bombay in November last sanctions had been received which enabled the Inspector-General of Police to estimate that in 1907-08 he could work up to an expenditure of some 13 or 14 lakhs out of the total. That will not now be possible. I am afraid the suggestion that balances of previous grants should be utilised to permit of higher recurring expenditure during the coming year will seem very dangerous to the Financial Department of the Local Government unless the Government of India can give some definite forecast of their intentions as to the grant to be made next year. Furthermore a considerable part of the balance has been utilised in Bombay to press on the building of the Central Police Training School, which institution is the keystone of the reorganisation and which in view of famine anticipations would otherwise have had to wait. Any of the changes advocated by the Commission which affect large bodies of the subordinate force cost large sums, and I venture to press the view that the grant made available each year should, if possible, be such as to permit these reforms to be pressed through as rapidly as the details can be matured. The efficiency of the Police is a matter which affects the daily life of the whole population.

“ There is only one more subject on which I wish to dwell, and that is to suggest that the Government of India can neither reap the full fruits of the semi-permanent financial contracts recently concluded, nor control the ever-increasing cost of Secretariat establishments, whether Imperial or Provincial, without a complete revision of the rules and orders which govern the relations of the Local Government with the Government of India. With the completion of these contracts a position is reached whence considerable progress might be made in the direction of decentralisation.

“ I do not propose to dwell on the evils of centralised administration. They are, I think, generally admitted. Nor do I think it fitting that I should in this Council use my official experience to illustrate the progress of the evil in the Indian body politic. I also believe that to be unnecessary, for the Government of India are, I trust, anxious for all devolution of authority which may be found possible within safe limits. I am, however, so impressed by the magnitude of the danger to the wholesome administration of the country, and by the rapidity of the progress of the evil in recent years, that I think it is the bounden duty of any one who has given attention to the subject to offer such suggestions as he thinks practicable for consideration and with a view to promote further discussion of possible remedies. Therefore I venture to press for decided action in the direction of decentralisation, and I would suggest that, if necessary, a strong Committee be appointed to work out a scheme of devolution of

financial and other departmental control. In the meantime the following suggestion is, if approved, easy of immediate adoption, and while giving some relief will perhaps help to bring to notice matters requiring more deliberate and formal action. There are at the headquarters of every Local Government financial officers of the Government of India—Accountant-General and Examiners of Public Works Accounts. I suggest, firstly, that all Local Governments should be given discretion themselves to dispose of all particular cases either of infringement by past action of financial rules of control, or indeed of all cases of any kind which do not involve the enunciation of new principles of administration or involve sanction of fresh expenditure beyond the limits imposed from time to time, *provided* that the Accountant-General or the Examiner concurs in the proposed disposal as reasonable and as being such as his experience shows that the Government of India are likely to sanction; secondly, that quarterly or six-monthly returns of all such cases should be submitted by the Accountant-General or Examiner to the Finance Department of the Government of India. The object of this return is twofold, firstly, to enable the Government of India to check any tendency of which they disapprove without re-opening particular cases in correspondence with the Local Government; secondly, to lay before them material which will enable them to ascertain without difficulty the rules and orders of control which are found in practice to be uselessly strict. I need not elaborate the suggestion in this place and would content myself with pointing out that with necessary modifications the same system can further be applied with great advantage to the work of all Departments. It is a system which I believe is already in operation as between Secretaries in the Government of India Departments and Members of the Government, and I venture to urge that the Presidency Governments and the Lieutenant-Governors of Provinces may be fully trusted not to abuse a confidence which for years past has been safely entrusted to officers of lesser position. I also venture to submit that directly the decision of the Government of India on any particular case can be so confidently anticipated by a Secretary that he can himself deal with a letter from a Local Government seeking the orders of the Government of India, that fact alone is ample evidence that the rule or order requiring the reference to the Government of India is ripe for cancellation, and I suggest that some system should be inaugurated whereby continual watchfulness for such opportunities of lessening unnecessary correspondence should be maintained.

“In many cases, however, Acts of the Legislature require references for sanction, and for such cases the above proposal is inadequate. As regards this sphere I venture to call attention to Act V, 1868. It is a short Act of three

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sections which authorises the Bombay Government to delegate to the Commissioner in Sind powers conferred by legislation on Government alone. It has been in force nearly forty years, and I venture to assert that, in spite or, as I should prefer to think, because of the generality of its phraseology, neither in the records of the Government of India nor in those of the Bombay Government is there any established complaint as to its operation. I have been in close touch with the working of the Act for over a quarter of a century, having served since 1881 for nearly eight years in Sind, both as a District Officer and as Assistant to the Commissioner, and having since those days held appointments in Bombay which gave me special opportunity of watching the working of the Act. My evidence is that it has been continually used to the great benefit of the people of Sind and with considerable resulting relief to the Sind Administration and the Bombay Secretariat. The Bombay Government have definitely asked for the extension of the provisions of the Act to other Divisions of the Presidency, and I believe that that proposal is still under consideration. I trust it may be approved, but I wish now to make the suggestion that an Act, the same in principle, should be passed by the Government of India for all India whereby the Government of India could delegate to Local Governments and Local Governments to their chief heads of departments down to officials in charge of districts such powers as it may from time to time seem possible and desirable to devolve on lower authorities. It is obvious that when some new legislation is enacted prudence may compel Government to keep the interpretation of its policy in their own hands. Gradually, however, a body of case law grows up, the policy of the Act becomes known and understood, and it becomes desirable to relieve the people of the delays and all offices of the work inherent in references to a central authority which are no longer necessary. If I am told that it is improper to take an indefinite power by legislation, I would ask consideration, firstly, of the concrete experience of Act V, 1868; secondly, of the fact that in the published correspondence regarding relief to an overloaded administration in another part of India the Secretary of State drew attention to this Act and suggested that an extension of its provisions might provide a remedy; and, thirdly, of the history of the Bombay proposals above alluded to which indicates that any other method of procedure would involve constant petty legislation, would be dilatory in the extreme, and would therefore be practically useless for the purpose in view. An instrument of devolution, if it is to be practical, must be flexible so that it may suit conditions in different provinces and must also be easy of use.

“Assuming such an Act to have been passed, I offer a further suggestion for its practical working which incidentally may go some way to disarm the

criticism I have above indicated. I have above suggested devolution of executive authority coupled with the submission of certain periodical returns. I would further suggest that all officers of the status of officers in charge of districts and upwards and all non-official Members of Council in the provinces be encouraged to place before the Local Governments any proposals for devolution of authority such as may be suggested to them by their own daily experience. Such of these suggestions as may require higher sanction and as the Local Governments may approve should be sent up to the Government of India. Every November the whole of this material together with any Secretariat departmental notes thereon recorded and also all independent suggestions by offices of the Supreme Government for decentralisation might be collected and be submitted for examination and consideration to a strong Committee of this Council constituted from the representatives of the provinces under such presidency as Your Excellency might direct. Besides formulating conclusions on the material so submitted the Committee should have power themselves to originate suggestions and should examine the Acts of a previous year—say the tenth year previous—with an express instruction to secure the devolution of authority and the relief of the Central and Local Governments wherever the consolidation of the policy of the Act has rendered that course possible. I suggest that the Government of India could act with some confidence at the close of each Calcutta session on the recommendations of such a Committee and that a system would thus be established which would operate year by year almost automatically to counteract and minimise the growing evils of centralisation.

“There is one more possibility in such legislation. In October last, when replying to an influential deputation, Your Excellency said that ‘the initial rungs in the ladder of self-government are to be found in the Municipal and District Boards and that it is in that direction we must look for the gradual political education of the people. If the Act which I have suggested were to contain a clause allowing, where thought possible, mixed Committees of officials and non-officials to be associated with Commissioners or heads of districts under such rules of procedure as the Local Government concerned might with the sanction of the Government of India approve, then there would be brought into existence a safe way of tentative and experimental progress towards District or Divisional Councils, not merely advisory, but exercising with ever-increasing finality those powers of control over Municipalities and Local Boards which have been hitherto reserved solely to Government or their officers.

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"I must apologise for the length of these remarks and the freedom of suggestion used. I have strictly avoided all illustration and have compressed the presentation of my suggestions as far as I felt able. I cannot hope that I have offered the solution of this difficult problem which will be adopted ultimately, but I shall be more than repaid if I have been able to get the subject taken up seriously and dealt with as the wider experience of those in authority may dictate."

The Hon'ble MR. CHITNAVIS said :—" My Lord, I must congratulate the Hon'ble the Finance Minister upon his luminous Financial Statement as also upon his achievements. The remissions granted by Government will be widely appreciated. It is a matter of joy that the Salt-tax has been further reduced. The measure will afford sensible relief to the poorest classes, and will enable them to make a larger allowance of salt to their cattle. The people of the country are therefore under special obligation to Your Excellency for this additional relief in the Salt-tax. The other concession will facilitate mercantile correspondence. While I accept the gift in a thankful spirit, I must point out that it will relieve only the commercial classes, and will fail to reach the general body of the people. A reduction in the charge for an ordinary letter weighing half-a-tola from half-an-anna to a-quarter-anna would have conferred a greater boon upon them, and would have evoked a warmer feeling of gratitude among them. And the Hon'ble the Finance Minister knows very well that the suggested reduction in the rates does not necessarily entail a permanent loss of revenue. Revenue of this sort has a recuperative energy in it, and any immediate loss is sure enough amply compensated within a few years by the extra income from the increased volume of correspondence. I trust this point will not be lost sight of in the appropriation of any surplus that a continuance of the existing happy conditions and his singular good fortune may place at the disposal of the Hon'ble Member next year.

" My Lord, the budgetted surpluses both for the current year and the year about to begin are satisfactory so far as they go, but the accounts must induce serious thoughts in the minds of the people. An examination thereof will shew that of the sources of revenue Excise and Stamps are fairly important; and far from being demonstrative of a healthy state, they afford proof, the one of moral degeneracy among the people, and the other of growth of litigation. It would be a nice thing if a sounder source of revenue could be found than Excise. The increase in litigation which must account for the expansion of the Stamp-revenue, must suggest lugubrious thoughts to all who have the well-being of the society at heart. Indeed, the effort of statesmanship has everywhere been to

prevent people being bled to death by litigation. British Indian administrators also have been fully alive to the necessity of arresting the growth of litigation. With that object, what are known as 'Conciliation Proceedings' have been introduced into the Central Provinces, and the scheme has worked well. The time has now come for developing this panchayeti system on a much larger scale.

"The Hon'ble Finance Member has himself fully dealt with the disquieting item—Opium. The income from this source may become *nil* at no distant future; and however much the opium policy of the Government of India may appear reprehensible on moral grounds, no Finance Minister can view with equanimity the loss of so much as  $5\frac{1}{2}$  crores of rupees a year. The Hon'ble Mr. Baker, with his robust optimism, generated perchance by a succession of prosperous years, hopes to be able to forego this large income without having resort to additional taxation, provided there is no sudden crash. The Indian public respond cheerfully to those hopes; but they go further. In view of the fact that the threatened success of the anti-opium movement will depend upon the policy of the British Government over which this Government has no control, they expect that India will be recouped by the British Exchequer for the inevitable loss of revenue. England has spent money like water in the past for conscience sake; she has spent millions for the emancipation of slaves; will she be unkind on the present occasion to poor India—India that, notwithstanding her phenomenal poverty, unaided, has, on so many occasions, borne burdens that should have fallen upon England's shoulders? At least the people here have a right to expect a money compensation from England for the restoration of financial equilibrium in the country.

"As regards expenditure, I regret so little has been allowed for internal reform. Barring the reorganisation of the Police Force, nothing great has been achieved by Government during the year about to close. Nor is anything great going to be attempted next year. And yet reform is needed in more than one Department. It is high time the question of, what is technically called, the Separation of Judicial and Executive Functions engaged the earnest attention of Government. There is no question about the desirability of the reform. Years ago it was recognised as 'a counsel of perfection' by British Indian administrators. Apparently, nothing could be done so long for want of funds. But, fortunately, financial difficulties have now ceased to disturb the calculations and hamper the operations of Government. Government has been passing through a succession of prosperous years. The time has thus come for the wishes of the people in the matter of the separation of Judicial and Executive Functions to be satisfied. We in the Central Provinces were especially backward in this respect until my



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friend the Hon'ble Mr. Ismay, whose retirement from the Service all people there regret, by a series of wise measures, purified the administration of justice, but he could not overstep the limitations of the administrative machinery. A step has no doubt been taken so far as my Province is concerned, but the larger problem of separation of the functions necessarily remained unsolved. This reform is now considered a necessity all over India by the educated classes, and it behoves Government to take practical steps for its trial. It is doubtful if a well-devised scheme will really entail a large addition to the expenditure. Inexpensive schemes have from time to time been formulated by private individuals, and they are well worth trial. I hope, now that its financial difficulties have disappeared, Government will approach the subject with spirit and determination, and earn the lasting gratitude of the people by carrying out the reform in the near future.

“ I am glad Government has at last made a large grant for a matter of Education. The larger grant under this head is matter for congratulation as a sort of pledge for greater liberality henceforward in the support of Education. The grant, by itself, may not go far enough, but it must be hailed with joy by the people as marking a wholesome advance in the policy of Government. It is hoped Government will increase the grant year after year until it reaches the ratio which the educational grants of the most advanced European States bear to per head of population. The promise of the introduction of Free Primary Education is additional matter for congratulation. For the greater encouragement of Education and Vernacular Literature, it will be well to have a system of Literary Pensions or Fellowships similar to those granted to poets and distinguished literary men in England. This will give a stimulus to vernacular literature in the country and create a better class of literary men.

“ While I felicitate Government on its Educational grant I cannot but regret the omission from the Financial Statement of all reference to the important subjects of Technical Education and Indian Industries. Financial, even more than political, expediency imposes a duty on this Government to see that the people of India have proper facilities for earning an honest livelihood; and what is more lucrative than the industries and the technical arts? The industries support the nation; hence they are an Imperial concern in every civilised country. Some of the Continental Governments support their industries by a system of bonuses. But not to speak of bonuses, this Government has not yet formulated a comprehensive scheme of Technical and Industrial Education. No progress can be made without expert knowledge, and the sooner provision is made for the diffusion of such knowledge the better it is for

both the State and the people. True it is, a beginning has been made in the Central Provinces. A Technical Institute has been established at Nagpur under the fostering care of the Hon'ble Sir Andrew Fraser, whilom Chief Commissioner, and thanks to the efforts of the Hon'ble Sir Frederick Lely a School for Handicrafts has been sanctioned. But these are only beginning. What is needed is an adequate system of Technical Education for the whole country. The introduction of a well-devised and comprehensive scheme of Technical Education, supplemented by a system of Technical Scholarships tenable in foreign countries, is urgently needed. I admit Government has sanctioned a few scholarships, but they are practically limited to one branch of industry—mining. The number should be increased, with special regard to other branches of technical and industrial knowledge.

“ As for the village industries and handicrafts, proper measures for their maintenance and development should be made by Government after a preliminary survey on the lines suggested last year by the Hon'ble Sir John Hewett. And in this connection I will ask Your Excellency to consider how far fixity of the State demand upon land is likely to encourage the industries. With the rent payable by the cultivator fixed equitably and security given him against enhancements, there will be more of capital in the village, which, in the natural course of events, will support the industries. And as an auxiliary to this measure, Government should devise means to foster in the villager a desire to invest his small savings in reproductive works. The establishment of Co-operative Credit Societies has been great step forward; but for the improvement of communication in the interior, it can do much to attract the hoarded wealth of villagers into remunerative channels by guaranteeing metre gauge or light railways. A concrete example will perhaps convince Government of the truth of my remarks. Sometime ago the Hon'ble Mr. Craddock, whose appointment as Chief Commissioner of the Central Provinces has given such genuine satisfaction to the local people as securing to them the rule of a sympathetic Governor who knows them so well and a continuity of policy in the local administration, and for which they are under special obligations to Your Excellency, proposed that a metre gauge line should be run from Nagpur to Pandhurna, and the villagers shewed commendable alacrity in promising to take up shares, provided the railway was guaranteed by Government and worked by one of the established companies. The Bengal-Nagpur Railway Company agreed to work the line, but the venture failed because some other conditions were not fulfilled. It is necessary therefore for Government to guarantee small ventures like this, if only to provide remunerative employment for the locked-up capital of the villagers. I must also point out that, in order to create confidence in the breast of the small

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Indian capitalist, Government should further assume control over Banks and Firms having Deposit Accounts, periodically audit their accounts, and appraise their assets. The introduction into India of the English laws of Entail and Primogeniture, with the necessary modifications, coupled with a limitation of the Land-revenue to 50 per cent. of the gross collection in consonance with the principles underlying para. 12 of the Resolution No. 1—56-2, dated the 16th January 1902, of this Government, is likewise calculated to be productive of the greatest good to the village economy by encouraging accumulation of wealth in the hands of landlords, and increasing the capital of the country, which, sooner or later, will be utilised for industrial development.

“There is another point to be seriously considered in this connection. The countervailing Excise-duty on cotton goods manufactured in India, imposed by an unwilling Government for the satisfaction of the clamant Lancashire manufacturer, has been a clog to the Indian cotton-industry. It has also caused some irritation among the people, who feel that their interests are sacrificed for the convenience of the English producer. On political grounds this feeling should be removed. I trust the present Government is sufficiently courageous to do the right thing by abolishing the duty, which has yielded the small income of 27½ lakhs of rupees in the current year, and is expected to bring in 29 lakhs of rupees next year, in defiance of Lancashire.

“Agricultural industry again is as important to India as manufacturing industry. Government, I am glad, is doing a deal to develop it by the establishment of a special Department, with subordinate Provincial bureaus; but I have some misgiving about the efficacy of counsel only. Here, as in every other matter, example is better than precept. It might be said that the Agricultural College at Pusa and the various Experimental Farms supply the requisite object lessons; but I doubt if a large number of agriculturists have either the will or the opportunity to avail themselves of them. It would be far more helpful to the ordinary agriculturist if Government were to distribute among cultivators of small means through the Co-operative Credit Societies and principal headmen of villages improved mechanical appliances. Once cultivators are convinced of their utility and get acquainted with their manipulation—and the high price of plough cattle and labour is sure to make their usefulness urgently felt—they will form themselves into organisations under the guidance of these Societies and headmen for their importation and adoption in every-day use.

“The question of the supply of plough-cattle has not yet been, I regret, adequately dealt with by Government. It promises to become one of the most

difficult questions connected with agricultural improvement in the near future. The price of plough-cattle is going up rapidly and the total stock in the country does not appear to be sufficient. Add to this the depletion of the stock by disease and poisoning, and the impediment to agriculture from want of an adequate supply of cattle will become obvious. Government can do much to minimise this difficulty by the exercise of greater vigilance in the matter of cattle-poisoning by the establishment of Veterinary Hospitals at important centres, by providing commons in villages, by reducing grazing-fees in Reserved Forests, and by encouraging cattle-breeding in the country. Government is doing much in this direction, but I hope and trust all this will be done on a more comprehensive scale than is being done at present.

" There is yet another serious difficulty in the way of Indian industrial development. There is a growing dearth of labour at industrial centres, and more than one industry suffers in consequence. Appreciable relief can be afforded by Government in this matter by encouraging emigration of the surplus population of the congested areas into these centres, by checking emigration out of India so long as the internal needs are not fully supplied, and interdicting beggary except in the case of the aged, the infirm, and the disabled. Beggary, as a profession is on the increase in certain parts of India, and I think the time has come when the strong arm of the law should intervene to arrest its further progress.

" If these subjects are momentous and claim adequate treatment at the hands of Government, there is one other matter which, for its lethal effects and its growing danger to the Commonwealth, has assumed the importance of an Imperial question. Plague, my Lord, is doing havoc among the people year after year; hundreds of thousands of our fellow-countrymen have succumbed to it; like the upas-tree it is overshadowing the whole Peninsula, blotting out from the view gleams of hope and encouragement. I do not think it can be successfully combated by Local Governments; at any rate, their efforts must be largely supplemented by those of the Imperial Government. In this view of the matter, it was the clear duty of this Government to provide money liberally for the extirpation of plague by the opening out of congested areas and rat-killing—the only means experience shews are effective. The Hon'ble Mr. Miller, I may be allowed to express, has however done much to combat the plague in our Province during his term of office, and I take the opportunity of expressing on behalf of the people our great regret at losing such a strong and sympathetic ruler.

" Speaking of the special needs of the Central Provinces, I must gratefully acknowledge the extraordinary grant for Famine Relief. It is a liberal grant

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and, I am sure, will go a great way to relieve the periodical distress of the Province—a Province which has suffered extremely from famine of late and whose inhabitants still remember with gratitude the great help then given them by Government under the auspices of their Chief Commissioner, Sir Andrew Fraser. The Hon'ble Finance Member must be congratulated upon his ingenious, withal simple, scheme.

“There are, however, other directions, my Lord, in which an Imperial subsidy is needed. Communication is difficult in the Central Provinces, good roads are wanted; hospitals are few and far between; and the needs of Nagpur are equally large and pressing. The City is congested in parts, and, in view of its growing mill population and the factories, a larger number of open spaces are absolutely required for its health and safety. There is also great need for structural improvement. It is desirable to have guest-houses in it for the accommodation of Feudatory Chiefs and Mufassal leaders, interchange of thoughts between whom and the Chief Commissioner is calculated to render administration at once easy and popular. The Provincial Government is alive to the necessities, but the means at its disposal are limited. People therefore look up to Your Excellency's Government for a substantial pecuniary help in each of these directions, and I have every hope they will not be disappointed.

“My Lord, every servant has a right to expect considerate treatment at the hands of his employer. Disappointment breeds discontentment, and discontented servants render at best indifferent service. The interests of both the employer and the employed are thus blended together, and are in a certain manner identical. It is only meet and proper that servants should share in the master's prosperity especially when it is in a large measure due to their devoted service. But I regret that, notwithstanding the fact that a net surplus from the Postal revenue of a trifle less than 16 lakhs of rupees, bating the 11 lakhs of rupees which the fresh concession in Postal rates involves, has been budgetted for next year, not a sou has been granted for the relief of the hard-worked, needy underlings whose loyalty and honesty under the most trying circumstances are alike conspicucus. The Hon'ble Mr. Finlay challenged my statement recently that the salaries of Postal employés below the rank of Superintendent and above that of peons were fixed more than thirty years ago. Government at least will admit this much, that the scales of pay in question have not undergone material change during recent years. It will also be admitted, I presume, that prices and wages have appreciably gone up of late. Is it not then just and fair that the poor subordinates should have some consideration shewn them by Government? Your Excellency, with your sympathetic nature, cannot remain irresponsive to the appeals of these officers long,

and I feel sure the day is not distant when their case will receive a sympathetic treatment at the hands of Government.

“ My Lord, so far I have pleaded for larger expenditure for internal reform and development. The present state of the finance is perhaps not the most propitious for a large additional outlay. The Government, in spite of its large and successive surpluses and its apparent prosperity, is barely paying its way; but the importance and urgency of the reforms suggested and their wholesome influence on the administration and the material and moral progress of the people might well justify, even under present conditions, extravagance, not to speak of unavoidable expenditure. Nevertheless, to remove all cause of complaint and nervousness, I beg to point out that a large amount of cash can be easily made available for expenditure on more ambitious measures of internal reform by the adoption of a more liberal policy in certain directions. The freer association of Indians with the Administration and their larger employment in the Services must prove both economical and politically expedient. The far-sighted policy initiated by Lord Bentinck has been justified by its results, and their excellence demonstrates conclusively the desirability, nay the necessity, of its expansion. I must, however, say that in this respect we are perhaps already ahead of other Provinces in India, as a Commissioner's appointment was lately conferred upon a Parsee gentleman of Berar by the Hon'ble Mr. Miller, and for which the people of the Province no doubt owe an obligation both to Your Excellency and to him.

“ The purchase of stores in India and a preferential use by Government of articles made here must conduce to economy and conservation of means. The course is sure to set free annually a large amount of money.

“ My Lord, I do not understand why an increasing amount of money should be locked up every year as Gold Standard Reserve. I do not appreciate the principle; I am doubtful about its utility. I do not think it is necessary; nor do I believe that the present satisfactory Exchange is due to it, or that there should be some Reserve by way of insurance against a low and variable Exchange. The present Exchange policy of Government has been determined by its belief in the efficacy of a restricted currency. It has so far succeeded by creating an artificial scarcity of the rupee. The result may also have been partially due to an appreciation in the value of silver, independent of the action of Government. Government has thus the key to the situation. The volume of the currency is dependent upon its will, and if ever Exchange conditions become disquieting in the future, it can give tone to the market by a timely restriction of the currency.

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If that measure fails, the richest Gold Reserve will fail even more signally. Can hoarded cash alone stop Exchange from falling? How long can Council Bills be withheld? The experiment was tried in the past in vain until the artificial rupee famine acted as a restorative. Why should it then be necessary for a large amount of money to be funded each year against a contingency which, if it happens at all, will swamp Reserves at the first touch? There is the less justification for this policy when money is wanted for pressing needs in other directions.

“ My Lord, I will not say much about military expenditure, but I will say this much, that everywhere within the British Empire next year will be signalled a reduction in the Army and the Military Expenditure. England has got a reduction of £2,000,000, and whole battalions have been abolished in most of the Colonies. The Indian Military Expenditure of next year must swallow up the whole of the gross income from so expansive a source as Land-revenue and a million pounds sterling more! It is stated that there is a decrease in the Budget of half-a-million pounds sterling under this head. The decreased expenditure will still exceed the expenditure of 1905-1906 by over 33 lakhs of rupees!

“ However, in view of the fact that large reductions in the Army have been made in the Empire, it may not be considered feasible to effect any reduction here; but it can well be imagined that the Indian Army will have henceforth extra work thrown on it for the protection of Imperial interests in consequence of the measure; and, that being so, the British Exchequer ought in common fairness to recoup this Government at least a reasonable portion of the cost of maintenance. Here is a direction, my Lord, in which a large retrenchment in expenditure is possible without detriment to efficiency.

“ I must take this opportunity to point out that, as a measure for fostering the martial instincts of the people throughout the length and breadth of the Peninsula, Government ought to extend the area of recruitment for the Army. Whole tracts are now marked off and whole classes branded as unfit. I do not know what justification there is for this sweeping denunciation. Prudence requires that the people rejected as disqualified should be given a fair trial.

“ My Lord, the loans of recent years must be a puzzle to many. We have them simultaneously with surpluses justifying reduction in taxation. The National Debt increases with national prosperity as disclosed in Prosperity Budgets. That is a position which is more or less of an enigma. The Railways are clearly responsible for these loans. The Hon'ble Mr. Baker observes that Railways in India are constructed from loan funds. Loans become therefore

necessary for the expansion of Railways. We have for the next year a modest estimate of a sterling loan of £3,500,000 and a rupee loan of £2,000,000; and this moderation in the estimate has been forced upon the Government by the state of the Money Market both here and in England. But, as it is, the Estimate is bad enough, judged by the loss it will entail. The loans would strike one as objectionable and impolitic, assuming that the policy of Government in making Railways a State concern and of providing for them from loan funds is wrong. But of this more later on. Meanwhile, I will only point out that, apart from their undesirability on principle, the budgetted loans will prove commercially unproductive. They cannot possibly yield the full amount, and there is bound to be a heavy deficit which will have to be made good from other sources, possibly from the cash balances. Our present loss will be half-a-crore of rupees. The last sterling loan was floated at an average rate of £94 16s. 5d. against the rate of £97 18s. 6d. obtained in the previous year. There has since then been a further drop in the market rate of the 3 per cent. India Sterling Stock, and according to the Budget it stands now at £90. Unless, therefore, the stringency in the market is suddenly relaxed, money becomes plentiful, and the rate improves considerably, for which contingency there is not much prospect at present. The accepted rate of tender should be less than £90; at any rate, it cannot very much exceed that figure. But suppose the rate improves, and the loan is successfully floated on the market at £93; even then the loss in present value upon the sterling loan will be £245,000, besides an annual loss in interest upon this sum of £7,350. The loss in present value upon the rupee loan of Rs. 3,00,00,000 will be Rs. 9,00,000, allowing for a discount of 3 per cent., besides a loss in interest of Rs. 31,500 a year. That is, upon the two loans our immediate loss will be Rs. 45,75,000, plus a recurring loss of Rs. 1,41,750 a year! And this present loss must be made good from the cash balances, which will be depleted to that extent.

"The capital charge for Railways at end of the present year is estimated at £260,356,500. The net surplus budgetted for 1907-1908 is £2,149,700, or less than one per cent. upon this capital. This would hardly be considered sufficient from a commercial point of view. The enterprise is of problematical value. But whether profitable or unprofitable, in my opinion, Railways should be constructed, owned, and managed by private capitalists. If the business is remunerative, as the official statement gives one reason to suppose it is, there will be no lack of capital to work it; if not and the State has perforce to take it in hand, the Railway programme must be considerably curtailed to suit financial conditions. The Railways can with advantage be made over to private companies. I do not conceive



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there will be any difficulty in making satisfactory arrangements for their transfer, with due regard to facility of transport of troops and stores in times of war and of grain during famine. That will relieve Government of much of its present embarrassments, and will shift the responsibility of efficiently working the lines on individuals whose outlay will be determined by considerations of remunerative employment only. This will also have the effect of bringing into existence a much larger development of railway enterprise, and competition will help to facilitate this development still further. For the protection of the interests of the public, Government can reserve to itself the rights of sanction and supervision. It is conceivable that there will always be lines—for instance strategic and protective lines and metre gauge feeder lines constructed with a view to attract village capital—which will still require Government initiation and support; but they form an exception. As a rule Railway enterprise should be a private enterprise. There may have been a time when from the exigencies of the situation Railway construction became a State concern; but with greater intercommunication between the West and the East and the increase in the world's capital wanting employment, this necessity has vanished. There is now no justification for State support of Indian Railways; on the contrary, expediency requires that encouragement should be given for country and foreign capital to come forward and assist Government in this great work of development. When they are so worked, State supervision will be more careful, searching and effective. But so long as existing circumstances continue, there will be an ever-increasing volume of dissatisfaction among merchants, millowners and mineowners at the drawbacks to quick transmission. I sympathise with the commercial classes in their complaints about the impediments. These constitute a real grievance. Only a few weeks ago complaints came from Raipur that a large quantity of grain became damaged at the station through delay in transmission, and many dealers were said to have suffered heavy loss in consequence. The solution of the difficulty, however, lies, not in a more liberal supply of borrowed capital by the State, but in an early transfer of the concern to private agency.

“From a scrutiny into the Railway policy of Government to an examination of its Irrigation report is a refreshing transition. The Irrigation Works are satisfactory indeed. The annual yield of 9 per cent. upon the capital outlay justifies their extension to those numerous tracts where the soil is arid and the water-supply is deficient, the convenience, the interests, and the feelings of the inhabitants of populous villages always consulted. Irrigation surely deserves a more liberal treatment at the hands of Government.

“All said, my Lord, the Budget under discussion is a satisfactory one. It gives proof of the benevolent intentions of Government, and of its desire to promote

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the well-being of the people. I frankly acknowledge the fact that Government is as anxious for our material and moral progress as we can be. Responsibility goes hand in hand with power, and I am glad Government fully recognises this principle. There are occasions, however, on which the action of Government, not being suited to the circumstances, raises a storm of opposition, and, as often as not, is attended with unhappy results. Such mistakes are inseparable from human institutions, and more so from the proceedings of a Government like this which has not always correct information about the actual needs and wishes of the people. Previous consultation with Advisory Councils of their real leaders will minimise the evil and make Government action more conformable to the public wishes. Division of responsibility between the Government and the people is a distinct gain from an administrative point of view. For more practical results, the non-official Members of this Council should be given an opportunity of discussing the Budget with the Hon'ble Finance Member before its presentation. I am happy to observe the Hon'ble Sir Andrew Fraser has introduced this simple plan into his Council. There is nothing like harmonious co-operation; and the objective of both Government and the people being the same, a little more of consideration, a little more of mutual appreciation, a little more confidence in the popular representatives, will allay irritation, secure greater contentment, increase the prestige of Government, and promote the moral and material prosperity of the country."

The Hon'ble MUNSHI MADHO LAL said :—" My Lord, after what has fallen from my learned and Hon'ble Colleagues before me, I have no desire to take up Your Excellency's valuable time nor that of the Hon'ble Members of the Council, but on an occasion like this it is difficult for me to forget the wants felt and burdens borne by my Provinces—the United Provinces of Agra and Oudh; and the first point that suggests itself in this connection is the adjustment of the amount of funds to be left to the Local Government of these Provinces for expenditure in the various branches of its administration; but we need not go into the figures, as my Hon'ble Colleague Mr. Reynolds has very ably explained to this Hon'ble Council. It need hardly be said that these funds are allowed to be spent by the Government of India in the Provinces out of the revenues raised by them, and the problem that awaits solution is whether our Provinces have been getting enough to spend in the various Departments of its administration.

"The general complaint in my part of the country, official and non-official, is that in spite of our paying the largest contribution to Government, the sum

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allotted by the Imperial to our Provincial Government is not adequate and the latter Government is compelled to cut down every item of expenditure to the lowest possible limit. The allotment made to the Local Government does not bear a fair proportion to the revenue which it realizes from the people of those Provinces. It does not bear a reasonable proportion to the surplus. So far back as 1897 the Hon'ble Sir A. P. MacDonnell, late Lieutenant-Governor of our Provinces, in his speech delivered in the Provincial Council observed :—

'From an examination of (these) figures I draw two inferences. The first inference is that the surplus contributed by the North-Western Provinces and Oudh (now termed the United Provinces of Agra and Oudh) to the general account is larger than that of any other Province. It is even more than a quarter of the contribution of all the Provinces put together. It is more than double that of Bombay and it exceeds that of rich Bengal by over ten millions of rupees. The second inference I draw is that the largeness of surplus which we contribute to the Government of India is due to the fact that we are permitted to spend provincially only a disproportionately small amount of revenue which we raise. According to the Financial Department figures all Provinces but two spend provincially over half of their revenue. The two exceptions are Madras and these Provinces, but compared with Madras we come off a bad second, for while Madras is allowed to spend 48 per cent. of its revenue provincially, the expenditure in the North-Western Provinces and Oudh is kept down to 42 per cent.'

"In 1902, the Hon'ble Mr. Hardy, representative of the United Provinces in this Council, remarked :—

'The necessity of aiding the large Municipalities in completing drainage schemes and in carrying out other sanitary reforms is specially urgent in view of the inroads of plague. Many of the Municipalities of the United Provinces have large populations, but they are not wealthy as a rule and the expense of introducing water-works has hampered their finances.'

"The condition in which the present Indian education stands has been ably discussed by my learned colleague, the Hon'ble Mr. G. K. Gokhale, in previous years, and the clear comparison with the education of other civilized countries which he has given need not be repeated. But even in this respect our Provinces have not yet been able to achieve what other Provinces in India have been enjoying for many years.

"From what I have submitted it is clear that though our Provinces have been contributing the largest amount to the Imperial Exchequer, they have not been receiving for Provincial Expenditure that proportion of its share from it which other Provinces have got. I am afraid it would take the Imperial Government years to make up the deficiency of the previous years so as to

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place our Provinces in the position which the more advanced provinces enjoy so far as education, sanitation, medical aid to the rural public, the construction of other works of public utility, such as wells, reservoirs and canals for irrigation purposes and water-works and good roads in hill districts for traffic and convenient marching of troops at places where they are badly wanted.

“ As regards primary education it is now conceded that it should be free, and it is further conceded that all education according to Oriental notions ought not to be a matter of purchase and sale ; but what stands in the way of the diffusion of knowledge among the masses? The reply invariably is want of public funds to help the people in this direction.

“ As regards higher education in the country it is not, as in Europe and America, confined to the rich and well-to-do classes only. On the contrary, it is the monopoly of the high born though poor classes in (the Indian sense who care more for plain living and high thinking than riches or wealth, but who can get education without paying for it. It would, as a consequence, be a mistake to suppose that if fees in high schools and colleges continue to be what they are the better-to-do and wealthier classes would be educated. On the contrary, there are many people who apprehend that high education might suffer hereafter for the simple reason that the classes who go in for it would not for want of means get an opportunity of receiving it, whereas the richer and well-to-do classes, as usual, may not care to receive it. It is a peculiarity of this country that from time immemorial education has been very cheap to those who cared to receive it. During the Hindu period of its history the students not only got education free, but were provided with board and lodging, books, stationery, etc., by their teachers and professors or by the State. Instances of such education and training can be found at Benares even to this day. During the Muhammadan period and nearly up to the last quarter of the 19th century it remained so during the present rule, when the want of funds stood in our way and we had to make a new departure from the time-honoured rule of providing inexpensive education. It is a pleasure to see that the country is awakening to the need of primary education for males and females, but so long as the Government has not got the means to provide it, the desire of giving free primary education to all boys and girls of the country will not, I am afraid, be an accomplished fact. We are extremely grateful to Government for making us a large grant for education : but, my Lord, our difficulties will continue so long as it does not please the Hon'ble Finance Member to be more liberal to our Provinces in settling the terms of the provincial contract. Having regard to the

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unprecedented loss of lives that the plague has been causing every year to our Province it would appear not only desirable but necessary to secure the poorer classes of the population from its attack by giving them every opportunity of saving their lives by having recourse to voluntary segregation, disinfection, etc., at the public cost. Any amount of money spent in this direction would not be thrown away. The remarks of the Hon'ble Mr. Hardy who represented the United Provinces in the Council in 1902 apply with equal force now as they did then to Benares, of which I am a resident. It appears that the Hon'ble Member was thinking of its condition when he made the remarks, and it seems to me that he was perfectly correct in what he said.

*"Drainage and Sanitation for the town of Benares.*

" My Lord, the town of Benares is the oldest and most thickly populated one in the United Provinces. The area called the sewerage area is the oldest part of it and contains all the important ancient temples and shrines of the Hindus. It is to this place that pilgrims from all parts of India go in large numbers every day. It has become insanitary and very unhealthy and requires drainage works and roads to open up the most congested quarters which have become the home of plague and pestilence. Small grants doled out by the local municipality are barely enough to keep it in its present condition. Benares, it may be said, is the centre of Sanskrit learning from time immemorial, and since the establishment of the Queen's College and the Central Hindu College and other educational institutions has also become one of the well-known centres of Western education and culture for all Hindu students from all parts of India. During the administration of His Honour Sir Auckland Colvin, Lieutenant-Governor of the Provinces, grants were made and subscriptions realized for the purpose, but the whole amount had to be devoted to an equally important object, *vis.*, the construction of the water-works for the town and of a portion of the drainage-works outside the sewerage area. As the question affects the health of the whole of the Hindu population of India and our Municipal and Provincial grants would not be enough for the purpose, I hope it would not be deemed out of place to mention the fact especially as the plague has been raging throughout the country for a period of more than eight years and has been destroying a large number of our people, and the only way of stamping it out appears to be the introduction of good sanitary measures for the town and completion of drainage works. It may, therefore, be submitted, my Lord, that the question is fit to be treated as an Imperial one,

" I have been informed, my Lord, that the present Benares water-works are in need of repairs and that the municipality of that town is to apply to Government

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for a loan of three lakhs of rupees. We are afraid that if they are not cared for in time we shall be deprived of a sufficient supply of good water which people have been accustomed to use for many years past.

*"Construction of cart-road from Khyrna to Almora.*

" My Lord, besides the construction of drainage and water-works for every town in the United Provinces, there are many schemes of Provincial and Imperial importance which have been awaiting completion for want of Local, Municipal and Provincial funds, such as the gap in the cart-road communication from the town of Nainital or the terminus of the Rohilkhand and Kumaon Railway to the town of Almora. My Lord, the districts of Almora and Nainital were annexed in 1815, and the old and historical town of Almora is the headquarters of a district and possesses a fort and cantonments in which a full battalion of a Gurkha regiment is stationed. The want of a cart-road direct to Almora is greatly felt by all travellers going to and coming from Almora. The construction of the road for 19 miles or so is not likely to cost much and will be of great use to all officers, Civil and Military, to the battalion located at Almora, and to all people engaged in trade or dealing with reserved forests and the produce thereof.

" My Lord, we are very grateful to the Hon'ble Finance Member for his kindly seeing his way to reducing the salt-tax by eight annas per maund and making the postage cheaper. He should be congratulated also on his reducing the Military expenditure by about half a million, though temporarily, and granting thirty-three lakhs more for education. There is one thing more to which his attention may be invited. There should be an adequate stock of silver coin to suit the requirements of the money market.

*"Military Expenditure.*

" My Lord, the question of Military expenditure in connection with the Budget debates is a very important one, and so far as our financial difficulties are concerned it may be safely called an all-absorbing one. No item in our Budget estimates is so large as the one relating to it; besides it is an item which will probably go on expanding to the satisfaction of neither the Military authorities nor the Indian tax-payer.

" The reason is not far to seek. According to the modern system of maintenance of army viewed in the light of the progress which the science and art of war have made in this direction, no amount of money however large would seem to suit the requirements of the times. A military officer

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who cares for the efficiency of the army would not remain satisfied with what he possesses in the face of the progress that is made by the civilized Powers of the world. The increase of military expenditure under the circumstances may be commensurate with the necessity of keeping ourselves up to date in everything. All this would require a good deal of money. Now the question arises—what should be done so as to insure the highest state of efficiency in the army by reducing the present expenditure? In this connection I beg to submit that the question of India's defence can, to a considerable extent, be solved by the raising of Militia. This is the opinion of many Englishmen interested in the matter. A paper was read last year in England by Mr. Thorburn, late Financial Commissioner of the Punjab, at a meeting presided over by Sir Lepel Griffin in which the question was fully discussed, and the remarks made on the occasion support my humble opinion.

“ India is an agricultural country and the majority of our Indian soldiers come from the agricultural classes. They may be engaged as members of the Militia on feudal tenure as was done in ancient times and is done in Nepal at the present day. This can solve the numerical difficulty to a considerable extent without affecting much the Imperial Exchequer. To begin with, experiment may be made with the agricultural and other warlike people fit to do the work upon such conditions as to Government may seem fit. The next thing that the present Government may duly consider is this, that England should pay a fair share of military expenditure incurred in India in maintaining the troops that are sent now and then from India to engage in wars waged for the maintenance of prestige of the British nation, such as the last Boer War and the Chinese War. In the future too, if such warfare ever takes place, a similar contingency might arise. Under these circumstances would it not be fair to fix a proportion say, one-ninth or one-tenth or even less, of the expenditure incurred in maintaining the British troops in this country that should be borne by England?

“ My Lord, I would not waste Your Lordship's time on further details and I am confident that if the humble suggestions submitted by me commend themselves to the consideration of Your Lordship most of the difficulties connected with this all-absorbing question will vanish to a considerable extent.

“ *Remission or Suspension of Home Charges.*

“ My Lord, next in importance to the subject of curtailment of military expenditure, the question of Home charges is one that requires careful consideration not only by the India Council and by both Houses of Parliament but

by every member of the whole of the British nation who feels the responsibility of maintaining the Empire. It is an admitted fact that India is the brightest jewel in the crown of our Lord the Sovereign of which both England and India and every sensible and genuine member of the Empire should be proud. When India under the patronage and encouragement of the British nation becomes strong, well-educated, rich and prosperous, the whole of Great Britain and the British Empire would directly or indirectly be benefited by dealing with her; but so long as she remains poor and weak, the best way of practically showing genuine sympathy on the part of the inhabitants of Great Britain towards their Indian fellow-subjects would be to share the financial difficulties connected with the better administration of India at least for some years, so that they may be able to stand on their own legs and be able to march with the times by superior general and technical education extending to all classes of people and the masses and by the latest improvements in all arts, sciences, commerce and industries. It is hardly necessary to submit that there would be no better way of discharging the sacred trust that Providence has reposed on Great Britain, and no time for doing so is more favourable than the present one.

“ If all Government functionaries here and in England interested in the welfare of the British Empire could be induced to direct their attention and practical sympathy towards the Indians by remitting or suspending or otherwise softening the rigour of the Home charges to a reasonable extent for a dozen years or more according to the circumstances of the case, most of the financial difficulties that have been staring us in the face would, it is hoped, be solved automatically.

“ My Lord, in this connection I may be allowed to give expression to the general feeling of the people, both literate and illiterate, in this country which is generally described by a simile which making every allowance for the fertile imaginative faculty of the Orientals, would, I trust, be kindly listened to with attention, even in this dignified chamber. India, my Lord, is compared by us to a bride of peerless beauty whom Great Britain, her lord and master, has got by centuries of continued attention, after years of jealousy and rivalry with other European races, such as the Dutch, the Portuguese and the French. She is a country the fame of whose charms from time immemorial has reached every creek and corner of this planet: but like a coy maiden when courted most she has retired the farthest: now that she has grown up she says in confidence to her Lord:

‘ You have succeeded in courting me by attention, but now win my heart too. Make me happy, healthy, wealthy and wise, never grudge me any comfort or even



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luxury I may have a fancy for; the responsibility connected with the maintenance of your Indian bride is sacred. In matters like this money is no consideration. Besides, in the land of the Orient, Government is always associated with generosity and magnanimity of the highest order and not with cold calculation of pounds, shillings and pence which does not inspire a feeling of warmth, large-heartedness and devotion. If you even like me, I shall love you in return. Would it not look odd, if you send me a bill for every service, large or small, done to me or anything supplied for my comfort or convenience? What say you to all this? Viewed from this standpoint, what are twenty or even fifty millions of pounds if spent every year by the British nation out of its pocket for the good of India?'

"My Lord, such is and has been the standard of judging questions of the kind of the Eastern people, and the ideas which I have taken the liberty to express are a part and parcel of their constitution. It is difficult to say how long it will take them to consider the subject from the point of view adopted by the English people, but that such a feeling does exist there is not the least doubt.

"We have every reason to believe, my Lord, that under such circumstances the British nation, which has always helped even those depressed races who had nothing to do with England, if properly acquainted with our real difficulties, will come to our rescue and will very cordially help us in rearing a superstructure of a class that for its strength, beneficence, success and grandeur, would serve as a model for all Asia which no foreign ruling race in the annals of Government of the Empires, of ancient or modern times has yet been able to see either in the old world or the new from the coasts of the Mediterranean to the shores of the Pacific."

The Hon'ble MAHARAJA OF DARBHANGA said:—"Your Excellency, I congratulate the Hon'ble Mr. Baker on the excellent Budget he has presented to the Council, and for the clear, concise, and lucid manner in which he has arranged its details for our consideration. The fairly good harvests have given him a substantial surplus which has enabled a substantial relief to be given to the people in two directions, inviting universal approval by all. The increased postal facilities for internal communication, by allowing one tola of letter correspondence to be carried for a half-anna stamp, and three tolas for one-anna, will prove a great boon to the country, and will tend to oil the wheels of our internal commerce. May I respectfully suggest that the Government might also take into consideration the case of the smaller newspapers, and allow journals of not more than three tolas in weight to be carried for one-half the present rate. A cheap Press, provided it is a good one, ought to have as much facility for reaching the masses as possible, for it would tend to disseminate the kind of knowledge which would make

for contentment, and chase away the ignorance which is so often the cause of unrest and discontent. I hail with satisfaction the further reduction of the Salt-tax, and trust the day is not far distant when the increasing prosperity of the country will enable the Finance Minister to announce its entire abolition. The poorer millions of the land require all the aid which Government can give them to improve the general health and afford a protection against those epidemics which now and again scourge the country. The proper use of salt in diet is a necessary condition of health. The cheapening of its price has always improved its consumption. The abolition of the remaining rupee per maund and the liberation of Salt not only for dietary use but for a great many other purposes in Commerce and Industry may well be the ambition of any Financial Minister in India. The opium question is one which I touch on but lightly, merely remarking that if we in India can help the great Empire of China to effect a great moral improvement in its people, we may well afford to look forward to the gradual extinction of the export-duty derived from the drug during the next ten years.

“One great pressing question of the day is the expansion of our railway system and the bringing facility of transport into line with the increasing demands arising out of the development of the agricultural and mining industries. It would not be true to affirm that the Government are not keenly alive to the exigencies of the situation, and I am convinced that as soon as money can be provided and can be profitably spent, it will be forthcoming for the further development of our railway system. But meanwhile, I would strongly urge that possibly a great deal more might be made out of our present rolling stock, if it was indeed kept rolling to some purpose, and not kept idle in sidings, or employed as godowns, when the wagons ought to be quickly used for transport purposes only. The railway expert, the late Mr. Robertson, when examining into this question on the spot, made a criticism something to this effect that in many instances there was no want of wagons, but only of administrative brains to know how to use them. He said that in cases like this, the more wagons the more muddle. I am not aware that subsequent events have dulled the sharpness of this criticism. We have now a board of three Railway experts, and we look to them to straighten out the crooked things in the administrations so far as this is practicable at the present time.

“There is one point, Your Excellency, which I would like briefly to touch upon, and that is our food-grain supply. Your Excellency is aware that the export of food-grains from India especially in times when the people in many districts have scarcely enough to eat, or may be looking forward to a season of

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actual famine, is at this time greatly perturbing the minds of men who are real lovers of their country. I do not pretend to be able to point out the precise manner of dealing with this question, as it is a complex one on its economical side ; but it seems to me, if the Government will adopt my humble suggestion, that a small expert Commission might be very profitably appointed to examine into the whole question of our national food-supply, the regulation by Government of food-exports in time of threatened scarcity or actual famine, and other related subjects ; and then the report and recommendations of such a Commission might enable the Government to deal with the matter in a satisfactory way. Speaking of famine and the fact that even in normal times there are still millions of the people to whom a full daily meal is an utter stranger, I rejoice at the increasing interest that is being taken by the Government in the development of scientific agriculture throughout the land. Agriculture is the first and foremost interest of India, and the Government who will teach the cultivators of the soil, by improved methods, through experimental farms and agricultural teaching in our common schools and colleges, to improve the quality of the produce and greatly increase the fertility of the soil, will earn the enduring gratitude of posterity, and will effectually extirpate famine from the land. Let the interest of scientific agriculture be fostered as one of the primal needs of India.

“ Another closely related question is that of the development of the Fisheries along our vast stretches of coast, and in our internal waters. The wealth to be obtained from our seas and rivers is fabulous in its extent. And when Fisheries in India are put upon a proper footing the food-supply of the people will be hugely augmented, and the comfort, well-being and wealth of the country will be vastly increased. I am well aware of what the Madras Government are doing in this matter, and of the beginning that is being made in Bengal for an investigation along the same lines ; but surely the time is now come for the establishment of an Imperial Board of Fisheries as a Department of the Government of India to exploit this hitherto neglected but splendid asset of the Empire, and under the direction of a Minister chosen because of his experience and expert knowledge of the subject, guide the Provincial Governments in their work of exploitation. Our great ally, Japan, is showing Asiatic peoples what can be done in the fishing industries. Why should India be behind ?

“ Your Excellency, we have waited long and are waiting still for the production of that comprehensive scheme for the cleansing and the beautification of the Metropolis of the Indian Empire. Your eminent predecessor, Lord

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Curzon, was anxious that Calcutta should have been converted into the Queen of the East before his term of office expired. I will be thankful if Your Excellency can give us any hope that the scheme will at least be begun to be put into execution, if it cannot indeed be largely completed, before your own term comes to an end. The city reeks with pestilential spots which harbour the growth and spread of fell diseases which so swell our mortality returns. I would humbly urge that the improvement of Calcutta should be taken in hand without any more delay.

“ My Lord, I observe there is to be a Colonial Conference held in London next month, and Sir James Mackay has been appointed by the Secretary of State to represent India at the said conference. I trust that our country's interests will be so safeguarded that India will have a free hand, without any handicap whatever, to develop her international trade with other countries in such a manner as she deems best for her own interests. But, my Lord, there is one proposal which the Colonial Premiers are to bring forth and urge upon the British Government, and that is the establishment of an Imperial Intelligence Bureau, by means of an all-Empire Cable, for the daily dissemination of all important news by wire to every part of the British dominions. This is a proposal which I think deserves our hearty support, and I trust Your Excellency's Government will lose no time in expressing their thorough sympathy with the proposal just indicated. We are starved in India for telegraphic news of an accurate nature. The establishment of an Imperial Intelligence Bureau would alter the present unsatisfactory state of affairs for the better; would bring us into immediate daily touch with all our fellow-subjects throughout the world, and would thus tend to foster the solidarity of our mutual interests. I trust therefore, my Lord, that the proposal for the establishment of an Imperial Intelligence Bureau will receive your hearty support.

“ May I allude for one moment to the Victoria Memorial Hall? We have heard with great concern that after spending ten lakhs of rupees on the foundations and other expenses, it is still a moot point whether the said foundations, which have already sunk to some extent by their own weight, will be able to sustain the proposed great superstructure. As a humble subscriber to the proposed Memorial, and as one who will be absolutely loyal to whatever may be determined upon after the report of the experts appointed to examine the foundation have been received and considered, yet seeing that three years have already gone by and little progress has been made and a considerable sum has already been spent, it may turn out to have been in vain, I would suggest that there should be no great

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hurry in spending more money in carrying out the original design, even if that course is recommended, until the wishes of the subscribers and the opinions of the leading associations in this country are fully ascertained. In whatever way the money is destined to be spent it will be in honour of the memory of the great Queen, and I think there is a growing feeling amongst the public that instead of one Victoria Memorial being erected in Calcutta of the Museum order, it would be better if the money were divided *pro rata* amongst the different Provinces according to the amount of their subscriptions for the erection in each of a Victoria Memorial of such a description as would prove to be a fountain of perennial benevolence to the deceased and distressed amongst the poor of the people. I merely throw these suggestions out as a hint. There will be no squabbling about the matter. I and those whose opinions I express will be perfectly loyal to the wishes of the majority.

"My Lord, it is scarcely possible for me on an occasion like the present not to take some notice of the present state of public feeling nearly all over the country. I do not refer to outbursts of race hatred in the Press or on the platform, or to ill-advised declamations against Government. Mere ill-feeling, founded not on real grievances, is not a factor to be reckoned with. I desire to ask Your Excellency's attention not to passing manifestations of the kind, but to a deep and settled feeling, a consciousness, that solemn pledges given by our rulers, remain, to use the words of one of our most brilliant Viceroy, 'inadequately redeemed,' and that there is not scope enough for aspirations which have been created and fostered by more than a century of beneficent English rule. Even the masses have commenced to take an increasing interest in the present situation, and the educated classes appear to be pervaded by a growing discontent with the limited range of public life open to them. My Lord, I am anxious not to be misunderstood. I do not mean to deny that rights and privileges have been conferred from time to time, and the sphere of employment and influence widened. The present discontent I regard as an expression of the conviction that the opportunities open to the people are not proportionate to their present capabilities. The intelligence, the accomplishments, the capacity of the people have been expanding, and it is felt that there has been no corresponding enlargement of their spheres of action, and no sufficient recognition of their talents and energies. If I understand the public feeling rightly, there is at the same time however a widespread conviction at the present moment that the Government of India is fully alive to necessities of the situation, that it will shape its policy with due regard to the altered circumstances of the country. The few suggestions that I proceed to make relate to

reforms which, I believe, are most urgently needed by my countrymen. The separation of judicial and executive functions is a reform that is demanded on no mere abstract principles but on the very practical ground of the efficient and independent administration of justice. I am not sure if it is likely to prove at all expensive; but even if it was, the reform is of a character which would justify any expenditure that might be bestowed on it. It is not necessary for me to go into details and attempt a vindication of the reform. Lawyers of great eminence in this country and England have pronounced in its favour, have in fact declared it to be imperative. Opinion, official and non-official, has been collected upon it. Government is in a manner pledged to an acceptance of its principle, and I believe the only thing waiting is a definite scheme. The subject is one which is in every way ripe for reform, and every day of needless delay in dealing with it only prolongs an unquestioned evil and adds to the popular discontent. Laws and Courts have a peculiar importance in this country. They are regarded as the one check on the executive. What is needed to improve the administration of justice and inspire public confidence in it, is an entire severance of the judicial and executive branches of the administration and an emancipation of the judiciary from the control of executive officers. For this purpose it seems to me that not only should the Civil Service be bifurcated, but that the judicial branch of it should be liable to recruitment from the legal profession as well. Judicial work is essentially one for trained and professional lawyers, and Government would be taking a step in the right direction by reserving to itself the power of appointing members of the legal profession directly to some of the judicial offices.

“Another reform which is of no less importance and which demands immediate consideration of the Government of India is that relative to the expansion of Local Self-Government. Self-governing bodies are instruments for the training of the people in the arts of administration, and they supply an outlet for the energy and ambition of the people. They lighten the burden of officials and bring home to the people the responsibilities of government. I earnestly hope that at no very distant day the Government will be able to see its way to increase their strength, powers and responsibilities. Local bodies offer the only opportunities open in this country for developing practical capacity and acquaintance with the affairs of public life. I should very much wish that gentlemen belonging to the commercial and landholding classes might be drawn to these bodies and fitted by the training which they might thus receive for responsible work in higher spheres of public life. I hope to see our Provincial Councils of the future largely recruited from gentlemen who have distinguished themselves in district or municipal work.

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"The time has also come when our Legislative Councils stand in need of expansion so that they may become more representative; but that is a subject on which I need not dwell at any length, for it has recently been under the consideration of Your Excellency's Government and will in due course be dealt with by the Right Hon'ble the Secretary of State. I only hope that whatever measure of reform may be passed it may be of a substantial character, that it may communicate more of life to the Councils and may to some extent gratify national aspirations.

"In reply to a suggestion my Hon'ble friend, the Financial Member, was good enough to promise last year that Government would take in hand the subject of free primary education. I am glad to observe that the Hon'ble gentleman has redeemed his promise, and progress is being made in the direction of establishing a complete system of free primary education. The country ought to feel deeply grateful to the Hon'ble Financial Member for the assurance he has given us in regard to free primary education and for the liberal provision made in the Budget for education in general. I find that at the instance of the Government of India the Local Government has had to take up the subject of Secondary Education in schools, and I am sure something will be done towards improving and developing the present system. I trust also that the generous attitude taken up by the Government of India towards higher education will be maintained, and that such grants will be made from time to time to the University as will enable it to extend the sphere of its usefulness and improve the efficiency of its colleges. Technical education stands on a special footing. It is necessary not merely as a training of the mind and the hand, but as a bread-winning accomplishment. India is at once poor and backward in the industries. Technical education is, therefore, one of the more urgent needs of the country. Government is alive to its importance and it has done much to promote it, but a great deal more remains to be done. It seems to me that the first thing necessary is a large, well-organised Central Technical Institute. The requirements of such an institute will be large and expensive, and it will probably not be desirable to fritter away resources by having a large number of small institutions. There is now a widespread movement for the development of arts and industries in all parts of the Empire. Your Excellency has declared your sympathy with the movement and has given it your active assistance. The Indian Industrial Exhibition recently held in this city would scarcely have been the success it was, if it had not been for Your Excellency's aid and patronage. I hope Your Excellency will be able to see your way to have an Exhibition of Indian wares organised under

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Government auspices) say two years hence. These Exhibitions prove themselves to be always great educational factors in stimulating the progress of commerce, industry, science and art, and nowhere else are these factors more required than in our Indian Empire. I trust the Hon'ble Minister for Commerce and Industry will take this matter into his sympathetic consideration.

"Before concluding I would like to allude to the recent visit of His Majesty the Amir of Afghanistan, and to the far-reaching results which will ensue from it in the interests of peace, friendship, and good understanding, along with freer intercourse between Afghanistan and British India. The visit has proved that kind words are more than shot and shell, and for the promotion of enduring peace, personal contact and the friendly intercourse of opinions and hospitalities are of more avail than any number of military expeditions. We are all, I am sure, grateful to His Majesty for the fine spirit he exhibited during his visit, and for the words of conciliation he spoke in the interests of concord between the Hindus and their Muhammadan brethren. My Lord, the spirit of reconciliation is in the air. The people of this country belong to diverse creeds; but why should we bring such diversities, with their acute angularities, into the region of political and social life? Amidst all diversities of creeds, there is one religion penetrating all, the aim of which is to produce good men. And whenever and wherever good men meet with an honest desire to know one another, they soon find out that the things they have in common which make for lasting friendship are more than the mere externals which divide them. I am, therefore, delighted to learn of the movement in Calcutta for the bringing together of cultured gentlemen of all creeds into the club land of fraternal intercourse, and I trust it will be but the beginning of better things to come. Your Excellency will also be pleased to hear that it is intended to form a Hindu and Muhammadan League having its head-quarters in Calcutta with branches all over India for the purpose of promoting friendship among the two communities and for taking united action in furthering the common weal of the people and for the development of all that makes for social, political and moral progress. I would bespeak the gracious benediction of Your Excellency on such movements as I have indicated. And I am sure I am expressing a universal conviction that if the fine spirit of sympathy and kindly consideration for all classes of the people which so eminently marks your rule, becomes the inspiration of all the officers of your Government, from those who immediately surround you, in Council down through all ranks, even penetrating those who come into more immediate contact with the daily life of the common people, Your Excellency, during your term of office, will have done more to cement the loyalty, and to



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sweeten the lives of the millions, than by the passing of any number of so-called heroic measures, and you will have the supreme satisfaction of being able to hand over to your successor a loyal, happy and contented people."

The Hon'ble NAWAB SAIYAD MUHAMMAD said :—" My Lord, I desire, in the first place, to be permitted to congratulate the Hon'ble the Finance Member on the eminently satisfactory character of the Financial Statement presented to the Council. The country will welcome with gratitude the announcement of a further reduction, making the third instalment, of the Salt-tax, reducing the duty to one rupee a maund. As was fully expected, each reduction of the duty on salt has been followed by a large increase in consumption, and although for the present it may appear that a large amount of revenue has been sacrificed, it may be safely predicted that increased consumption will steadily restore this source of revenue to a normal level. But what appears to me to be the chief satisfaction to Your Lordship's Government and the country at large is that such a necessary of life and health as salt will be now freely within the reach of the whole population. It is gratifying to note that the Hon'ble the Finance Member is disposed to look cheerfully at the prospect of the gradual diminution of the opium-revenue. We could have nothing but sympathy for the Chinese Government in its earnest resolve to grapple with the opium habit of the Chinese people, and if that Government contracts its home-grown opium, the British Government should help it by a gradual contraction of the export of opium from India to China. It must necessarily be a slow process spread over a number of years. Nor can the economic effect of the absolute discontinuance of poppy cultivation be entirely overlooked. But so long as the change is gradual, and is not likely to be sudden, I venture to think there is no apprehension of a serious financial dislocation.

"Far-seeing and beneficent as are the changes introduced in the financial system, permit me, my Lord, to express my strong conviction that it is not merely by changes in the fiscal system but by a judicious and wise economy in expenditure that the future can be faced calmly. The relief to the tax-payer can be but temporary unless the Government enters on a bold policy of retrenchment, so that the reduction of revenue which we anticipate may be met without embarrassment. Looking back over many years, if not decades, of our financial history, I am unable, my Lord, to indicate any point of departure from the settled policy of increasing the expenditure. Your Excellency has worthy precedents to follow in the examples of Lord Mayo and Lord Ripon. The claims of the Services are

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insistent and oftentimes overpowering. But the new situation forced on the Government by circumstances beyond their control—I refer more especially to the possible extinction of our opium-revenue—indicates the path along which progress must be made, so as to bring revenue into reasonable correspondence with expenditure. The curtailment of expenditure, especially on the Services, is both an economic and a political necessity. I cannot, within the limits of such a speech as time and patience of the Council would permit, go into details. Let me say, my Lord, that overgrown expenditure should be curtailed in many directions. Nothing less than a partial re-adjustment of the whole administrative machinery will meet the situation.

“The new scheme by which each Local Government, whose territories are liable to famine, will be enabled to build up a reserve of credit with the Imperial Government is equitable, and will be appreciated by the Local Governments. The Government of India have rightly recognised that the old arrangement by which the cost of famine relief was made wholly a Provincial charge was open to serious objections, and such expenditure would in future be shared by both the Provincial and the Imperial Governments. While on this subject, I beg to draw the attention of the Government to the serious proportions the plague is attaining and how it threatens to bring on a grave administrative crisis. I am fully aware of the attempts that are being made to trace the etiology of the disease and to bring it within the sphere of rational and scientific treatment, either by way of prevention or cure. But the rapid depletion of towns and villages and the consequent decrease in population are grave facts that cannot be overlooked, and must ultimately affect the revenue as well as the administration. While therefore the Committee of experts is at work, the Government might well make an experiment on hygienic principles and encourage the evacuation of affected villages in rural areas by helping the villagers to build new houses on new sites. A grant to Provincial Governments for this purpose may well find a place in the Financial Statement.

“In the forty-second paragraph of his Statement, the Hon'ble the Finance Member refers to the increase in the expenditure on education provided in the estimates for the next year, and a pointed reference is made to free primary education. The assurance that the Government are keen about it and the Secretary of State is prepared to sanction a scheme, even though no budget provision is made, is most gratifying. But the reservation about the financial position is not so assuring. I trust that it will be possible for the Hon'ble Member to make a definite announcement as to whether the scheme is likely to come into operation during the next financial year. The need for the scheme is so palpable and pressing that it is unnecessary to discuss that point. And I hope the

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financial position would admit of this scheme being carried out in the course of the year.

"The decision to raise the weight of letters carried for half an anna from  $\frac{3}{4}$  of a tola to one tola and that for one anna from  $1\frac{1}{2}$  tolas to 3 tolas will be welcomed by the entire community as an advance in the right direction, testifying to the success with which the Post Office in India has been worked. A vexatious controversy has arisen over the prospect of the further reduction of telegraph charges, both Indian and foreign. I am aware that the whole question, at all events in its Indian aspects, is before the Telegraph Committee, to whose report and the Government orders thereon we are looking forward. I should be very glad to hear from the Hon'ble Member in charge of the Department of Commerce and Industry that endeavours are being made to minimise the inconveniences resulting both to the public and the Press in the matter of quick transmission of messages. Lord Curzon's concessions in this respect to the public and the Press can be but a failure if there is no adequate staff to carry out the onerous duties cast on them. The question as regards foreign cables stands on a different footing. But there are considerations of overwhelming moment why foreign cable charges should not be reduced still further. And I venture to express the hope that ere long these desirable reforms would be introduced.

"My Lord, I should like to suggest that political and territorial pensions may be exempted from income-tax. These pensions are of the nature of a free grant made for special services and considerations, and it would be both graceful and wise to exempt them from the tax to which other ordinary incomes are subject.

"In conclusion, my Lord, let me reiterate my profound conviction that all our hopes for the future are bound up not so much with measures that tinker the administrative machinery here and there, but with lasting reforms which go deep down to the bases of life of the great Indian communities. I shall not be doing my duty as a member of this Council if I do not bring to Your Lordship's notice the necessity for timely and well-considered measures being taken to widen the basis of Local Self-Government, and increase the popular representation on this and the Provincial Councils. This reform, as well as the wider association of Indians with the higher branches of the administration, is obviously called for to meet the growing discontent and disappointment in the country. My Lord, I should like to say a word endorsing the view of the Hon'ble the Maharaja of Darbhanga,

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that there can be no nobler aim of statesmanship than the promotion of amity and good feeling between all classes of His Majesty's subjects. Your Lordship's personal influence has been consistently exerted in this direction, and we hope the efforts of the Government also will be directed to the same end. May Your Excellency's régime be signalised by measures calculated to widen the beneficent scope of the influences that tend to promote the union and peaceful progress of the races who own willing loyalty to His Majesty the King-Emperor!"

The Hon'ble NAWAB BAHADUR KHWAJA SALIMULLA OF DACCA said:—  
 "My Lord, I join the happy company that I see around me in bestowing the well-merited praise due to my Hon'ble friend the Finance Minister in again presenting us a most satisfactory Budget, and save that I desire to add my tribute of gratitude to Your Excellency for the further reduction of the Salt-tax and the Postal charges, which will be appreciated by everyone in this country, and for the handsome grant made under Education, and, above all, for the resolution of the Imperial Government to bear in future the lion's share in famine relief. I refrain from criticism of the Budget because I feel it is presumptuous in us laymen, without the actual facts and materials before us, to attempt to fault-find, much more to advise Government as to what the Budget should contain; for we are ignorant of the policy and circumstances on which, from the expert information at command, Your Excellency in Council determines what the Budget of the coming year should be; and where my Hon'ble friend Mr. Gokhale last year failed, it is not within the province of such an humble individual as myself to suggest what should and what should not be the lines on which the annual financial needs of the country should be based. Such criticism, I am humbly of opinion, virtually implies that the authorities take no consideration or thought, and never weigh the pros and cons of any measure of policy, and, if not regardless, are totally ignorant of the needs of the people and the methods of civilised Governments. The absurdity of such an assumption on our part was clearly brought to our notice in the reply my Hon'ble friend Mr. Baker gave last year in this Council to the speech of, I have no hesitation in saying, the most able of our non-official colleagues. That reply showed how Government had fully thought over most of the schemes in his—to use the Hon'ble Mr. Baker's expression—'overwhelming programme of economic and administrative reform'—and how these had been fully considered by Government without any outside aid or advice, and why such of them as had been deemed desirable Government had been unable to bring into operation. It is criticism on our part of this kind which is like tilting at a windmill. But what should be our duty

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towards Government is to bring concrete cases we come to know of which may have escaped the attention of the authorities, and which have only to be brought forward by us to receive the consideration of the experts at the command of Government which the importance of what we may have to urge deserve. It is on these lines that, with Your Excellency's permission, I propose to confine the remarks I have to make on this occasion. I do not want for a moment to indicate that the Government of this country is perfect, that it does not make mistakes; indeed, my Lord, it is a trite saying that even Homer is found at times nodding, and therefore what we have to do is to bring to Your Excellency's notice facts which show the inconvenience and hardships felt by the public, and also such matters as come to our knowledge which appear to retard the prosperity of the country, so that they may be remedied by Government.

“It is with this view that I had put certain questions in this Council, but to which the answers given have not been satisfactory; and I therefore avail of this opportunity to animadvert on these matters in the hope that I may secure further elucidation at the hands of Your Excellency's Government. For instance, to my question whether Government will take steps to see that the English Parliament contribute towards making good the loss of revenue which will accrue if, owing to the persistent efforts of the opium party in England, the total amount derived by Government from the opium revenue is abolished, the Hon'ble Mr. Baker was pleased to reply 'that the Government of India think there will be no advantage in anticipating any such result from the proposals of the Chinese Government now under consideration.' While in the concluding paragraph of this reply, I admit that it may be that, in the particular speech of the 30th May last mentioned by the Finance Minister, the Secretary of State has not made any statement of the kind on which my question was based; but I beg to point out that in my question I have referred to no particular speech of Mr. Morley; on the other hand, I beg to submit that the Right Hon'ble gentleman has stated something to the effect I had mentioned on another occasion in the House, as will be found by a reference to the *Pioneer* of the 25th November last. And the remarks of my Hon'ble friend in introducing and explaining the Financial Statement do not help us much further, save that they foreshadow a loss of opium-revenue to the extent of some Rs. 96,00,000 (Rupees ninety-six lakhs) in the coming year—a loss this country is to suffer to please a few faddists in the House of Commons on the supposed idea that the Chinese Government have resolved to prevent opium consumption in that country. But, my Lord, no one is inclined to put much faith in the assurance of the Chinese Government, and we fear that this assurance may be used as

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a plank by the anti-opium party in Parliament to get the Secretary of State to commit himself to a line of policy which may hereafter be difficult to withdraw from, and which will simply benefit the Chinese Government at the expense of a legitimate source of revenue of this country; and I see the comments in the public Press are entirely of the view I ventured to suggest by my question, that Government should endeavour to strengthen the hands of the Secretary of State, so that 'if in a virtuous moment Great Britain decides that the industry must be abolished, then she should bear the cost. It would be the height of meanness and hypocrisy to saddle the tax-payer of this country with a cost of British rectitude.' I therefore trust that Your Excellency's Government in what has been addressed to the Secretary of State has brought forward the right of this country to be compensated, even for the 96 lakhs which are to be given up to please the English Parliament. My Lord, Your Excellency's Government cannot be ignorant, but I desire for the information of this Council just to state that out of the 30 thousand tons of opium consumed by the Chinese, only 3 thousand tons are Indian opium, and that since the opium edict of the Chinese Government of the 20th September last, it has been reported that the sale of the drug in China has not only not in any way been decreased, but has gone on increasing by leaps and bounds; while out of our total income of revenue one-tenth is derived from opium. And just to take the concrete case of Patna, we find some 16 million souls live by the occupation of the opium industry, and thus we can imagine what we will suffer by a total abolition of this revenue. While with reference to the reply of Your Excellency's Government, given me on this subject, I take the liberty to quote Your Lordship's own views, so aptly applied to the Hon'ble Mr. Gokhale's criticism of last year on the Army Expenditure that: 'He advises us to hang up our military re-organization, till a more disquieting situation arises; that is to say, *wait till the moment of danger arises before we put our house in order.*' My Lord, I respectfully urge that we should not wait, but take time by the forelock and put our house in order before we find ourselves deprived by a radical Parliament of a revenue of six crore rupees from an industry which is the means of livelihood of a countless number of the inhabitants of the country.

"In the same manner, the answer of the Hon'ble Sir Harvey Adamson to my question regarding the Urdu Lexicon, the Amir-ul-Logat, is disappointing, that the Government of Your Excellency should be taking no interest in the advancement of Oriental studies, as 'to have no information regarding this Urdu Lexicon.' But from enquiries I have subsequently made, I learn there is some information forthcoming regarding this valuable work in the Secretariat.

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And what has grieved me in the answer I received is, that while the German Government spends money with no stinted hand for the encouragement of Oriental studies, and the Society established in London for this purpose sent a deputation headed by Lord Reay to the present Secretary of State and received much encouragement from the Right Hon'ble gentleman, yet he has been the very person to withhold the sanction of the paltry sum of £400 (four hundred pounds) per annum recommended by the Madras Government for the publication of Dr. Pope's Tamil Lexicon. May I beg Your Excellency to interest yourself in this question, and put us not to shame at what a foreign Government is doing for Oriental studies.

"Again, my Lord, the answer of the Hon'ble Mr. Finlay to my question of whether it is the intention of Government to take measures to legalise the negotiability of railway receipts, that 'If commercial opinion ever asks for the change in the law with some approach to unanimity, the Government will be willing to consider the question.' Now, my Lord, the necessity of railway receipts being negotiable affects more the trade and business of individuals carrying on small and petty trades in up-country and out-of-the-way places. If this facility were given them they would become more enterprising, and the unknown places in which they carry on business may soon become emporiums of large flourishing trade centres; but it is possible this may affect big mercantile houses who have the chief voice in our Chambers of Commerce, and the want of unanimity of commercial opinion is probably due to the interest of these up-country and out-of-the-way native traders (whose enterprise may lead to the opening of the country) not being brought to the notice of Government. But whether or not Chambers of Commerce will with any approach to unanimity ever move Government, yet the recent judgment delivered by the Karachi Court in *The Delhi and London Bank v. North-Western Railway*, is evidence of how desirable it is in the interest of banks that these railway receipts were legally declared negotiable.

"My Lord, the Hon'ble Sir Denzil Ibbetson, whom while we are all glad of his promotion, yet regret his absence from among us, in answer to my question of the desirability of the Bill for the amendment of the Bengal Tenancy Act being withdrawn from the Bengal Legislative Council and introduced into Your Excellency's Council, has not been to me, and others who are connected with Bengal convincing, namely, that it will avoid the delay which will be involved by its consideration at Your Excellency's hands. But, my Lord, the Bill is of so contentious a character, so seriously affecting the interests of the zamindars and raiyats, and that considering there will

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have to be two Bills to engage the time and attention of two legislatures, and further, that the Bengal Tenancy Act has now been in force since the last 25 years; any delay of even a year or more by its introduction into this Council will not so seriously affect the interests of the people of the two Provinces affected by the Bill; while the reasons advanced by the Hon'ble gentleman that the Imperial Council should be relieved of legislation, which a Provincial Council is competent to undertake, were not applied in the case of the Sindh Encumbered Estates Act and other Acts of legislation which now adorn the Statute Book of this Council.

"To my request to be furnished with a statement showing the approximate number of men employed in the subordinate and ministerial services, and the date when the number and pay in each grade of the service were last increased, I was referred to a statement published in the Gazette of India of the 4th June 1904; but, my Lord, this statement, which thanks to the courtesy of my Hon'ble friend Sir Harvey Adamson I managed to obtain, I find does not meet with the requirements for which I had troubled Government. This statement admirably fulfils the object for which Lord Curzon had caused it to be made, namely, to show the falsity that European and Eurasians were, at the sacrifice of the natives of India, being unduly appointed in the public service. But, my Lord, I have no intention to discuss class legislation; my object (and I may say from the information asked for and given to my Hon'ble friend Mr. Chitnavis in the matter of one particular branch of the public service, namely, Postal Department) and his is the same, namely, to ameliorate the pay and relieve the hard-worked subordinates in the public services, who are drawing the same pay which their predecessors in the posts now held by them used to draw a quarter of a century ago. My Lord, on receipt of the statement to which I had been referred, I ventured to write for a further statement which could enable us to trace the exact increase in number and pay in the various subordinate and ministerial services, and I have received a statement which, however, I am sorry to say, does not help us much further, for unless we know what was the number of men drawing the salaries, say, in the seventies, we cannot make out whether the increase we are shown in the statement furnished to me as having been made in every department of the public service during 1906 is in proportion to the accumulation of work in all the branches of the public service during the last 30 years. But even this statement, interesting as it is, helps to show how inadequate are the establishments at present in existence. I will only take a concrete case, for instance, the Postal Department, though the same reasoning applies to every other



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branch of the public service. From this statement we find that throughout the whole of India, the total number of employés drawing from Rs. 30 to Rs. 1,001 and upwards is 9,794 hands. Now, my Lord, of all the administration reports none is more appreciated than the one issued by the Postal Department of India, and one stands aghast at the countless ramifications and work done by this Department; but it is hardly possible to conceive that this huge work can be carried on by only some ten thousand men, except at the sacrifice of great hardship, loss of health and comfort to these hands; and when, I see from the Finance and Revenue Accounts of 1905-1906, the net revenue, after deducting all charges of the Postal service, is a surplus of some 12 lakhs of rupees, I respectfully urge that the establishment ought to be strengthened both in number and pay by as early a date as possible. My Lord, those who have served under Government will assure Your Excellency that the amount of work the subordinate and ministerial establishments of the various departments of the public services have to do has been quadrupled within the last 25 years; while, my Lord, the standard of expenses of living in these days has increased in the same ratio, if not more; while the rate of wages in other walks of life have similarly increased. I therefore confidently say that it is the paramount duty of Government to improve the pay and prospects of these men. My Lord, the chief ground of Lord Cornwallis in placing the Civil Service on the satisfactory footing he did was to have a contented and an honest service; and though I am proud to declare that no service in the world can boast of a more loyal and honest set of servants as a whole than the subordinate and ministerial servants of Your Excellency, yet, my Lord, the burdens these men have now to bear can no longer be allowed to remain unrelieved. I know of men in the Postal, Revenue, Secretariat and various other departments of the public services, who have to work something like 14 hours a day, including Sundays. Such is the increase of work now-a-days in the various Government offices, that Your Excellency will forgive me if I parody the famous lines of Thomas Hood:—

'It is not pens and paper  
You are wearing out,  
But human creatures' lives.'

"My Lord, I confidently assert that we have read with pleasure the resolution of Your Excellency's Government regarding house allowance to high officials in Calcutta, and to the clerks who have to go to Simla, and all we urge Your Excellency to do is to further extend that policy and principle of keeping hardworking, zealous public servants happy and contented to the lower and other grades of the public services. My Lord, those who have been in the Revenue

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service of Government can alone appreciate the honesty of our native subordinate and ministerial servants; revenue of lakhs and lakhs of rupees is brought from village to village to the headquarters of many a district in India, by men whose monthly pay or emolument does not exceed 8 to 10 rupees a month; our postal messengers are entrusted with lakhs and lakhs of rupees belonging to the public, who do not draw more than 8 rupees a month; our schoolmasters and teachers of our young, are drawing the wage of a coolie earned at some of our docks. My Lord, I will not draw further on this harrassing picture. But, my Lord, there is another class of public servants whose claim it is impossible to overlook, and they are the Deputy Collectors and Magistrates, the Munsifs and Subordinate Judges; and a more hardworking, diligent and straightforward class of men it will be difficult to find in any part of the world—all these branches of the public services need to be strengthened both in number and pay. I would rather, my Lord, see that our future surpluses are utilized for this purpose, to ameliorate in some measure the lot of these most deserving public servants, than even a remission or reduction of taxation.

“ My Lord, I confess of all the replies given me to the series of questions put by me, the most satisfactory was the one given by the Hon'ble Mr. Finlay regarding British Indian subjects in the Transvaal. I had put that question with the view to show our people that the Government of India is quite as regardful of the rights and privileges of the natives of India in the Transvaal as those who are independently advocating their cause; and it is a great pleasure to me to find that the policy and action of Lord Curzon's administration on this subject is being supported and maintained by Your Excellency's Government. It is one of the unfortunate peculiarities of the method adopted in the Government of this country, that what is being done by the authorities is never made public until the matter is finally disposed of, and this leads ill-disposed people to mislead the ignorant masses, and to induce them to believe that the present-day Government takes no interest in the people and therefore the answer of the Hon'ble Mr. Finlay has been received with great satisfaction by those amongst whom I live, move, and have my being. But while this answer has been hailed with satisfaction, it has brought to light a curious state of affairs, that these Transvaal Indians—whose cause is taken up and advocated by the Congress, and whose representatives recently went to England, found it necessary to secure the co-operation and support of the Secretary of State for India, and on whom they waited in députation—should have been so shamefully disregarded of Your Lordship's Government as not to have sent to the Government of India even a copy of the memorial which has been published in some o

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the newspapers of this country) and this answer shows that Your Excellency's Government has, uncalled and unasked for, done your duty by the people of this country ; and I have not the slightest doubt that in spite of this ignoring of Your Excellency's Government, it will continue to take that interest and will safeguard the rights and privileges of the British Indian subjects in the Transvaal as has always been done, and that Your Excellency will take all the measures in your power to see that the British Authorities in England see that the new Legislative Assembly, which has, unhappily for us, so scandalously abused its powers by passing the Asiatic Ordinance, by reading it three times at one sitting, will not be allowed to abuse with impunity the powers and privileges with which the new Assembly has been vested, and especially now that we learn that Lord Selborne has reserved his sanction to the Ordinance subject to the King's approval, and that British Indian subjects will not be made to suffer the indignity of being less than the meanest of the subjects of foreign States who have secured a footing in that country. And here I beg to draw the notice of Your Excellency to the reply reported by Reuter to have been given by the Secretary of State in the House of Commons, that the subject of the treatment of Indians in the Colonies was not included in the agenda of the Colonial Conference, *but if there were time he would invite the Conference to consider the matter.* My Lord, I can hardly believe that Your Excellency's Government will allow a matter of time to be permitted to burke the serious consideration by the Colonies at the Conference of this important question : and, my Lord, the recent discussion in the House of Lords initiated by Lord Amphill is full of hope. I have therefore no hesitation in saying that if Your Excellency's Government were to urge by telegram (for there is hardly time left to do so in writing) that it is the wish of the people of this country that this important question should not only be included in the agenda, but should be one of the chief questions to be fully considered and definitely settled in the forthcoming Colonial Conference ; and now that the plea of Lord Lansdowne of there being no representatives from India in the Conference being set aside by the appointment of Sir James Mackay, Your Excellency can safely urge for the discussion on the status of the British Indians in the Colonies ; and if Your Excellency's Government will do this, Your Lordship will secure the everlasting gratitude of the people of India. My Lord, I do not for a moment deny that self-governing British Colonies, like Foreign Governments, have the sole right to legislate for that which they think best for themselves ; and we natives of India, if we with our eyes open choose to domicile amongst them, that we must submit to the laws of the land ; but what I contend is that British Colonies cannot put a stain of inferiority on, or put the British Indian subjects on a lower status than that bestowed on the commonest

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foreigner, and that there should be no difference in the treatment by reason of his colour of one who is a British subject by birth right. My Lord, I feel very keenly on all that affects and reduces the British Indian subject in the estimation of his fellowmen, but I have to confess that I cannot command that eloquence of language which can exhilarate and rouse people to a sense of their duty, and therefore when I find views in consonance with my own, expressed in language which cannot but command the approbation of Your Excellency's Council, I trust I may be permitted to make a small quotation from such. Some Mrs. Stobart has, in the *Fortnightly Review* for February, given to the world the case on behalf of the Transvaal Whites as against the British Indian subjects, and the writer in the *Statesman* has admirably exposed her fallacies as follows:—

'Mrs. Stobart follows the discourteous South Africa practice of using the word 'coolie' as synonymous with 'Indian.' The case that she here puts forward resolves itself into a demand that Indians should be excluded from South Africa in order that white persons may have the privilege of charging high cash prices to Kaffirs, and giving long credit to Boers, and still have a balance over to pay for Churches. This is the ultimate basis of the "free evolution" and the "constructive sociology" on which she lays so much stress. If Mrs. Stobart is thinking only of Polish Jews who are permitted free ingress into the Transvaal, doubtless she is right in arguing that this petty trading is important for them; but as Englishmen we object to the assumption that the English race has no higher rôle to play than to maintain country stores for selling cheap goods to Kaffirs and Boers at fancy rates of profit. It is just because we hold that Englishmen have a far higher rôle in the world that we demand equal rights for Indians in all parts of the Empire. We do not for a moment contend that Indians in the mass have yet reached the same level of civilization or of intellectual capacity that the better classes of Europeans have reached; nor have we the slightest desire to interrupt the elevating work which the influence of the white races upon the coloured races is effecting. Our whole argument has always been that white men must prove their superiority by their actions and not by their assertions. Here in Calcutta white shopkeepers are able to carry on business in competition with Indian shopkeepers, white barristers and doctors in competition with Indian barristers and doctors. They are able to do it because of their own efficiency, and if that fails they will inevitably go down, and will deserve to go down. No race can permanently maintain supremacy except by maintaining superior efficiency, and the whites of the Transvaal, in asking for Anti-Indian legislation, in effect confess that they are unfit for the supremacy which they claim.'

With these remarks I feel confident every Member of this Council is in agreement.'

"My Lord, it has been a matter of equal satisfaction to me that Sir Harvey Adamson has informed us on the question put by me regarding the much talked of subject of the separation of the magisterial and executive duties of Revenue-officers, that 'the matter is still under consideration of Your Excellency's

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Government, that the mass of evidence that has been collected is still to be digested by the Government of India.' But it is because I fear that this evidence is antiquated, and that, less Your Excellency may be induced by the spurious agitation of a bastard public opinion, that I have respectfully urged Your Lordship to stay your hand from putting the axe to the root of the tree which has grown with ages, and rendered protection and shelter to the countless and illiterate during these years, and that we may well wait to see how the experiment works out which has been introduced by some of our Native States, the Chiefs of which have been so enamoured with the glamour of the Congress, platform oratory. My Lord, from such of the literature on this subject that I have come across, I see that goodnatured Englishmen, brought up from their childhood with the system of jurisprudence in vogue in England, hold it monstrous that a man can be a judge and a prosecutor at the same time, and this is what has led them to believe the Collector-Magistrate to be. But is it so? I ask any one who has any personal knowledge of our administration to state whether this idea is not erroneous? Because the District Collector and Magistrate is the head of and responsible for the police administration of his district, does he thereby *ipso facto* assume and perform the function of a public prosecutor? Is it not rather in his capacity under the Criminal Procedure Code as a District Magistrate that he issues his orders to the Magistrates subordinate to him? Does he, and can he, interfere in the course of justice simply by virtue of his office of being the head of the police administration of the district? Why, the Collector has so much work to do that he has seldom the opportunity, in the course of his official duty as head of the police administration, of knowing of any police prosecution till long after his Assistant or Deputy-Collector-Magistrate has disposed of the case, when it may come before him in appeal or in the monthly criminal return. I do not from this desire to state that there are not instances where a Collector-Magistrate may not have interested himself in a particular case; but will he not be in a position to do so even if he were to be deprived of being the head of the police administration? Do we not see and know of officials unconnected with any particular branch of the administration occasionally interesting themselves in what has been done therein? The most recent instance in Bengal of this presumed influence of officials to subvert the course of justice, I need not say, is the order of the High Court transferring the case against Messrs. Emerson and Kemp from the Civil Court of Backergunj on the application of the plaintiffs, who are all intimately connected with the law, on the ground that they are afraid that these officials (though they have no connection whatever with the *Civil Courts*) will be able by their official position in the district to

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cause a miscarriage of justice. Now here, my Lord, there is no question of Collector-Magistrate; it is simply because the defendants are officials in the district. I, however, do not deny there are some glaring instances of miscarriage of magisterial justice, but this has been made by designing persons to appear as if this is the universal result of the administration of criminal justice by our Collector-Magistrates. But, my Lord, if a thorough and searching enquiry were to be made, if the poor and helpless raiyat in the far-off and out-of-the-way places of the country could be got to give his *untutored opinion* as to what he would prefer, or if the district officer who is in close daily touch with the people in his charge were to be asked, for the moment, to set aside the delicacy which naturally affects his giving an opinion on a matter which personally affects his work and character, to conscientiously state what he really thinks of the substantial justice meted out to the people, coming, as Your Excellency does, from the free atmosphere of England and Canada, Your Excellency will then know what a sham and a delusion is this cry of the iniquities of the Collector-Magistrates of this country, while the great question of impairing the usefulness of the Revenue-officer if deprived of his magisterial power is absolutely lost sight of by those who have no idea in England of our system of revenue collection. My Lord, I fully agree with W. C. M., whose identity we can hardly miss, in his letter of the 14th February in the *Englishman* of the 18th idem, that 'no one who has ever been either a Mufassal Judge or a Mufassal Magistrate can require to be reminded that British Judges in this country, being aliens in it, require to be brought for some time in their career into close contact with the people in order to understand them and their habits and mind. No man can be a good Mufassal Judge who is only a good barrister trained at home . . . . . I recognize that there is much both here and at home in the structure of the administration which is very valuable, and is worth preserving; and those who would rush over precipices, running after butterflies with bag nets, with their noses tilted in the air, had better be restrained in their own interest and those of others.' My Lord, I cannot command the facile gift of the ready-writer of W. C. M. I therefore cannot express all I wish to do on this subject as happily as he has done; but fully agreeing with all he states, I earnestly commend the perusal of his letter to Your Excellency and Your Lordship's colleagues. But you will forgive me if I enlarge a little more on what I wish to impress on this Council. The main reason of the advocates for this separation is that of the miscarriage of justice that occurs under the regime of the Collector-Magistrate; but, my Lord, any one who is acquainted with the manner of the administration of civil and criminal justice in this

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country, if honestly disposed to say what he really feels, cannot but state that *it will be disastrous to the life and liberty of the subject* if criminal justice is entrusted to a class of men who can have no means or opportunities of coming into contact with village life, or with the people in their every-day avocation, who have not the means of knowing what is going on in a village or district, which the Revenue-officer, in the course of his natural duties, moving about from village to village, gets cognizance of, and which no amount of perjured evidence, obtainable in the doorways and porches of our Civil Courts, with the knowledge at his command, can ever mislead him, but if we have the Subordinate Judges to perform magisterial duties, we will see enacted what is commonly to be found in their judgments of acting on 'the preponderance of the weight of evidence.' They have no means of knowing that the man who has deposed on oath has a grudge or motive which will aid and help him in any matter or purpose in which he is interested in his village. But, my Lord, are we ignorant of the miscarriage of justice that takes place in countries where criminal justice is administered in the manner, those who now seek its introduction in India? We have before us that terrible miscarriage of justice in the case of that unfortunate Swede, Alfred Beck, again in the case of the miserable Edaljee, and in the more recent case of the man Lewes sent to three years' imprisonment on the perjured evidence of the woman Millie Marsh, while the case of Drefus has made our blood curdle cold, and I need not enumerate the cases of miscarriage of justice in America. And is there not miscarriage of justice in our own Civil Courts? While under our Code of Criminal Procedure, our system of revision, supervision and appeal is so complete, and last, though not the least, our native Press ever watchful to bring to light where injustice occurs under British administration, what danger is there, my Lord, for any one in this country now-a-days to suffer in his liberty of person, to necessitate a change which will materially reduce the importance, usefulness, and utility of a great branch of the public service, and can only benefit pleaders and lawyers.

" My Lord, it was with a touch of regret I heard the reply of Your Excellency's Government to my question regarding the taking the public into its confidence as to what Government propose to do in the matter of the future constitution of the Legislative Council, that 'Government is not at present prepared to make any pronouncement on the subject,' and the reply furnished by His Excellency the Commander-in-Chief regarding the 'Councillors of the Empire' makes it necessary for me to trouble Your Excellency again on this subject; for ever since it was mooted that the question of amending the Legislative

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Council is under the consideration of Your Excellency's Government, great has been the consternation amongst my community that if the amendment is to consist of a further extension of the educational franchise, we Muhammadans will be completely swamped by those of the more educationally advanced communities in the country; and while we felt assured by Your Excellency's gracious reply to the deputation that waited on Your Lordship at Simla, yet we feel that the time has come when we should know something more definite as to what is in store for us, and it was with a view that in case the committee appointed by Your Excellency come to a conclusion which may still further handicap the less educationally advanced races of India that we desire to be permitted to be fully heard before an irrevocable decision has been arrived at by Government. My Lord, from the public papers I find that Your Excellency's Government has forwarded its recommendation to the Secretary of State, and we find that the Right Hon'ble gentleman has from his seat in Parliament declared his intention of submitting the proposal to a discussion in Parliament. Under these circumstances I respectfully submit it is but fair to the people of India, if this Council had also an opportunity of discussing this subject before final orders were passed. My own idea is, that (instead of the microscopic minority of English-speaking natives alone being invested with increased power of guiding and advising Government, if the Princes, Chiefs, and the landed gentry were taken into consultation by Government and given greater facilities of being heard and consulted, there would be a greater chance of Government arriving at a policy of administration which would be more conducive to the peace and prosperity of the country.) For the Princes, Chiefs, and large landed proprietors of the country, having a larger stake in the country and interest in the well-being of the people than pleaders, lawyers and members of other professions who predominate amongst the educated classes, are in as great, if not better, position to aid and advise Government than these self-constituted representatives of the people.) And even if it is the intention of Government to give wider opportunities of local self-government to the people by making over to the educated classes the administration of Municipal, District, and Local Boards, free of the control now exercised by Government officials, such an arrangement should be so hedged in as to enable the landed proprietors to get a preponderate share in these administrations, and the rights and interests of the backward classes should be safeguarded. For, my Lord, in spite of the existing official check and control, judging from the almost universal scandalous mismanagement of the municipalities and local boards of the country, I confess that property holders who have a large stake in the country look with dismay at the possibility of having their interest



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handed over to a body of men who in the past, in the name of progress, have scandalously misused their powers, incurred liabilities, and spent public funds entirely out of proportion to the benefit and advantages accruing to the public; and seeing the exposures which are coming to light in the management of these corporate bodies in Europe and America, the landed proprietors cannot look with composure on a similar state of affairs coming into existence in this country.

“ My Lord, these matters which I have brought to the notice of the Council do not by any means exhaust the subjects that need to be brought to Your Excellency’s notice; some other matters have already been brought forward by my Hon’ble Colleagues, and I am sure those who will follow me will do likewise, and I do not intend to trespass on their grounds; but it is probable that one or two matters which I deem should not escape Your Excellency’s notice on this occasion, and to these I now beg your permission to briefly allude. My Lord, the question of purchase of stores required by Government from England is one I desire to draw the attention of Government to. We all know the commendable efforts made from time to time by Government to purchase the requirements of Government whenever possible from manufacturers in India, and the last act and resolution on this subject of His Excellency Lord Curzon has done more for Swadeshi than all those who are talking so loudly about it; but it is in Your Lordship’s power to still go further, and while the trade must be grateful to Your Excellency for the recent resolution on the jail industries, yet what I respectfully desire to bring to your notice is the claim of the trade, of men who maintain and keep up extensive business establishments and who could supply the articles which are not manufactured in this country, if commissioned, more expeditiously than the India Office Store Department. These gentlemen have become a valuable asset of the country and have a right and a claim upon Government to be assisted in their business since they substantially help the revenues of the country in the payment of custom-duties and income-tax. I however know, my Lord, that it is difficult to tackle the Store Department of the India Office, but if we go on pegging away Your Excellency’s successor may succeed in doing justice to a deserving class of the citizens of the Empire.

“ My Lord, it is with much satisfaction that we have seen Your Excellency’s appointment of the Ganges Bridge Commission. The evidence recorded by it has been read by all of us with great interest, and wherever it is decided upon to bridge the river I trust the claims of the Province, I have the honour to belong to will be taken into consideration by the Railway Board, and a line will be built which will facilitate the great jute and other rising industries of the Province, and if it is decided

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upon to bridge the river at Sara, the project, so long kept hanging, of a branch of the broad gauge line from Sara to Serajgunj will be taken in hand as soon as possible. While on the subject of Railways I will only make a passing allusion to the great inconvenience caused by the shortage of wagons ; for I feel certain this subject will be more ably dealt with by those more competent to deal with the subject than I am. I however earnestly beg that, amongst their other requirements, proper arrangements be made on railway platforms for the ingress and egress of the third class passengers, and greater facilities and assistance afforded to these passengers to obtain information as to how and where they have to go about, in the midst of the labyrinth that has come into existence with our palatial railway stations.

“ My Lord, we were all satisfied when through the genius of Lord Curzon the trade secured a stability in the matter affecting the customs administration which was assured by the inauguration of the Imperial Custom Service, and though the service is likely to be in a manner detrimental to the interest of the natives of India in the public service, yet native public opinion was prepared to accept this inconvenience on account of the greater good and benefit to be derived from an uniform and systematic service, and those utterly ignorant of customs work and requirements of the trade being no longer foisted on as *kam chalaos*. But, my Lord, serious cries are coming from Bombay that the Collector of Customs of that Province has been allowed to take up the appointment of the Private Secretary to the Governor within the period he was bound under the rules of the Imperial Custom Service to remain in the Department. If thus well-digested and well-considered schemes are to be allowed to run over rough-shod the trade will lose all confidence in Government, and it will be well if the public come to think that the Imperial Customs Service is not to be merely a warming-pan for rising and brilliant Civilians.

“ Nowadays we hear much about the growing discontent and unrest in India. One well-intentioned, but, I think, ill-advised, Englishman, instead of keeping his thoughts to himself, has gone on to give a lecture on ‘*If there were another Mutiny,*’ which has been thoroughly misconstrued by the native public ; the same may be said of the sayings of the worthy Prelate and of the Padree who, with the globe-trotters we have the pleasure of receiving every cold season, in their goodness of heart, discontend on the growing aloofness and want of association and sympathy between the rulers and the ruled. But, my Lord, may I beg to tender you my humble experience derived from the close connection we possess between the masses and our rulers, that while there is some truth in the allegation, I honestly believe the saddle is put on the wrong horse—in short, the blame is put on the wrong party. When we find officers, who conscientiously

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discharge their duties, as we have seen in the time of plague and famine amongst us, calumniated, and maligned, insults heaped upon them in the public Press and such conduct defended and even lauded by those who ought to know better, how can you blame these officers and their comrades in the service if they keep themselves aloof, as is charged against them? But, my Lord, I would only ask these good-natured Englishmen who have innocently roused a spurious disregard amongst the people for the good and honest work done by those in authority, to state amongst which of the masses of India have they moved? Do they know anything of the feelings and sentiments of the Bhils, the Santals, the Garhos, the Lushaies, the Chins, the Nagas, the Manipuris and even of the raiyats; are not their views and opinions the second-hand, self-interested ideas of a microscopic minority? When have these good-natured Englishmen come into real contact with the district life of the district officer, and when have they come into contact with the people? Have they not taken their cue from what they have seen and read in irresponsible papers? But, my Lord, if we take a lesson from what we see around us, it seems to me that the attempted supremacy of Demos is coming to an end; the common sense of the people is fast returning, and the people are prepared to once again trust in and abide by what is done by the authorities as done with the best intention of being for the ultimate good of the country and the people. We see the revolt against the progressive party in Germany, in Russia, in the Labour Conference at Belfast, in the County Council elections in London; and last, though not least, comparing great things with small, in the recent municipal election in Bombay we find the violent agitators and their friends in the Press are being discredited. My Lord, I feel sure it is a pure fiction this cry of unrest in India, but we cannot shut our eyes to the unscrupulous writers in the Press and frothy orators fanning the flame of sedition and openly preaching it under the cloak of self-government. My Lord, it was only a cloud no bigger than a man's hand in the old days that, being ignored by the officials, ultimately brought about a revolt.

"We have had our disturbances lately, my Lord. I use no language of exaggeration when I speak in this Council of the exemplary conduct of Muhammadans during these times of trial. There is no denying that the martial characteristic of the Muhammadans is not extinct and it must be said to their credit that they have displayed a calmness and obedience which marks them as a people worthy of the sincerest consideration of Your Excellency's Government. My Lord, I deem it right to just make a passing allusion to the great question which has disturbed this country, namely, the partition of Bengal. Though it is an established fact, yet, my Lord, it is my duty to state that during the recent Muhammadan Educational Conference at Dacca Muhammadans from all parts of

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India were present, and they were convinced, from what they saw and heard, of the advantages which have accrued from the partition to this once neglected part of Bengal in general and to the Muhammadans in particular; and with the exception of a few who, for their own selfish interest, have joined the opposite camp, I assure Your Excellency that the whole Muhammadan community of India view with the greatest satisfaction the partition of Bengal; and indeed it will be a sorry day for India if the tactics of the home rulers of Ireland, now being introduced into India, lead to this great act of public policy to be reversed or set aside. The loyally disposed Hindus and Muhammadans feel that Government must with a strong hand put down at once, and *once for all*, what is going round about us. My Lord, I know that I shall be taken as an alarmist, but, my Lord, 'tis the coming events that cast their shadows before,' and I am prepared for all the contumely and odium that will be cast on me, if only I succeed in inducing Government to pause in the course of putting unlimited confidence in the lip-loyal sayings and doings of ill-natured people, and allowing them a free hand so long as they keep outside of the pale of what is defined in the Penal Code as sedition and treason. (We only appeal to Government to put down with a firm hand every attempt to sow the seeds of disaffection and to seduce the people from their faith and belief in Your Excellency's Government.) These remarks I have, with some diffidence, ventured to bring to the notice of Your Excellency's Council, for knowing as I do of the contumely I shall receive from these newspapers for making them, yet I feel that (when we see the standards of the enemy floating from their platforms, and the war cry of Swaraj proclaimed from the house-tops, we cannot remain mere lookers-on. And while it is necessary for us to ask the authorities to remedy any inconvenience or hardship the people may be suffering of which we may become aware, yet we feel it our duty to thus publicly protest against good-natured and well-intentioned Englishmen being made the innocent instruments of men who are brewing mischief the consequence of which they have no thought of; and at the same time to declare our confidence in the Government of the country and our faith that it is incapable of knowingly doing the people an injury or a wrong, and that the powers with which Government is vested, to check and put down the act of lawlessness which is rampant in the country, will no longer be allowed to be a dead letter.)

"My Lord, I apologise for the length of these remarks, but this meeting is the only opportunity we have of publicly bringing to the notice of Government what the people with whom we are in daily touch, feel and think, and it needs be that in a year's course we have much to place for the information of Your Excellency's Government."

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[Mr. Hall.]

The Hon'ble MR. HALL said :—" My Lord, I congratulate the Hon'ble Finance Member and the Government on the reduction of the tax on salt and of the postal rates. Burma does not share in the larger change, as the rate which is now to be in force in other Provinces already prevails there, but the more favourable postal rates will be much appreciated.

" The increase recently sanctioned to the Forest establishment and the generous treatment accorded to the Police in the matter of special pensions and otherwise have been received with gratitude in Burma.

" When the Financial Statement was being discussed in March 1906, I ventured to plead for liberal treatment of Burma under the new Provincial Contract. The Hon'ble Finance Member quite agreed that liberal expenditure in Burma was likely to prove productive, and he added that it would be the object of the Government of India to accord it both just and generous treatment. In some respects the new settlement is not unsatisfactory, but taken as a whole, and in one very important particular, it falls far short of our expectations—so much so that if the present arrangement is adhered to the development of the Province will be greatly retarded. The item to which I especially refer is that of expenditure on Civil Works which is 80 lakhs, or 35 lakhs less than the expenditure of the current year and 20 lakhs below the figure recommended by the Local Government.

" The Province is young and expanding. It is still very ill equipped with roads and public buildings. The area of Burma exceeds that of any other Province in the Empire; and though there are large tracts which will never become available for cultivation, yet the area of culturable waste is very much larger than that of any other Province—and waste it will for the most part remain if expenditure is now to be reduced as proposed. It would be easy for me to mention one district after another in which progress has undoubtedly been retarded owing to the expenditure on public works being inadequate; but it will suffice now to take as an instance one portion of the Province which, as it happens, has been under British rule for eighty years.

" The total area of the three southernmost districts of the Tenasserim Division is 22,159 square miles, the cultivated area is barely 600,000 acres, while the culturable waste is nearly 5 million acres. Now, this is not a tract in which the rainfall is uncertain or the soil barren. On the contrary, the rain has never been known to fail and the land is exceedingly fertile, but communications are so difficult that progress cannot be expected without free expenditure. In the delta of the

Irrawaddy a network of navigable creeks facilitated extension of cultivation without heavy expenditure of public funds on roads and bridges. Further, inland cart tracks were available over the level plains throughout the long dry season, but this is not the case in the lower part of Tenasserim, nor in other parts of Lower and Upper Burma where lie the millions of acres of culturable waste. People will refrain from bringing such land under cultivation until they see some good prospect of being able to convey the produce to market at a reasonable cost.

“ Again, the state of the existing roads in the Province has been a byword and reproach for many years—and this in spite of the fact that a larger percentage of the Public Works grant is being spent on repairs than in any other Province. I do not suggest that the Public Works Department is responsible for these defects—the money allotted has been insufficient.

“ Then, as regards buildings Burma is still very ill equipped. Not only are there many large buildings now under construction while estimates for others are under consideration, but there are hundreds of smaller buildings, mostly of timber now more or less dilapidated, which should be replaced by permanent masonry structures.

“ Owing to the high cost of living the cost of administration is necessarily high—so, too, are the rates of labour. It is estimated that the cost of Public Works in Burma is double that in India—for every rupee that we spend in Burma we get no more than can be got in India for eight annas. Although, therefore, the standard figure for expenditure on Civil Works is higher than that of Indian Provinces, the allotment is not really on a more liberal scale. It appears to provide for the cost of the work being double what it is in India, but not for the equipment of the Province being in a very backward state. If expenditure on Public Works is curtailed expansion and development must be retarded, and it is to be regretted that this great and valuable estate should not be developed to the full extent of its capacities to the benefit of the people and of the Empire at large.

“ The revenue is increasing it is true, and the Province will be entitled to a share of the increase; but this will not suffice to cover the growing wants under other heads, and also to maintain Public Works expenditure at a proper level. Nor can this expenditure over and above the standard figure be fully met from the balance. The closing balance this year includes 50 lakhs received as a contribution on starting the new settlement. Without this the closing balance would be at a very low ebb, and the Provincial and Local balances taken together

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[*Mr. Hall.*]

would in the current year have been reduced by 30 lakhs, while the Budget Estimate for 1907-1908 provides for expenditure which will reduce the balance by 15 lakhs. The requirements of the Province have not been always fully met. They are increasing steadily and may be expected to increase at least as fast as the revenue. It is indeed unlikely that the large expansion of revenue that we have witnessed in recent years in Burma will continue. Even the Financial Statement which is now under discussion affords ground for supposing that the advance may not be so rapid and so steady as formerly. Thus in paragraph 17 the following passage occurs:—'In Burma, on the other hand, mainly in consequence of floods in some districts, the expansion of the (land) revenue has been less rapid than was expected.' That remark refers to the figures for 1906-1907. In 1907-1908 a large increase is expected (paragraph 163), but a considerable portion of that increase will consist of 'arrears of the current year due to floods and unfavourable agricultural conditions in some parts of the Province.' Now, this destruction of crop by flood is not wholly the result of abnormally high floods in the Irrawaddy. It is partly due to the decision of Government to prevent systematic bunding on the eastern bank of that river, on the ground that embankments on that side endanger the large and very remunerative works on the west bank. It may, therefore, be anticipated that for many years, even when the rise of the Irrawaddy is normal, a considerable area of rice-land lying to the east of that river will be submerged.

"From the Financial Statement it is also clear that it is not safe to conclude that revenue under other heads will expand in Burma without any check. For instance, in paragraph 19 it is stated that 'the improvement under stamps and excise has been fairly general throughout the country, except in Burma and the United Provinces.' Again (paragraph 128), 'The growth of assessed taxes in Burma has received a check in the current year.' On the other hand, as regards Land Revenue Charges, 'the budget estimate in Burma has proved too low and there is an increase of Rs. 94,000.' And here it may be noticed that while the Province retains only half its land-revenue receipts it has to bear the whole of the land-revenue charges.

"I would further represent that Burma Provincial Revenue suffers in an exceptional degree from the export-duty on rice. Over 80 lakhs of rice export-duty are paid annually in Burma, and this is more than 70 per cent. of the total amount so levied in the Empire. Under the Provincial Settlement the whole of this money is Imperial; but one result of the duty, undoubtedly is to reduce the price of rice in the Province, and this again leads to the land-revenue being settled on a lower level than would be the case if exports were free. Burma gets

a half-share of the land-revenue, and so the export-duty on rice leads directly to loss of Provincial Revenue.

"I would recommend that some compensation be made to Burma on account of its exceptional contribution to this head of Imperial Revenue, and that the additional assignment be such as to render possible an increase of the Civil Works standard figure on the expenditure side from 80 to 100 lakhs.

"Whether one looks at the Provincial Settlement as a whole or solely at this one important item, I can only apprehend that unless the suggested alteration of the Civil Works standard figure is made the already long delayed development of some of the most fertile portions of the Province will be still further retarded, while such districts as are already well populated and extensively cultivated will remain ill equipped with buildings and roads.

"In conclusion I desire to express regret that a settlement more liberal and more in consonance with the needs of the Province has not been accorded."

The Hon'ble MR. APCAR said :—"My Lord, I will not take up the time of the Council by repeating at any length what has been said in every part of India regarding the shortage of rolling-stock on our railways. There is hardly a report issued by a Coal Company in Bengal that does not contain some reference to the same thing, and if matters go on as at present, we shall have serious complaints from our local Jute and Cotton mills of the increasing difficulties they labour under consequent on the shortage of coal, entirely occasioned by an insufficiency of rolling-stock. So far as Bengal is concerned the feeling is unanimous. At a meeting of our Chamber of Commerce, held on the 27th February, the representative of the Bengal Coal Company, our premier concern, stated that the Indian Mining Association had lost no opportunity of urging, during the past twelve years, the necessity for ample transport being provided for the coal industry and had been warmly supported by the Chamber; that many of our principal lines of railway are within a few days of stoppage, our mills and other industries are forced to live from hand to mouth, our steamers visiting this, the principal, port of India are forced to leave short of their bunker requirements. Strong words, my Lord, but true in every detail. At the same meeting I had to refer to the same subject in my address.

"Speaking strangely enough on the same day, the President of the Bombay Chamber of Commerce in the course of his able address said :—

'At the present moment there is one bitter cry going up from all over India for wagons to carry the produce of the country. Only a few months ago we heard of the



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Karachi shippers being unable to get their wheat down on account of an insufficient supply of wagons, the result being heavy losses on account of demurrage, etc. Now we hear of stations filled with cotton and no wagons to take it away; thousands of tons of manganese lying at the stations in the Central Provinces waiting for wagons which do not come. Indeed, it is not necessary to refer to any particular trade as all are suffering alike, and it is difficult to estimate the loss this inability on the part of the railways to supply wagons means to firms and merchants, but it must be very large.'

"I could go on quoting indefinitely complaints on the same subject, but I have no doubt Your Excellency has noted them and no useful purpose would be served by my taking up further time of the Council.

"The Financial Summary and Statement for 1907-1908 has been welcomed by the trading interests of Calcutta on account of the important provisions contained in it towards making up the deficiency in this matter of rolling-stock. The large grant of Rs. 568 lakhs, or 3½ millions sterling, calls for and is receiving the cordial appreciation of the Bengal Chamber of Commerce. We note that the Railway Board report that the provision of 568 lakhs has met in full the demands of all railways for grants for rolling-stock for the year 1907-1908.

"There are, however, two important points to which, in our opinion, prompt attention is necessary, while the Budget does not show signs of meeting them. These are, firstly, a programme for expenditure on rolling-stock over a longer period than one financial year of twelve months; and, secondly, the liberal treatment of what are termed, in the Financial Statement and the Railway Board's memorandum, 'open line requirements,' which we look upon as the provision of facilities other than rolling-stock in order to enable railways to move with despatch and promptitude the increasing traffic. It is shown in paragraph 73 of the Financial Statement that the receipts from the carriage of passengers, goods and minerals on railways have increased during the last eight years from 16½ millions sterling to over 27 millions sterling, or by 70 per cent. It is known that during this period charges for carriage have been reduced, so that it is safe to assume that in numbers of passengers carried, and in weight of goods and minerals, the figures have been more than doubled during these last eight years. As rolling-stock represents but a small share of the total initial cost of a line of railway so, as development occurs, must the line as a whole be increased and not its rolling stock only.

"During the coming year on new lines already taken in hand and under construction only 2½ millions sterling will be spent, as compared with nearly

3½ millions in the financial year 1906-1907; while nothing whatever is to be spent on additional lines sanctioned but not commenced, or on lines at present under consideration but not sanctioned. An explanation of the reasons for this decision—want of money and inability to raise it on reasonable terms—is given in paragraph 71 of the Financial Statement; and in paragraph 72 we are told that the Government is considering whether it may not be practicable to dispense with some of the restrictions which now hedge round their railway policy; and, further, that if this can be done, there is hope that a greater degree of elasticity can be imported to the Railway programme. I can only say that the trading community look with every confidence to means being devised to prevent for the future the retardation of Railway progress which is to mark the coming financial year. Such retardation is not permitted either in England or in the United States, or in our own colony of Canada; and in neither of these countries is the return on the capital invested so high as it is in India. I do not think that we in India have so far appreciated the marvellous prosperity of our Railway system. Up to about ten years ago Government was incurring an annual deficit so far as concerns Railways. In the financial year 1899-1900 a profit was made of £76,756, and since that year the increase has been to all intents and purposes continuous, so that there has been a surplus for the year 1905-1906, after paying all charges, of over 2 millions sterling, giving a net return—after paying all charges—of 5·41 per cent on 253 millions sterling capital expended on open lines. 'All charges' include not only interest paid on the capital cost, but also Sinking Fund payments in liquidation of the purchase price of certain lines which have been bought by Government, as explained in paragraph 76 of the Financial Statement. What sums are being expended in this Sinking Fund we are not told, but we know that purchase-money is still being paid for the East Indian, the Scind-Punjab, the Bombay-Baroda, the Oudh and Rohilkhand, the Eastern Bengal and other lines. If such Sinking Fund charges are excluded, as they should be, in ascertaining what percentage railways are paying, that percentage will be considerably more than 5·41 per cent. shown in the Financial Statement.

"Remarking now on the first point to which it is desired to draw attention, we are told in paragraph 74 that it is far from certain whether it will be possible to spend the large sum of 568 lakhs of rupees on rolling-stock, and that if this should prove to be the case, the grant will be redistributed; or, as we understand, spent on open line requirements other than rolling-stock.

"In other words, the liberal grant of 568 lakhs of rupees is only to be paid if it can be spent by the 31st March 1908, and what cannot be spent by

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that date will be taken away from the rolling-stock provision. Now, it is evident that a large proportion of the grant has only recently been decided upon, and advice given to the Railways concerned; and to this extent these railways can only now be making their arrangements for purchase. The experience is that a full year elapses between rolling-stock being indented for and its supply, and with every effort to expedite supply under the present sanction, part of the orders will undoubtedly be uncompleted by the 31st March 1908.

“This raises the question as to whether means should not be devised whereby a grant of this character may be saved from lapsing or redistribution by allowing Railways to place orders for delivery in the subsequent two, three or even more financial years, should it be found that makers are so fully booked with orders that it is impossible for them to deliver all the wagons indented for within the financial year ending 31st March 1908.

“In times like the present, when there is an abnormal demand for new rolling-stock for Railways in Europe and America, it becomes a matter of difficulty to get early delivery of the wagons ordered. Purchasers who are not limited by considerations of ‘Budget Allotment,’ ‘Financial Years’ and the various restrictions which the stereotyped procedure of the Government of India imposes on the freedom of Indian Railways, are enabled to place their orders some time ahead of requirements and so ensure delivery when the wagons are actually required. Instead of indenting for the coming financial year only, the Railways ought now to be in a position, should the state of the market render this expedient, to contract for a considerable portion of the rolling-stock required for the next three or four years, so that delivery may not be delayed owing to makers having meantime become filled up with orders from other quarters.

“Two Engineering Firms in Calcutta have recently put down wagon constructing plant, and were there an assurance of increased orders they would doubtless be prepared to extend their workshops. But it is unreasonable to expect firms in India to increase their capital outlay unless they can rely on keeping their men and machinery fully engaged. There seems every likelihood that the growing trade of India will demand large annual increases to the rolling-stock of the Railways for some years to come. I consider it to be desirable that manufacturers in India should be encouraged to extend their works. This may be accomplished by assuring them of increased and continuing orders if they are prepared to increase their wagon-producing capacity. As about 60 per cent. of the cost of wagons is expended in the purchase of materials in

Europe and about 40 per cent. on labour and materials in India, it is expedient in the interests of India and the purchaser that a larger share of the orders should be placed in this country. Manufacturers in India do not ask for preferential treatment as regards price; but being limited to one market, whilst European manufacturers have many outlets for their production, they require an assurance of steady employment for a series of years before facing a large capital expenditure in the extension of their workshops.

"I would suggest, therefore, that such an alteration should be made in our Railway financial arrangements as would enable the various Companies to forecast their requirements beyond the limits of one Budget, and to receive sanction to place orders for more than one year. If it is considered advantageous to look ahead in the matter of construction of lines, it is no less necessary to do so with regard to the equipment of the lines already opened, the growing traffic of which makes it certain that further large additions to the stock of wagons will be required. What would be regarded as prudent procedure in the case of private enterprise may safely be commended as worthy of imitation by the Government of India in arranging for the purchase of rolling-stock.

"The question of open line requirements other than rolling-stock seems to have been somewhat neglected in the anxiety to deal satisfactorily with the rolling-stock problem itself. With nearly 1,000 miles added to the railway system, and a rolling-stock provision more than 50% greater than ever before, railways have nearly 20% less to spend in keeping pace with the growth of traffic. Although it may be the case that with new lines substantial increases may be made to the rolling-stock without corresponding improvements in terminal arrangements, in doubling where a single track has previously existed, in marshalling yards, in quarters for staff, and the like, on older and established lines there must be expenditure on such items to ensure that the additional rolling-stock shall be made proper use of. So far the average work obtained from rolling-stock on Indian Railways has exceeded that on English and American lines, and this may be due to greater foresight in arranging that the lines shall be developed in their entirety, instead of excessive regard being paid to rolling-stock only.

"There have been indications that terminal and junction facilities, and in some cases running line accommodation, have not on the older lines been sufficient to carry the rolling-stock without delays. Two notable instances were brought prominently forward in a report made last year by Mr. Wynne, member of the Railway Board. Najhati was found to be totally incapable as a junction to pass traffic through it with anything approaching efficiency, and a new

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junction on a new site was recommended to cost many lakhs of rupees. The arrangements for serving collieries promptly from loading sidings were characterised as insufficient for the stock then to be dealt with. There is already congestion on the older lines in busy times, and unless there are developments to keep pace with additions in rolling-stock, these cases of congestion must increase and become more serious.

“Another matter of considerable importance to the commerce of Bengal is the question of a Railway Bridge at Sara. The public are not always of one mind, but they are pretty unanimous in their desire for a bridge at Sara and for a broad-gauge railway thence to Calcutta. It came as a surprise to the commercial community when it was known that the Railway Board had recommended a bridge at Rampore Beaulia with a metre-gauge line to Calcutta. I cannot conceive how the Railway Board could persuade themselves to recommend this scheme without further reference to the commercial interests involved. At a meeting with representatives of the Chamber, on the 13th July last, we gave the Board our views on the subject, but were met with a reticence difficult to explain, and which led us to represent the matter to the Secretary of State. On behalf of the Chamber, whom I have the honour to represent, I place on record our appreciation of the assistance our delegates, Sir Ernest Cable and Mr. J. D. Nimmo, experienced from the Private Secretary to Mr. Morley on this subject, and to your Government, my Lord, at the appointment of the Ganges Bridge Commission. The report of this Commission has not yet been published, but on the evidence recorded it is generally anticipated that it will be in favour of a bridge at Sara and prohibition of any metre-gauge line into Calcutta.

“I drew attention last year to the incidence of the Income-tax, and suggested that, as at Home, there should be an abatement or rebate of Rs. 1,500 up to incomes of Rs. 3,600. My Hon'ble friend the Finance Minister joined issue with me on the subject and appeared to consider that a man on Rs. 1,000 a year in this country, if not highly favoured, was not badly off. Neither of us very fortunately have had to try the experiment, but I still adhere to my opinion, and though the matter may not be one of great or general importance, it is quite as worthy of consideration as a reduction in the Salt-tax.”

The Hon'ble MR. GOKHALE said:—“My Lord, it is a matter of deep and sincere satisfaction to me that the Government has effected a further reduction in the duty on salt, which will now stand at the uniform rate of Re. 1 per maund both in India and in Burma. In view of the language

employed by the present Secretary of State for India, in speaking of this impost last year, such action on the part of the Government has not been wholly unexpected. I only wish the Hon'ble Member had spoken of this reduction with more enthusiasm than he has done. I know my Hon'ble friend holds what may be called orthodox official views on this subject. The Council will remember that last year he told us in his concluding remarks on the Budget that he 'never believed that the tax pressed with undue severity even on the poor.' Again this year he says that 'the salt-tax is the only contribution towards the public expenditure that is made by a large number of the people.' Now the former statement is contradicted by the rapid rise in the consumption of salt which has taken place in response to each successive lowering of the duty and which the Hon'ble Member himself describes as 'remarkable.' No one is ever likely to stint himself in regard to a prime necessary of life such as salt, unless driven to do so by sheer inability to buy the required quantity. No one, again, is likely to purchase more of it than he needs, simply because it is cheaper than it was before. And I think that the remarkable expansion of consumption that has taken place since the duty was first lowered in 1903—from  $36\frac{1}{2}$  million maunds, the average for three years immediately preceding 1903, to  $43\frac{1}{2}$  millions, which is the Hon'ble Member's cautious estimate for the coming year, an increase of nearly 20 per cent. in five years—is conclusive evidence of the fact that a high rate of duty entails serious privation and suffering to the poorer classes of the people. As regards the second statement of the Hon'ble Member, *viz.*, that the salt-tax is the only contribution which the poorer classes make to the Exchequer, with all deference I must dispute altogether the correctness of the contention. Why, my Lord, so far from this being the case, the fact is really the other way. I think there is no room for doubt that even now, after these successive reductions of salt-duty, our poorer classes contribute, relatively to their resources, much more than their fair share to the revenues of the State. These classes consist almost entirely of a broken and exhausted peasantry, without heart and without resource and sunk hopelessly in a morass of indebtedness. It is from this peasantry that, over the greater part of India, the land-revenue of the State is derived, and it is the same with Provincial rates. Then the bulk of the revenue from drink comes from these classes. The excise-duty on cotton-goods falls almost exclusively on them. Under Stamps and Registration they pay, certainly, their fair share, and probably more than their fair share, since the bulk of our litigation is about small amounts. Under Forests they have been deprived of their immemorial right to free grazing and free fuel, and the proceeds of these are the only burdensome part of forest-receipts, the rest being fair value realized for timber and other products. Even

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under Customs, where their contribution is expected to be the least owing to their excessive poverty, the Hon'ble Member's predecessor, Sir Edward Law, once calculated that they paid between 20 and 25 per cent. The only tax from which they are altogether free is the income-tax, and the proceeds of this tax are comparatively small, being under 1½ millions sterling a year. Now these, together with the salt-tax, of which the main burden is admittedly borne by them, and the Opium-revenue, which is contributed by the foreign consumer, are our principal heads of revenue, and I repeat there is no justification for the assertion that the salt-tax is the only contribution which the poorer classes in India make to the Exchequer of the State. It may be mentioned that Mr. O'Connor, late Director General of Statistics, in a paper read by him three years ago, described the poorer section of Indian cultivators as a class that 'contributed most largely to the finances of the State.' My Lord, I have made these observations, not in a spirit of mere controversy, but because Mr. Morley's pronouncement of last year on the subject of the salt-tax encourages the hope that we may now look forward to the time when this tax may be done away with altogether, and this consummation is not likely to be forwarded if the Hon'ble Member's views in the matter are allowed to pass unchallenged.

"I am glad to see that my suggestion of last year that, in the general statements of revenue and expenditure, the figures under Railways and Irrigation (Productive works) should be given net has been met more than half-way in this year's Statement by the working expenses on Railways being brought over to the revenue side and deducted there from the gross Railway receipts. This is satisfactory as far as it goes, but it does not go far enough, and I think that the Hon'ble Member, having once begun this reform, must now complete it. He still leaves the interest on Railway debt where it was in the accounts. The result is that the figure of Railway revenue, and through it that of our total revenue, continues to be unjustifiably swollen by the amount of this interest, which already stands at about 10 millions sterling and which will increase from year to year as the capital outlay on Railways advances. The Hon'ble Member observes in this connection :—' We have left the Interest on Railway debt in its original place : to have brought it over to the Revenue side of the account as a deduction from its gross-receipts would have necessitated a large *minus* entry in the column for revenue accruing in England.' And such a *minus* entry the Hon'ble Member wishes to avoid, as it would be unintelligible to the ordinary reader. But there are *minus* entries in several other places in the Financial Statement, and if the ordinary reader does not mind them I do not see why he should mind one more.

And in any case it is better to be unintelligible than to be unscientific or misleading. Again, the Hon'ble Member has left the figures under Irrigation as they were before. He says:—'We have not thought it essential to go so far as the Hon'ble Mr. Gokhale suggested and to show the Irrigation-revenue net. I quite admit that the same general principle applies to the Irrigation as to the Railway figures: but the former are not yet sufficiently large to cause any serious distortion of the true revenue and expenditure of India.' But I would respectfully ask—why allow the figures of true revenue and expenditure to be thus distorted at all? Moreover, it introduces a new element of confusion if Railway receipts and Irrigation receipts, which are both exactly in the same position, are treated in the accounts in two different ways. In these matters it will not do to alter the prescribed forms repeatedly, as that must make a correct comparative view of the financial position over a series of years extremely difficult. And, therefore, now that the Hon'ble Member has already taken in hand this reform, I earnestly hope that he will not stop half-way but will proceed to the end, and place the matter once for all on a proper scientific basis.

"Another suggestion which I had ventured to make last year was with reference to the separation of Local revenue and expenditure from Provincial and Imperial. In his reply the Hon'ble Member had stated that he himself was in favour of the proposal, as the balance of advantage lay in favour of making the suggested change and that the matter was under consideration. I am, therefore, disappointed to find that the old practice is still there, and that there is no indication in the Financial Statement as to what has been the decision of the Government in the matter. The present practice is responsible for a good deal of unnecessary and avoidable misapprehension. Especially is this the case with reference to educational expenditure. Thus in the Financial Statement we are told that the educational expenditure for next year will be 2 millions sterling. I understand that out of this about £800,000 will be Local. But there is nothing in the Statement to show this, and one is apt to imagine that the whole amount of 2 millions will come from Imperial and Provincial revenues. Last year Mr. O'Grady, a prominent member of the Labour party, made an inquiry in the House of Commons as to the amount spent in India from the Indian Exchequer on Elementary Education. The Secretary of State's reply, instead of stating the amount spent from Imperial and Provincial revenues—which for 1904-1905 was, according to a return laid by the Home Member on the table of this Council the other day, only £160,000—gave the figure of expenditure from 'Public funds,' which necessarily was much larger. Mr. O'Grady, not being satisfied with the answer,



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put after a few days another question asking the Secretary of State to specify how much of that total expenditure from Public funds came from Provincial and Imperial revenues. The reply to this was that the Secretary of State was not in a position to state the amount, but that he would make inquiries! Now, my Lord, this is not at all a satisfactory state of things. Surely the accounts of the Government of India ought to show what is the State expenditure on Education apart from Local expenditure. I earnestly trust, therefore, that the suggested separation, which the Hon'ble Member himself regards with favour, will soon be carried out and that the Financial Statement for next year will not be open to criticism on this account.

“Coming now to larger questions, I find that I must renew my earnest and emphatic protest against the manner in which our surpluses still continue to be expended as capital outlay on Railway construction. My Lord, I have spoken repeatedly on this subject in previous years, but I feel the injustice of the present arrangement so strongly that I must ask the Council to bear with me while I urge once again, as briefly as I can, my reasons why a change of policy is immediately called for in this matter. This is the ninth successive year when a substantial surplus of revenue over expenditure has been realized, and it is clear that the era of surpluses has not yet come to an end. The total of these surpluses during these nine years stands at the high figure of 37 crores of rupees, or about 25 millions sterling, and nearly the whole of this amount has been spent as capital on Railways. Now a surplus is so much more money taken from the people, either through miscalculation or in other ways, than was needed for the requirements of the Government. And as it is not possible to return this money to the taxpayers in a direct form, what the Government is bound to do with it is to apply it to purposes which are most calculated to benefit the mass of the people. And the question that we must consider is this—what is the most urgent need of the mass of our people at the present day? Judging from the manner in which the surpluses are applied year after year to Railway construction, one would conclude that in the opinion of the Government what the people needed most was a vigorous extension of Railway facilities. Now, my Lord, I respectfully submit that such a view of the situation is not justified by the circumstances of the country. The claims, for instance, of Sanitation on the attention of the Government are at the present day infinitely stronger and more urgent than those of Railway construction. Already an enormous sum—no less than 400 crores, or 260 millions sterling—has been spent on Railways in India, while next to nothing has so far been expended on the construction of sanitary works. With so many towns in the country decimated:

by plague year after year, with cholera and malaria committing their havoc in other parts, with the death-rate of the country as high as 35 per thousand as against 16 per thousand in England, I do not see how the Government can continue to leave Sanitation practically to take care of itself. Let the Council consider what difference it would have made to the country if the surpluses of the last nine years—37 crores of rupees—had been devoted to sanitary works instead of to Railway construction! My Lord, we all know that by spending the surpluses as capital on Railways the Government is able in the final adjustment to reduce by a corresponding amount the unproductive debt of the country. And it may be contended that though the surpluses are in the first instance devoted to Railway construction, they are in the end virtually utilised for the reduction of debt. My answer to this is that our debt, by which I mean the unproductive debt of the country—for that is the only real debt—is so small in amount that its further reduction is not an object of much importance. Taking the year 1904-1905, we find that this debt then stood at the figure of 60 millions sterling. The 'other obligations' of the Government of India, such as Savings Banks deposits, Service funds, and so forth, amounted in that year to 17 millions. Against this there were cash balances in the Treasuries, here and in England, amounting to 21 millions, and the loans and advances by the Government stood at 12 millions. Our net debt thus is about 44 millions sterling, or less than two-thirds of a year's revenue. This is almost a paltry figure compared with the huge debts of European countries, and the position may no doubt be regarded with satisfaction. But it must not be forgotten that such a result has been rendered possible only by throwing on current revenues for a quarter of a century the burden of all manner of extraordinary charges, which in other countries are usually met out of loan funds. The further reduction of this small debt, therefore, is not a matter of urgency and can well wait, when the money devoted to it may be far better employed in saving the lives of the people. My Lord, it will not do for the Government to say that sanitation is the concern of Local Bodies and it is for them to find the money required to improve it. Most of our towns are extremely poor and the present distribution of the resources between the Government and the Local Bodies is of a most unsatisfactory character. How unsatisfactory it is may be judged from the fact that while there has been a plethora of money in the Government Exchequer for the last nine years, most of our Local Bodies have all the time been struggling with serious financial difficulties and some of them have been in a state not far removed from bankruptcy. Without substantial assistance, therefore, from the Government in meeting the large capital outlay which modern sanitary works require, Local Bodies will never be able to grapple with the problem of

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improved sanitation: and to my mind there can be no more desirable object on which the Government might expend its surpluses. The Supreme Government should call upon the Provincial Governments to assist sanitary projects liberally out of their own ordinary revenues, and whenever a surplus is realized, it should, as a rule, be placed at the disposal of Provincial Governments for pushing on the construction of sanitary works. I know there is the standing pressure of the European mercantile community to spend every available rupee on Railways, and these men are powerful both in this country and in England. But, my Lord, the Government must resist this pressure in larger interests, so far at any rate as the surpluses are concerned. Time was, not long ago, when the Government never thought of spending more than four or five crores a year on Railways. And ten years ago Sir James Westland protested sharply against the manner in which programme after programme of Railway construction was being pressed on him in breathless succession. It is true that in those days the Railways were worked at a net annual loss to the State, and that in that respect the position has now undergone a change. Still  $13\frac{1}{2}$  crores is a very large amount to spend in any one year on Railways, and yet the Hon'ble Member has thought it necessary to be apologetic in making the announcement! My Lord, I have no objection to the Government using its borrowing powers as freely as possible to push on Railways, which now rest on a sound commercial basis. But it seems to me most unfair that the loans thus raised should be supplemented by the proceeds of taxation. Moreover, judging from certain observations made by the Hon'ble Member last year, I believe that another resource, and that a large one, will probably be soon made available for Railway construction, and that will be a strong additional ground for devoting surpluses in future years to the improvement of sanitation.

“ This resource is the profit now annually realized by the State from the coinage of rupees. For the current year it has amounted to the large sum of 4 millions sterling, or 6 crores of rupees. Last year it was nearly as large, being  $3\frac{3}{4}$  millions sterling, or  $5\frac{1}{4}$  crores. Hitherto these profits have been allowed to accumulate at compound interest, and this Fund, which will in future be known by the name of Gold Standard Fund, stands at present at over 16 millions sterling. I think, my Lord, the public has a right to ask that the Government should now state definitely what limit they propose to assign to this fund and how the profits from coinage will be dealt with when that limit is reached. This is necessary in view of the fact that the statements hitherto made on this subject by those in authority have been more or less vague and, in some respects, even conflicting. Sometimes the purpose of the

fund has been stated to be merely the ensuring of the stability of exchange, and sometimes the much more ambitious purpose of preparing for a gold currency has been avowed. When the fund was first constituted in 1900, it was in accordance with a recommendation of the Fowler Committee of 1898— which recommendation had been made with a view to the maintenance of a stable exchange. In 1901-1902 Sir Edward Law, in speaking of the Reserve, leaned to the view that it would serve as 'a guarantee for the conversion into gold, if required, of the rupee token coinage.' Lord Curzon, however, merely described it as a means of maintaining the exchange value of the rupee at 1s. 4d. In 1902-1903 Sir Edward Law again referred to this Fund, and this time he also stated its purpose to be the maintenance of a stable exchange. In 1904 Lord Curzon reaffirmed the same view. In 1905 the Hon'ble Mr. Baker also gave this view prominence in his statement. Last year, however, the Hon'ble Member pushed the other and more ambitious view to the front, and spoke of the time when the rupees would have to be converted into sovereigns. Again, as regards the amount that is required for ensuring stability of exchange, different statements have been made by different authorities. Lord Curzon said that 10 millions sterling would suffice for the purpose. Sir Edward Law put the limit at 20 millions. The Hon'ble Mr. Baker has put it still higher. In 1905 the Hon'ble Member said:—'I should like to see it (the Fund) raised to such a figure as would enable us, in the event of extreme and continued emergency, to reduce the Secretary of State's drawings by one-half for three years in succession, *i.e.*, to something between 20 to 30 millions sterling.' Now, my Lord, all this is somewhat confusing, and the Hon'ble Member will recognize the necessity of making a full and definite statement of the intentions of the Government both as regards the purpose which the Fund is to serve and the limit up to which it is to grow. This is the more necessary because the Fund was created under mere executive sanction without having recourse to the authority of the Legislature, and also because the annual profits from coinage are now far larger than had been anticipated. I think the Government ought to adhere to the idea of the fund merely serving as a guarantee for the maintenance of a stable exchange. In that case, even the high limit contemplated by the Hon'ble Member would soon be reached and the profits from coinage—a matter now of five or six crores a year—would be available before long to be employed more usefully than at present. On the other hand, if the more ambitious purpose avowed by the Hon'ble Member last year is to determine the policy of the Government, no limit can be foreseen to the accumulation of the Fund. Such a course, in my humble opinion, would

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not be justified, and I would venture to urge the following objections against it—

- (a) That a gold currency for India has never been authoritatively proposed as a definite object to be attained. A stable exchange at a reasonable rate is all that successive authorities have sought to ensure.
- (b) That it is wrong to pile up a huge gold reserve in pursuit of an object never proposed or defined or even regarded as attainable within a measurable distance of time.
- (c) That it is looking too far ahead into the future to anticipate the introduction of a gold currency into India.
- (d) The present margin between the value of bullion and the token value of the coin will not suffice to ensure the conversion of rupees into gold, for the moment demonetization is proposed, silver will be depreciated still further.
- (e) Even on the Hon'ble Member's assumption the Reserve can suffice only for the conversion of rupees coined since 1900. The stock of rupee coin of previous years—estimated at about 130 crores by Mr. Harrison, the expert—will not be covered by it.

“I trust the Hon'ble Member will set all doubts in the public mind at rest by making a definite announcement of the intentions of the Government in the matter, if not in the course of this debate, at any rate in the Financial Statement of next year.

“My Lord, besides the reduction of the Salt-tax, there are four other interesting and gratifying features of this year's budget. They are the new arrangement for meeting Provincial Famine expenditure, the prospect of an abolition of the Opium traffic, the reduction by half a million sterling of the special annual grant for Army Reorganization and the announcement made on the subject of Free Primary Education. Of these the first does not require more than a passing reference. I think the scheme outlined by the Hon'ble Member is an equitable one and ought to work well in practice. I only hope that the commendable liberality with which the Imperial Government has treated Provincial Governments in this matter will be extended by the latter in their turn to Local Bodies, and that these Bodies, whose resources, even in prosperous years, are meagre and inelastic, will now be relieved

of all responsibility for famine relief altogether. This responsibility was thrust on them when the Government of India itself had to struggle, owing to falling Exchange and other difficulties, with a chronic state of deficits. Now, however, that the very tradition of a deficit has been forgotten, no time should be lost in definitely freeing Local Bodies from a burden which should never have been imposed on them.

“ My Lord, I have read with sincere pleasure the important statement which the Hon'ble Member has made on the subject of the Opium-revenue, coupled as it is with a reduction in the area under cultivation for the ensuing year. I confess I have always felt a sense of deep humiliation at the thought of this revenue, derived as it is practically from the degradation and moral ruin of the people of China. And I rejoice that there are indications of a time coming when this stain will no longer rest on us. I have no wish to go today into the historical part of this melancholy business. The Secretary of State admitted freely in his speech last year on this subject that there were few things which Englishmen had reason to regard with less pride than this. The only practical question now is, how to put an end to this morally indefensible traffic with the least derangement in our finances? It has been suggested in some quarters that the British Exchequer should make a grant to India to compensate her for the loss of revenue which would be entailed by the extinction of this traffic. Now, apart from the fact that there is not the slightest chance of England making such a grant, I think the proposal is in itself an unfair one and ought to be strongly deprecated. No doubt there are important questions like the Army expenditure, in regard to which India has to bear serious financial injustice at the hands of England. Then the cost of the civil administration ought to be substantially reduced by a large substitution of the Indian for the European agency in the public service. And if only justice were done to us in these matters, we could let the whole Opium-revenue go at once and yet not feel the loss. But these questions have to be fought on their own merits and they must not be mixed up with this Opium question. So far as the Opium-revenue is concerned, whatever may be the measure of England's responsibility in forcing the drug on China, the financial gain from the traffic has been derived by India alone, and we must, therefore, be prepared to give up this unholy gain without any compensation from anybody—for that would be only another name for charity—when in the interests of humanity this wretched traffic has got to be abolished. Of course we have a right to urge and we should urge that we must be allowed to spread our loss over a certain number of years—say ten years—so that our finances should not be suddenly disorganised. That would be a fair position to take up,

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and we should have there the support of all right-minded people. But the traffic itself must go and we must cheerfully co-operate in any reasonable scheme for its final extinction.

“ My Lord, I am glad to see that the special grant of over two millions a year for the Army Reorganization scheme has been reduced this year by half a million sterling. Considering that the money comes out of the iron grip of His Excellency the Commander-in-Chief, I think we have reason to feel thankful even for this small reduction. Of course, since the total initial outlay on the scheme is a fixed sum, this reduced grant only means that the execution will be spread over a longer period than the five years originally contemplated. Still it sets free for purposes of internal improvement a sum of half a million sterling a year out of current revenues. The Hon'ble Mr. Baker describes the circumstances which have led to this reduction in the following words :—‘ The present political situation and the reduced receipts we anticipate from Opium have led us to reduce the normal grant to £1,666,700 during the coming year.’ I am glad to see the reference to the ‘ present political situation, by which the Hon'ble Member no doubt means the improved aspect of affairs on the North-West Frontier. This is partially endorsing the view of those who have objected to the carrying out of His Excellency's scheme on the ground that it added largely to the burdens of the people at a time when, in view of the improvement that had taken place in the position of things, they were entitled to substantial relief. My other objection to the scheme was on account of its throwing on current revenues a heavy extraordinary charge which should have been met out of borrowings. The surpluses of the last nine years were more than sufficient to meet this non-recurring charge twice over, and as they had been for the most part employed in a way which eventually resulted in a reduction of our debt, it was only an act of bare justice to the tax-payers that this heavy non-recurring charge, instead of being spread over a number of years and thrown on current revenues, should have been met out of loan funds. However, I see in the papers that Mr. Morley has finally accepted the scheme. That being so, I fear no useful purpose is likely to be served by my continuing the controversy in this Council. I only trust that the view which I understand is held by the Government that the scheme will in the end make for economy will be found to be justified, when the time for judging of its correctness arrives. Meanwhile, as there is still much vagueness in the public mind about the nature and scope of the scheme, may I respectfully suggest to His Excellency that it will help to clear away unnecessary misapprehensions, if he will see his way to make an authoritative statement on

the subject—as far, of course, as a public statement can be made in a matter of this kind.

“ My Lord, the military problem in India may be looked at from four points of view. There is first of all the standpoint of the military expert—the soldier—whose principal idea is to raise the efficiency of the Army to as high a state of perfection as possible, and who wants to take for this purpose all the money he can get. Then there is the standpoint of the average Englishman, who wants to feel safe about India and who is comparatively indifferent as to what burdens are imposed on the people of this country in order that he may feel so safe. That is the way the ordinary member of Parliament looks at this question. Thirdly, there is the standpoint of the Indians themselves—those who have to bear the burden, but have hardly any share in the privileges of the present arrangement. Lastly, there is a standpoint which in a way comprehends or should comprehend all these three, though not necessarily in the same degree, and that is the standpoint of the Government of India. Now, my Lord, when we, the Indian members of this Council, speak at this table on this question, we necessarily approach it from the Indian point of view. It is to express that view that we are here, and though we know that our voice is weak and that what we say is not likely for a long time yet to influence the practical decisions of the Government, that does not absolve us from what is after all our duty to ourselves in the matter. We should be guilty of presumption if we extended our remarks to technical details relating to the Army, on which we are not qualified to express an opinion. But there are certain broad questions of policy—also questions connected with the progress of humanity—which all men of average intelligence may claim to understand and discuss. My Lord, I do not believe that any serious war cloud is likely to appear on our horizon in the near future. I am fortified in this opinion by the high authority of Mr. Balfour and Mr. Haldane. The triumph of Japan in the late war, and the gradual waking up of China and even of Persia—these, if not the overthrow and exhaustion of Russia, are bound to discourage European aggression in Asia for many years to come. Moreover, wars between the great Powers of Europe—and the only war that can touch us is one between England and Russia—are daily growing less and less likely. A comparison of the history of Europe in the 19th century with that in the 18th will show in what direction things have been moving. And the 20th century is bound to be even better than the 19th. The people in Europe are no longer mere pawns on the chess-board of Kings and Ministers. And they are realizing more and more what horrors a war means to them. I think, therefore, that India may well ask to be relieved now of a part of her present Army.



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expenditure. Further, the injustice of the present arrangement, whereby a disproportionate share of the cost of military defence of the whole Empire is thrown on her, must be remedied. Then the status of the Indian officers in the Army, which at present is admittedly most unsatisfactory, must be improved, and higher careers thrown open to them. Lastly, the wrong inflicted on all classes of the Indian community indiscriminately by keeping them compulsorily disarmed—thereby slowly crushing all manhood out of a whole race—must be cautiously but steadily set right. My Lord, I have spoken time after time on these subjects in this Council, and last year His Excellency the Commander-in-Chief, with perhaps a touch of impatience, observed that he had heard my arguments and assertions every year for three years. But, my Lord, is it *my* fault that these things have to be pressed again and again on the attention of the Government? If His Excellency would like to hear less of these complaints, the remedy lies to a certain extent in his own hands. A way must be found out of the present situation, which is no doubt difficult and delicate, but which must not be allowed to continue as it is, simply because it is difficult and delicate. Otherwise His Excellency may raise the Army to the highest pitch of efficiency and yet he will have left the larger military problem in India as unsolved as ever.

“ I now come to what is in some respects the most gratifying feature of the present budget—I mean the statement which the Hon'ble Member makes on the subject of Free Primary Education. The statement is brief, but it says enough to indicate clearly the resolute purpose that lies behind it. My Lord, the whole country has reason to feel grateful to Your Lordship's Government for taking up this question in this earnest spirit. The circular letter of November last and this paragraph in the Financial Statement taken together leave no doubt in my mind that before the budget for next year is presented, primary education will have been made free throughout India; for I cannot imagine any Local Government standing in the way of the adoption of this measure, since the Government of India is going to find all the money required for it. I am sure we owe much in this matter to the Hon'ble Mr. Baker's active support of the cause. I cannot help recalling that last year when this question was raised in this Council, my Hon'ble friend expressed his sympathy with the proposal in most cordial terms. 'I have', he said, 'the keenest sympathy with every one of the objects on which the Hon'ble Member desires to see public money expended. In particular, I am greatly interested in his proposal for making primary education free with the intention of ultimately making it compulsory. I hope and believe that some great scheme of this nature will

eventually be carried into execution.' This was in marked contrast to the reception which the appeal met with at the hands of another member of Government, who, by what must now be described as an irony of fate, then presided over our Education Department and who was therefore the responsible spokesman on behalf of the Government on the subject. Sir Arundel Arundel expressed himself in the matter thus:—'I understand the Hon'ble Mr. Gokhale to advocate universal free primary education throughout India. That would be a large order.' And the utmost that he could bring himself to promise was that the aspiration for free primary education would be 'kept in view as the distant peak to be one day attained while the work of the present must be slow progress along the plain.' What was, however, 'a large order' in March became a very reasonable order in November, so reasonable indeed that the circular letter addressed to Local Governments on the subject showed unequivocally that the Government of India had already made up its mind to adopt the measure. The incident serves only to emphasise the necessity of entrusting the Educational portfolio to such members as feel some enthusiasm for the subject. My Lord, now that the Government has advanced as far as free primary education, I earnestly trust that no long interval will be allowed to elapse before the next step is taken, *vis.*, that of making a beginning in the direction of compulsory education. If His Highness the Gaekwar of Baroda has found it practicable to make primary education compulsory in his State, I cannot understand why the British Government should not be able to overcome the difficulties that lie in its path. The best plan, as I urged last year, would be to confer powers, in the first instance, on Municipal Corporations in cities, with a population of, say, a hundred thousand and over, to introduce compulsion for boys within their areas, the Government of India finding the funds required. The area of compulsion may then gradually be extended, till at last in twenty years or so, primary education should be compulsory in the country for both boys and girls. My Lord, we are already so far behind other civilized nations in this matter that no further time should be lost in making such a beginning. As an eminent German Professor points out, no real economic or social development of a people is possible without the education of the masses. Such education is 'the foundation and necessary antecedent of increased economic activity in all branches of national production in agriculture, small industries, manufactures and commerce'; it leads to a more equal distribution of the proceeds of labour; and it ensures a higher level of intelligence and a larger capacity for achieving social advance among the people. It is impossible to over-estimate the importance of this question in the present state of India.

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" My Lord, I have so far dealt with various questions arising out of the Financial Statement which the Hon'ble Member has laid before the Council. The question, however, that, in my humble opinion, transcends all others in importance at this moment is how to associate the people of this country with the administration of their own affairs, so that their growing estrangement may be prevented, and, while their self-respect is satisfied on one side, the bond between them and the Empire may be strengthened on the other. The Englishman who imagines that India can be governed much longer on the same lines as in the past, and the Indian who thinks that he must seek a destiny for his country outside this Empire, of which now, for better, for worse, we are a part—both alike show an inadequate appreciation of the realities of the present situation. The main difficulty in regard to this association arises from the fact that the government of this country is really in the hands of the Civil Service, which is practically a caste, with all the exclusiveness and love of monopoly that characterises castes. My Lord, I am speaking in the presence of so many distinguished members of that Service, and I respectfully trust I shall not be considered guilty of rudeness in making these observations. These men, who give on the whole a high average of work, and who moreover feel conscious that they are doing their best, are naturally satisfied with their position, and they expect us to be satisfied with ours. And as they happen to be practically the sole advisers of both the Viceroy and the Secretary of State, no reform which they do not approve has, as a rule, any chance of being adopted. Of course there are exceptions, but I am speaking now of the Service as a class. In a general way they seem to recognize that some advance is now necessary, but when you come to a discussion of different measures of reform, a majority, though not necessarily composed each time of the same individuals, is to be found arrayed against every reform that may be proposed. Thus if it is urged that judicial and executive functions should now be separated, you will be told that that will not do as that will weaken the executive power. If you say that the Viceroy and the Secretary of State should have among their official advisers one or two Indian gentlemen, the suggestion is resisted on the ground that the confidential character of the deliberations in the two Councils will no longer be assured. If you propose that the Legislative Councils should be expanded and improved and they should be entrusted with some degree of power to exercise a check over the financial and general administration of the country, the objection is raised that such a reform will strike at the root of the very constitution of the Government, which, as the Secretary of State said last year,

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must continue for as long as one can see autocratic and personal. If the reform suggested is that Municipal and Local Boards should now be made purely non-official bodies, freed from all immediate official control, the answer will be that Local Self-Government touches intimately the interests of the mass of the people; and you cannot allow its efficiency to be lowered. And thus we move round and round the fortress of official conservatism and bureaucratic reluctance to part with power, without being able to effect a breach at any point. My Lord, this kind of thing has now gone on for many years, with the result that the attitude of the public mind towards the Government—'opinion,' as Burke calls it, which is of greater importance than laws or executive power in maintaining order—has undergone a steady and, of late years, even a rapid change. Since last year, the impression has prevailed that the Government has at last decided to move forward and that important concessions are contemplated. I earnestly trust that this impression is well-founded. I trust also that the proposed reforms, when announced, will be found to be substantial and conceived in a generous spirit. My Lord, it is of importance that there should be no unnecessary delay in this matter. The public mind is in a state of great tension, and unless the concessions are promptly announced and steps taken to give immediate effect to them, they will, I fear, lose half their efficacy and all their grace. The situation is an anxious—almost a critical one, and unless the highest statesmanship inspires the counsels of the Government, difficulties threaten to arise of which no man can foresee the end."

The Hon'ble Mr. MILLER said:—"My Lord, at the meetings of this Council in recent years very interesting statements have been made by my distinguished predecessor, Sir Denzil Ibbetson, regarding the policy of the Government of India in its efforts to improve the conditions of Agriculture, to develop Irrigation, to promote Forestry, and to deal with the constant variety of problems falling under the head of Land-revenue. I do not propose on this occasion to follow that example. Having only recently joined Your Excellency's Government I have not the intimate acquaintance with all those matters, or with the details of the striking developments that have taken place during the past five years, to enable me to speak with the same confidence as my predecessor; nor have I that personal knowledge which alone can give interest to a statement made for the information of this Council and the public. On these matters of departmental administration I propose, therefore, to confine myself to a few remarks of a general character.

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[Mr. Miller.]

"One subject which I thought it would not be necessary for me to notice today is that of famine. Relief operations have unfortunately been found necessary in some parts of the country and are now in operation, but I did not regard the position as so serious as to require mention in this Council. I cannot, however, allow some remarks which were made by the Hon'ble Dr. Rashbehary Ghose to pass altogether unchallenged. I heard those remarks with regret. The Hon'ble Member claimed to set down naught in malice, but, if I understand his remarks aright, he lent the countenance of his name and the weight of his eloquence to those who will set down much in malice. It is frequently asserted, and still more frequently insinuated, that famines are now of more constant occurrence and are more serious in character under British rule than they were formerly, owing to the gradual impoverishment of the people. Statements to this effect, often repeated and suffered to pass without contradiction, have now come to be accepted as axiomatic and are taken as part of the regular stock-in-trade of journalism. And yet these statements are absolutely incorrect and misleading. I do not for a moment mean to say that the Hon'ble Member committed himself definitely to such assertions, but I say that his remarks will tend to encourage their repetition. I regret the spirit in which these remarks were made, because I have no doubt that the aim of the Hon'ble Member is the same as that of Government, namely, to prevent famine as far as is humanly possible, and where famine cannot be avoided to do everything to alleviate the misery it must cause. I have no doubt that we all give the Hon'ble Member full credit for the honesty of purpose he claims. But if he desires to obtain a reputation for absolute fairness I trust that when he next reviews the subject of the alleviation of famine in the future he will not fail to make himself acquainted with, and to give due credit for, the great strides that have been made in the past, owing to which famines, terrible as they still may be, are not comparable in the distress and misery they cause with those of former times.

"In our Agricultural policy we are now approaching the end of a period of transition. The Department was built up during a long series of years chiefly by the patient and far-seeing efforts of Sir Edward Buck, whose great interest in India makes him still a yearly visitor to its shores. He laid the foundations during years of financial stress, and he recognised that in a branch of work from which no quick and visible returns could be derived, it was the part of true wisdom not unnecessarily to attract the attention of the financial authorities by any excessive demands for pecuniary assistance. He devoted himself rather to economies in the troublesome and often protracted system of land settlement, and in the domain of agriculture to inquiry and organisation, so

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that when a more propitious time arrived, his successors should be prepared to reap the advantage of it. The appreciation by the Government and by the public of the possibilities before the Department gradually increased, the demand for a more active policy gathered force, and at the same time the improvement in the finances of the country enabled the Government to make an entirely new departure. In all the Provinces funds have in recent years been provided on a liberal scale for the expansion of the agricultural organisation for the recruiting of trained experts, for the provision of model or experimental farms, and for the improvement or establishment of schools or colleges. At the same time the Imperial Government has made special provision at Pusa for two definite purposes:—for the highest forms of scientific research and for the higher training of Indian students. We have thus, as I said, been in a period of transition—transition from the ill-equipped state of some years ago, when the staff of the Department was as small as the duties thrown upon it were multifarious—to the time when we shall have a strong and, we hope, a capable staff, competent both to grapple with the research work which must be the basis of all progress, and to bring the results before the peasantry, whether with a view to actual improvements or introduction of new staples and new methods, or with a view to the avoidance of the diseases and blights which have caused and do cause almost incalculable damage every year. We have obtained now the greater part of our expert staff, not indeed all we hoped for, but nearly all that can be provided at present, and the immediate future will be a period of training, of organisation, and of consolidation both in the Provinces and in the branches of work directly under the Imperial Government. At Pusa the work of research is now in full operation, the main buildings are nearly complete, and I hope in a few days to inspect their progress. When it will be possible to open the college I am not certain, but I hope at no very distant date, as the work of training is now perhaps the most important of all we have to undertake. The expansion of our provincial staffs is more likely to be delayed by want of men than by want of funds, and I hope to see a large increase in the number and the quality of the students who resort to our agricultural schools and colleges. It is with them indeed that the future must rest; and I hope that the numbers who are willing to devote themselves to what is, after all, the greatest of the interests of India will increase, and that the best brains of the country may be found in the service of its agriculture.

“The Financial Statement deals at some length with Irrigation works. The remarkable results achieved in the Punjab must give satisfaction to all who are interested in the material prosperity of the people of the country and in the growth

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of its revenues. It will interest the Council, as an example of the manner in which the enthusiasm of our engineers is ever ready to take advantage of the progress of modern discovery, to know that enquiries have been started in the Punjab to ascertain the possibilities of carrying on lift irrigation by electric power. The Province which now undoubtedly offers the most promising field for further profitable extensions of irrigation is Sind. There, owing to the absence of weirs, few of the canals at present carry any cold weather supplies, but with suitable weirs across the Indus vast and promising extensions of irrigation, unequalled I am told in any other part of India, would be feasible. It is possible that three weirs would be required which would break up a long stretch of the Indus into portions of convenient lengths for canals to irrigate the Indus Valley from the confluence of the Chenab river to the sea. In other Provinces equally profitable results cannot be secured, but the Council are aware that in consequence of the Report of the Irrigation Commission we are considering not only the most profitable schemes but also those which would not in former times have been deemed sufficiently remunerative, and that ever-increasing attention is being given to the protection of insecure tracts from famine. Of the many proposals under investigation there are three large reservoir projects in Madras—the Tungabhadra, the Kistna and the Cauvery schemes, the combined magnitude of which is almost staggering to anyone but an Irrigation Engineer. I am not certain that I ought to except even the Engineer, and the Hon'ble Mr. Sim, who has pleaded the cause of Madras, will, I feel sure, admit that projects so vast must be very carefully considered in all their aspects before public funds can be devoted to their construction. In Bombay the Godavari project, estimated to cost nearly a crore, has been sanctioned, and an interesting feature of another protective scheme under consideration in that Presidency is a proposal to use the water not only for irrigation but for the supply of power, the nature of the site lending itself to a scheme for this purpose. In the Central Provinces the largest scheme under consideration is one for irrigation from the Mahanadi.

" I should like to add a few remarks on the Budget proposals from the provincial point of view—more particularly with reference to their effect on the Province I have myself lately administered. In this view I desire to express a very hearty approval of the scheme for making assignments to the various Provinces to build up a Famine Reserve, and I observe that these proposals have been cordially received by more than one Local Government. When the provincial contract for the Central Provinces was under consideration, we admitted that we were treated with all the liberality we could expect. There was

only one point on which we felt some hesitation, and that was our liability in the event of famine. The Government of India were good enough to make some modification, which relieved us of our more immediate anxieties; but I am very glad to see that a permanent scheme has now been devised, the terms of which are sufficiently liberal, if only we have a few good years to start with, to remove the danger of that dislocation of provincial finance which in previous years has had such a disastrous effect in impeding development. The first year of the new Provincial contract with the Central Provinces has just closed: the contract has worked out better than was expected; the provincial allowances are more than sufficient to meet the present scale of provincial expenditure, and will permit the administration to recover the ground it has lost during a long succession of lean years. That the contract has turned out so well is partly due to a cause that may be held, as the Hon'ble the Tikka Sahib has pointed out in connection with another Province, to have its unsatisfactory aspects—a great development in receipts from excise. The growth of this revenue is very largely due to a change of system introduced in large areas by which the supply of liquor has been brought under better control and its price raised: and so far it is satisfactory. It is also due to good times and to a very extraordinary increase in the wages of our labouring classes, amongst whom the habit of drinking is more widespread than in other parts of the country with which I am familiar. It is possible that these good times have led them to indulge more freely than before, and, if so, this is unsatisfactory; but the possibilities of evil are being recognised, I am glad to say, by the people themselves, and in more than one district temperance societies have been formed. One of these in a remote upland district had, when I last heard of it, obtained considerable success, and its adherents had passed through the temptations of certain festive seasons without lapsing. The local authorities have given their countenance to the movement, and the Government regards it favourably and with interest. Beyond this official action cannot go, but the Hon'ble Member will doubtless be glad to hear that these movements in favour of temperance are springing up amongst the people themselves, with whom rest the social influences that alone can maintain the vitality and ensure the success of efforts at reform.

“My Lord, the Central Provinces are well and ably represented on this Council, but this is the only occasion on which I shall ever have any claim to speak specially on their behalf, and I venture therefore to say that they fully deserve the great improvement in their financial condition that has recently been allowed them. They were described long ago by a well-known Anglo-Indian poet, though in a forgotten poem, as the Cinderella of the Indian Provinces.



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This description still holds good, for till now they have had no funds with which to make a respectable appearance in public. But they have a keen and, in many parts, a very intelligent population, they have many tracts of unusual fertility, immense mineral resources, and forests which are rapidly improving and which will in the future be a valuable asset. They only require development, and at present their urgent need is an extension of railway communications. Their present railways cannot move even the grain crops in a good year, and even the richest tracts are entirely unprovided with feeders. I share the disappointment caused by the announcement that progress in the construction of new railways will be retarded. It is possible that in the past the provincial aim has been too much to provide railways that would be useful in time of famine. In the circumstances of the time this was only natural. The Province now requires railways in the paying tracts, railways that will assist not only in the transport of its food-grains, but of its cotton and manganese and coal and forest-produce. There is a great commercial future before the Central Provinces, but progress is everywhere hindered by want of adequate transport. I believe that local capital would, though perhaps only to a limited extent, be forthcoming for the more promising lines, and I hope that it may eventually be found possible to devise some scheme that will encourage the local or private investor in this country to come forward to supplement the funds that are provided in the ordinary course of the programme of railway construction."

The Hon'ble MR. FINLAY said :—" My Lord, it is satisfactory to a member who has just assumed charge of the Commerce and Industry Department to find the position of the country so sound in regard to the interests with which he is specially concerned. The figures of the Financial Statement bear throughout clear though indirect testimony to the continued progress of the trade and industries of India. The trade returns afford direct evidence to the same effect : the imports of merchandise in the first 11 months of 1906-1907 exceed those of the same months in 1905-1906, which was itself a record year, by between 5 and 6 crores of rupees : and the exports of Indian merchandise show an excess of between 12 and 13 crores. I may perhaps add that on my return to India, after an absence of more than four years, the fact which has made the keenest impression on my mind is the very great progress which has been made by the country during the interval. In Calcutta, in Bombay, in Madras, in Cawnpore I have seen and heard striking evidence of advance in every direction, and of commercial activity and progress of the most satisfactory kind.

“ The members of this Council are aware that the Post Office in India is one of the best managed and most progressive of the departments of the public service, constantly assiduous in meeting and anticipating the needs and wishes of the public. The administration of the Post Office in this country compares favourably with that of any country in the world. I am glad that in this year's Budget Statement it has been possible to announce some important concessions to the letter-writing public.

“ The first of these relates to letters to foreign countries. The Rome Universal Postal Conference of last summer altered the unit of letter weight from 15 to 20 grammes, and allowed the British Post Office to declare its equivalent to 20 grammes to be one ounce. India will follow the lead of Great Britain, and from October next the unit of weight for letters sent out of India will be doubled, being raised from half an ounce to one ounce. The rate of postage to countries within the British Empire will be one anna an ounce. To countries not in the British Empire the rate will be  $2\frac{1}{2}$  annas for the first ounce, with  $1\frac{1}{2}$  anna additional for each additional ounce.

“ In almost all the countries of the world the lowest rate for which a letter is carried within the country is the equivalent of one anna. In India, almost alone, there is the specially low rate of half-an-anna. Till two years ago the weight allowed to be sent for this special rate was half-a-tola. From April 1905 this was raised to three-quarters of a tola. In the debate in this Council on March 29, 1905, the Hon'ble Sir J. Hewett stated that the Government of India hoped that the weight might eventually be raised to one tola. We are now in a position to fulfil this promise, and from October next half-an-anna will cover the postage of an inland letter not exceeding one tola in weight. This concession the Government of India intend to be final: whatever alterations may be made in the other units of weight for letters, they do not contemplate any further alteration in the weight of letters charged with the half-anna rate: nor can they hold out any hope of a reduction of the rate below half-an-anna as suggested by the Hon'ble Mr. Chitnavis.

“ The half-anna rate is a special rate for light letters peculiar to India. The real unit of letter postage in India, as in other countries, is one anna. Till 1898 the weight covered by this rate was one tola; in October 1898 this was raised to  $1\frac{1}{2}$  tolas, which is the equivalent of about  $\frac{2}{3}$ ds of an ounce. When the unit for foreign letters is raised to 1 oz. it would be impossible to retain unchanged the unit for inland letters. For it would be out of the question to charge one anna for a letter sent from Calcutta to London *via* Bombay and to

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charge two annas for a letter of the same weight sent to Bombay. From October next the letter unit of weight for inland letters will be increased to three tolas. This is the equivalent of rather less than  $1\frac{1}{2}$  oz., and the Government of India do not consider that this increase can be considered as final: they think that the difference between the weight of an inland and of a foreign letter which can be carried for one anna should be considerably greater than 25 per cent. In England a letter weighing 4 oz., the equivalent of about 10 tolas, is carried for a penny; and the Government of India hope, if the Post Office revenues continue to increase, to be able to announce next year a further increase in the unit of weight of inland letters which may be sent for one anna.

“ The last valuation of the Postal Insurance Fund showed a considerable surplus, and, with the approval of the Actuary who made the valuation, the Government of India have decided to increase by 10 per cent. the sums insured by the existing premia: thus the monthly payments which have hitherto effected an insurance for Rs. 100 will in future secure Rs. 110. This concession will apply to all policies in existence on April 1, 1907, as well as to new policies from that date.

“ I am also able to announce a reduction in a not unimportant telegraph rate. The tariff on telegrams between India and Aden is now Rs. 1-5 a word. It will shortly be reduced to one rupee a word. The representations made by the Government of India have secured the consent of the Cable Companies concerned to this reduction, and I hope that the negotiations will before long also result in a corresponding reduction in the rate for telegrams to and from East and South Africa, and the Red Sea Littoral.

“ The Hon'ble the Nawab Sahib refers to the question of making railway receipts negotiable instruments. I think he exaggerates the possible effects of this suggested change in the law, and I have never before heard that there was a clash of interests in regard to it between the large and the small trade centres. In any case I could not advise the Government to legislate on such a subject without feeling confident of the fairly unanimous support of commercial opinion.

“ The same Hon'ble Member mentions the question of the purchase of stores required from England. The report of the Committee appointed to inquire into the system under which Indian and English stores are purchased for the use of the various departments has been received, and the recommendations made have been carefully considered. The Government will shortly place

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before the Secretary of State their views on the subject. Until their proposals reach the Secretary of State, I regret to say that we are not at liberty to publish the Committee's Report.

"The Hon'ble the Nawab Sahib and the Hon'ble Mr. Apcar refer to the Ganges Bridge Committee. The report of that Committee has not yet reached the Government, but I understand that it has been signed. When it is received, no time will be lost in taking up its consideration or in forwarding to the Secretary of State the recommendations of the Government of India on the subject. In the meantime the report will be published, and attention will be paid to any public criticisms or remarks which it may elicit.

"The Hon'ble the Nawab Sahib and the Hon'ble the Tikka Sahib of Nabha urge upon the Government the claims of third class railway passengers for greater comforts and conveniences. The need for this is fully recognised, and I would refer Hon'ble Members to the remarks on the subject in the memorandum by the Railway Board appended to last year's Financial Statement. Although the Board do not recur to the matter this year, I can give an assurance that they have not relaxed their efforts to improve the comfort and convenience of third class passengers.

"The Hon'ble Mr. Apcar has commented on the reduction in the capital expenditure on railways. It is the case that the expenditure in 1907-1908 will be less than in 1906-1907, and also less than the amount entered for the year in the triennial programme which was provisionally sanctioned a year ago. The system of triennial programmes was sanctioned by the Secretary of State in the following words: 'Although I am not able to pledge myself unreservedly to the provision of money for three years in advance, I am willing to adopt the plan of a programme to be prepared each year of the expenditure for the coming three years, and to give provisional sanction beforehand to the expenditure necessary for carrying out the programme, subject, however, to financial exigencies which may compel me to restrict the grant in any year. Although the Secretary of State cannot divest himself of the power of revising the programme in the special circumstances above referred to, it may be understood that the intention is that ordinarily the allocation made in advance for any given year shall not be disturbed.' The programme prepared a year ago for the three years 1906-1907 to 1908-1909 was the first triennial programme prepared and provisionally sanctioned under these orders. And it is particularly unfortunate that it should have been necessary to exercise the reserved power of reduction in special circumstances in the very first year for which a provisional

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sanction had been given beforehand. I regret the reduction as much as my Hon'ble Colleagues. But we must bow to the financial necessities which have led to the decision. The capital expenditure on railways must clearly be limited by the amount which can be borrowed in the year: there is no possibility of escaping from that limitation, though there may be difference of opinion as to the correctness of the estimate of the amount which it will be possible to borrow in the coming year. Provision has been made for a loan of three crores in India. I believe that banking and commercial opinion in India will endorse the opinion of the Government of India that it would not be prudent to issue a larger loan in India in the coming year. But the amount that can be raised in India is only a small fraction of the sum required for capital expenditure on railways, and the restriction of that expenditure really depends on the amount of sterling borrowing in London. This must be settled by the Secretary of State, who has at his command the fullest information and the best financial advice relating to the London money market. His decision as to the amount which can prudently be borrowed in London next year necessitates the reduction of the capital expenditure on railways from 15 to 13½ crores. While we regret the decision we must accept it; and enough is known in India of the present circumstances of the London money market to explain it.

“ The Government of India are fully conscious of the disadvantages which this reduction in the rate of railway capital expenditure entails, and of the disappointment with which it is regarded by the mercantile community and all who are interested in the development of the country; and they recognise that the reduction is particularly inopportune at the present time when trade is exceptionally active, and when the Indian railways are proving increasingly remunerative. It has been necessary to omit from next year's estimates any provision for starting the construction of new lines, to retard slightly the progress of lines under construction, and to reduce to a small extent the expenditure on special works of open lines. The expenditure on rolling stock and on ordinary works of open lines has not been reduced, and the capital expenditure on open lines absorbs nearly three-fourths of the total provision of 13½ crores.

“ If we are to reap the full advantage of our large past expenditure on railways and to avoid causing grave inconvenience to trade, we must be prepared to face an increase in the annual capital expenditure on open lines; and, in view of the urgent need for new lines in many parts of the country, we cannot long continue to restrict the expenditure on new construction.

Must we then admit that the task of financing Indian railways has attained such a magnitude as to be beyond the power of the Government of India to undertake successfully? Or may we hope to devise some means by which we shall be enabled to fulfil our responsibilities, and avoid in future years a retardation of progress, such as that which the state of the money market in London has forced upon us for next year? The Government of India do not despair of finding a remedy and will address themselves to the task.

“ One means of relieving the Government of a portion of its difficulties and of increasing the progress of railway construction I may mention. It is private enterprise. In most other countries railways have been built without the direct intervention of the Government; and it has always seemed to me unfortunate that the Government of India has been required to take so large a share in the work of providing India with railways. The policy of giving guarantees was, no doubt, necessary at the beginning. But I myself believe that if during the last thirty years or so the Government had sternly refused to give guarantees or any special assistance to private enterprise, and promoters had known that it was useless to ask for special assistance, real private enterprise would have come forward, and we should by this time have had more railways in India than we have built under the system of almost complete dependence on Government assistance. By private enterprise I do not mean the enterprise which would, while accepting the chance of profit, throw on the Government the risk of loss: I mean enterprise which accepts both the risk of loss and the chance of profit. If private promoters make proposals of this nature, they will find that they are welcomed both by the Railway Board and by the Government of India, and they will not have any unreasonable conditions imposed on them. But I confess that I am not sanguine that private enterprise will come forward so freely as to admit of the adoption of the very radical change in railway policy recommended by the Hon'ble Mr. Chitnavis.

“ There is one remedy for the defects of the existing system often suggested in vague terms which I will mention only to reject. It is the separation of railway finance from the general finance of the Government. My Lord, the difficulties in the way of raising money for railway construction are real difficulties, and not difficulties which can be avoided by any book-keeping device. It will not make it any easier to raise the total amount of the loans that the Government require if the loans are divided into two classes, one of loans required for railways and the other of loans required for other purposes; and it would be impossible to give the first class precedence over the second, for when loans for other purposes are required, they are of an even more urgent nature than rail-

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way loans. In ordinary years we borrow practically only for capital expenditure on railways and irrigation, and the suggested separation of railway from general finance would have no effect whatever on the only real difficulty of our present system—the difficulty of raising the money required for railway construction.

“The restriction on the amount of our loans, which leads to the limitation of our railway programme, is exercised by those responsible for the decision on consideration of the price at which the loans are likely to be floated, that is, of the effect on our credit in the money market of loans of any required amount. At present our sterling loans are issued at 3 per cent., and at a discount. We cannot largely increase the amount of the loans without increasing the discount. But if we were prepared to pay a higher rate of interest, or to offer subsidiary advantages,—such as a share in the profits of our railways in addition to the fixed interest,—we should probably be able to raise in the London money market larger sums than are now considered prudent. There are of course objections and difficulties in the way of the adoption of either of these suggestions; but they are worthy of consideration.

“The Hon'ble Mr. Gokhale has today made a suggestion which, if adopted, would place at our disposal a considerable annual amount without in any way affecting the credit on the London money market of the Secretary of State. It is, in effect, that further investments on account of the Gold Standard Reserve should be made in our own railways instead of in sterling securities bought in the open market. The annual profits on coinage are, the Council is aware, invested in sterling securities in order to form a fund to be used, when occasion arises, for the purpose of preventing the rate of exchange falling below 1s. 4d. the rupee. Till the sterling investments have reached an amount which shall be unquestionably large enough to secure the object of the fund, no one would propose to divert the profits on coinage to any other purpose. The sterling investments now amount to over 12½ millions; and in addition the Government of India hold in the Currency Reserve and the Treasuries between 10 and 11 millions of gold, which would be as readily available as the investments, or more so, for use for the purpose for which the Gold Standard Reserve exists. In view of these figures the question arises whether the time will not shortly come when it will be unnecessary to continue to add to the sterling investments, and to incur the annual loss of the difference between the rate of interest secured from the investments, and the rate at which our annual loans are issued. That is a question which must be decided without

reference to the need of further expenditure on railways, and with reference solely to the sufficiency of the Gold Standard Reserve Fund for the purpose for which it was formed. But if it should be decided in the affirmative, the Government will be relieved of some of its difficulties in raising adequate funds for the construction of railways.

“ I have mentioned some possible means of preventing an undue restriction of our capital expenditure on railways in the future: and there may be others. I do not wish to commit myself to advocate the adoption of any of them. But I can say this, that the Government of India will give the matter their early and careful consideration.

“ Since I assumed charge of my present office the most important and most urgent question that I have had to deal with has been the deficiency of rolling-stock on Indian railways. The Hon'ble Mr. Apcar has today given forcible expression to the general feeling of the public on this subject, and I have no fault to find with the accuracy of his description of the situation. I have received verbally and in writing complaints on the subject from Calcutta, Bombay, and Madras. These representations and the information supplied by the Railway Board leave no room for doubt that there is a serious deficiency in rolling-stock, not confined to any particular railway but on practically all railways. The Government of India fully recognise the gravity of the situation which the Hon'ble Mr. Apcar has portrayed. I will not take up the time of the Council by discussing the past causes of this deficiency, except to hazard the suggestion that it is very largely due to the fact that the prosperity of India and the increase in the traffic offering have been very much greater than was foreseen or could reasonably have been assumed in forecasting our future requirements. Neglecting the past, we may confine our attention to the present and the future. As to the present, unfortunately no full remedy is possible: rolling-stock takes time to build, and all that can be done is to make full use of the existing stock. I have the assurance of the Railway Board that they and all the Railways concerned have in the last few months been doing and are now doing their utmost to mitigate the present inconvenience by removing any defects in the methods of working the traffic, and to see that the fullest possible use is being extracted from every wagon at their disposal.

“ As to the future, the figures given in the Financial Statement show that the Government are taking steps to make good the deficiency in rolling-stock.



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The provision under this head amounts to 568 lakhs. The corresponding amounts in recent years were :—

	Lakhs.
1903-1904 . . . . .	291
1904-1905 . . . . .	292
1905-1906 . . . . .	279
1906-1907 . . . . .	382

“ The deficiency in rolling-stock was recognised a year ago, and the grant was largely increased in the current year. It has been still further increased for next year. The Hon'ble Mr. Apcar has called attention to the statement of the Railway Board that the provision has met in full the demands of all railways for grants for rolling-stock. Special efforts will be required on the part of the India Office to spend the whole of the grant, and no doubt they will be made : the Government of India have impressed on the Secretary of State the urgency of the demands.

“ In order to reduce in future years the difficulty of obtaining within the year the rolling-stock for which funds are provided, the Railway Board are taking a special step this year, a step which will meet with the approval of my friend Mr. Apcar, as it goes a considerable way in the direction which he has just recommended. The Secretary of State has provisionally sanctioned, subject to revision on financial grounds, a programme of railway capital expenditure of 15 crores in 1908-1909 and of 15 crores in 1909-1910. These figures include certain provision for rolling-stock—474 lakhs in 1908-1909 and 368 in 1909-1910. The Railway Board have now addressed all the Railway Administrations, informing them of the amount provided in the triennial programme for rolling-stock in 1908-1909 and 1909-1910, and have urged on them the necessity of preparing and obtaining sanction to estimates for the rolling-stock required in those years, and of sending home indents as soon as possible. This will enable the India Office to make timely arrangements for placing the order for supply in the two later years covered by the triennial programme. The same instructions will apply to purchases in India. For I may explain—and this has an important bearing on the Hon'ble Mr. Apcar's remarks regarding the encouragement of Engineering firms in India—that in September 1905 the Railway Board issued instructions to the State Railways to call for tenders in India for the supply of 25 per cent. of any sanction for goods stock. I think the Hon'ble Member will admit that this is as great an assurance of steady employment as it would be proper for the Government to give. In addition to

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orders for goods stock, large and important orders are given to firms in India for structural iron work and ferry plant by the administrations of both State and Companies' lines.

"The above remarks state what is being done to meet what may be termed the current demands of the railways, and to bring the stock of each railway up to its requirements. The Government of India, however, think that the situation demands a further measure of a special character, and they are proposing to the Secretary of State the formation of a central reserve of rolling-stock to be at the disposal of the Railway Board for issue to any railway which may from time to time require its own stock to be temporarily supplemented.

"So much for what the Government is doing. Now, I have a suggestion to make to the various coal and other companies who have felt the stress of the shortage of wagons. Could they not take some share in the steps to prevent the recurrence of the grave inconvenience of the past few months? In England and Scotland it is the almost invariable practice of such companies to supply their own wagons: they do not depend entirely on the railways to meet their demands. Cannot Indian companies do likewise? There may be difficulties; but I can assure the various companies that if any of them are ready to supply rolling-stock for their own use their proposals will be welcomed by the Railway Board and the Government of India, and that reasonable conditions for the use of private wagons on railways will be agreed to."

The Hon'ble SIR HARVEY ADAMSON said:—"My Lord, the Hon'ble Sir Steyning Edgerley has expressed his disappointment that the Government of India have not been able to move faster towards the Settlement figure for Police expenditure. The figure for the whole of India was 150 lakhs to be worked up to at the rate of 25 lakhs a year. In the first year the Government of India gave 50 lakhs instead of 25, and the yearly rate of 25 lakhs has been maintained and even exceeded since. Up to date the Bombay Government have received  $9\frac{1}{2}$  lakhs for recurring expenditure, a much greater sum than they have been able to spend on the purposes for which the grant was made. In consequence of this inability they diverted part of it to the building of the Central Police Training School, an object for which it was not originally intended. The Bombay Government have not been delayed in their reorganization schemes owing to references to the Secretary of State. The superior establishment was sanctioned with retrospective effect, and though the Subordinate Police scheme, owing to a further reference, has not yet been despatched to the Secretary of State, the Government of Bombay have been allowed to bring part of the

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scheme into operation. I may add that it is, of course, the case that the balances of previous years are available for future expenditure. It is quite true that it is desirable that the changes advocated by the Police Commission should be brought to completion at as early a date as possible, but I believe that the Hon'ble the Finance Member is moving as fast in this matter as his resources will reasonably permit him to do.

"The subject of decentralized administration referred to by the Hon'ble Sir Steyning Edgerley is already under the consideration of the Government of India. It is a big subject, and all that I can say at present is that the Hon'ble Member's valuable contribution will receive careful examination.

"With reference to the Hon'ble the Maharaja of Darbhanga's remarks on the subject of cleansing and beautifying Calcutta I am glad to announce that as the result of a conference held at Belvedere, at which I was present, there is every prospect of the scheme for the improvement of Calcutta soon coming to a successful issue.

"The Maharaja has referred to the question of the separation of Judicial and Executive functions. It is a few years now since Local Governments reported on the advantages and disadvantages of the proposal. I am afraid that it will be necessary to address Local Governments again on the question, not for the purpose of ascertaining what can be said for and against it, for that has already been fully discussed, but for the purpose of ascertaining what progress has been achieved during past years in separating the functions owing to the general effect that increase of work always exercises in the division of labour, and what still remains to be done in this direction. There can be no doubt that in many parts of India increase of work, both Executive and Judicial, has tended to a separation of the functions. In the meantime I may say, and I am only stating my own individual opinion formed on a perusal of the reports, that both the Maharaja and the gentlemen who were the authors of the memorial of a few years ago that opened the question are taking rather too serious a view of the present position, and that their arguments refer to a time when the District Magistrate was also the Police Superintendent of the district rather than to the present time when the District Magistrate seldom tries a criminal case and rarely takes part in the investigation of a crime. The District Magistrate who combines in his own person the duties of thief catcher, prosecutor and judge does not exist in India, and has not existed for the past half-century. Still I am not prepared to say that the present footing is in all respects a satisfactory one. I hope that the question will be brought to a solution before the return of the Government to Calcutta.

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"The Hon'ble the Nawab of Dacca has referred to the present condition of political feeling in India and to the license of a section of the Press. I say without fear of contradiction that there is no country in the world in which the Press enjoys greater liberty than in India. It has from time immemorial been the policy of Government to refrain from putting the law in motion against the Press except in the extremest of cases. It is unfortunately only too true that in recent years, in the tension of political feeling, a section of the Press has stooped to scarcely veiled sedition. It is a matter that has seriously attracted the attention of Government. I venture to commend its careful consideration to the Native leaders of political thought in India, in whose desire for an enlarged representation of Natives in the administration of the country I can cordially sympathise, and whose loyalty to the British Crown I have never doubted. In particular I would draw their attention to the disastrous influence that a section of the Press exercises upon higher education. It is no light matter that the rising generation of students, to whom, when they are grown up, a large share in the administration of the country will be entrusted, should be taught by their daily reading during their most impressionable years to resent discipline, to condemn authority, and to hate the Government to which the destinies of India have been committed.

"I should have been glad to reply to the remarks made by other Hon'ble Members on matters that concern the Home Department. But in a Department which embraces thousands of subjects it is obviously necessary that a Member of the Executive Government should have at least a day's notice of the subjects that are to be criticised before he can be in a position to answer the criticisms with the authority that attaches to his position in the Government of India. I hope, therefore, that Hon'ble Members will excuse me from replying to criticisms of which I have had no notice.

"But I cannot pass in silence the concluding portion of the Hon'ble Mr. Gokhale's speech, in which he represents the Indian Civil Service as a caste whose only aim is to retain a monopoly of power for themselves. The Hon'ble Member forgets that the Indian Civil Service is the custodian of the interests of the three hundred millions who inhabit India, and not merely of the small party of perhaps a few millions of whom he is the spokesman. The Hon'ble Member in his tours through India has formulated his demand, namely, self-government for India on the lines of a self-governing colony. We all may be allowed to look forward to the day, far distant, when education will have permeated through India, when the hundreds of races that inhabit it will

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have attained some measure of homogeneousness, and when such form of administration may be feasible; but to set up that type of government at the present day as a plank of practical politics is as illogical and absurd as it would be for a teacher to instruct a pupil in the differential calculus immediately after he had mastered the principles of simple addition. If the Indian Civil Service allowed themselves in the present conditions of India to countenance such fads as this, they would indeed be worthy of even greater denunciation than they have received from the Hon'ble Member.

"I will now refer to one or two subjects which may be of some interest to the public. The first of these is the revision of the Imperial Gazetteer.

"In August 1900, when the preliminary operations were being undertaken in connection with the Census of 1901, the Government of India decided to take advantage of the special facilities which these offered for the effective and cheap revision of the Imperial Gazetteer of India through the agency of the provincial superintendents of the Census. These officers had been selected with an eye to their literary aptitude and would, it was thought, on the completion of the Census, be well equipped with material for compiling articles dealing with provinces, states, districts, large cities, etc. The proposal to carry out the scheme of revision on these lines was accepted by the Secretary of State. Under the general plan of revision Mr. J. S. Cotton was selected by the Secretary of State as the English Editor and Sir Herbert Risley was appointed as the Indian Editor, but, owing to the latter's selection in September 1902 as Home Secretary, Mr. W. S. Meyer was appointed Editor for India; and on the latter's appointment to be Finance Secretary, Mr. R. Burn, then provincial superintendent in the United Provinces, was entrusted, in February 1905, with the work. The result of the entire operations will be as follows:—

There will be issued in the first place the new Imperial Gazetteer embracing (a) four volumes on India as a whole, dealing respectively with descriptive, historical, economic and administrative matter: (b) twenty volumes containing, in a general alphabetical arrangement for all India, articles on provinces, states, mountains, rivers, districts, towns, etc., and (c) a concluding index volume for the whole work. The four India Volumes, while forming a component part of the Imperial Gazetteer, will also be issued separately as the Indian Empire series, and each volume will have its own index. In addition there will be the provincial gazetteer, which will be a collection for each British province and Native State of the articles relating thereto

which are scattered through the volumes of the Imperial Gazetteer. These articles will be brought together for each province, and the whole series will consist of twenty-five volumes, each volume containing a full table of contents and a separate index. Finally there will be a district gazetteer series, comprising two separate volumes for each district, *vis.*, a main volume containing descriptive matter, and a subsidiary volume giving the more important district statistics. It is also proposed to issue a special atlas in connection with the Imperial Gazetteer. The atlas will consist of 64 plates or separate sheets: and a folding map of India will also be inserted in a pocket in each of the volumes of the Indian Empire series. The work of printing the Imperial and provincial gazetteers has been entrusted to the Clarendon Press, Oxford, but while the former will be published in England the latter will be published in India. The work in connection with the atlas has been entrusted to Mr. J. G. Bartholomew. Volumes I, III and IV of the Indian Empire series will be published very shortly.

“ I will next briefly relate the progress that has been made in the reorganisation of the police.

“ The reorganisation of the *superior* police establishment for all provinces received sanction during the year 1906 and effect is now being given to the reforms. Sanction has also been received to the entertainment of *deputy superintendents*. The complete reorganisation of the *subordinate* grades of the *district* police has been sanctioned in Bengal, the Punjab, Eastern Bengal and Assam, the Central Provinces, and Coorg. The scheme for the revision of the Burma subordinate police has recently been submitted to the Secretary of State: that for the United Provinces is about to be submitted. Final proposals on certain branches of the subject are still awaited from Madras and Bombay. Meantime sanction has been accorded to the carrying out of immediately necessary reforms on lines suggested by the Government of India. Proposals for the reorganisation of the city police in Calcutta, Madras, and Rangoon have been sanctioned by the Secretary of State. The revision of the similar force in Bombay has been deferred at the request of the Local Government. Proposals for the revision of the railway police in Bengal, the Punjab, Eastern Bengal and Assam, and the Central Provinces were included in the schemes for the revision of the subordinate police of those provinces and have been sanctioned. The Burma general proposals (like the United Provinces general proposals) also include the railway police. The Bombay proposals and

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the Madras proposals are now under consideration. Proposals are still awaited from the North-West Frontier Province. A sum of 50 lakhs of rupees was allotted during 1905-1906. A grant of 25 lakhs of rupees was made during the year 1906-1907, and for 1907-1908 a further grant has been made of 30½ lakhs of rupees for the furthering of such reforms as have already been sanctioned.

"It may interest my Hon'ble Colleagues and the public to hear what progress has been made in the scheme for the endowment of a Research Institute for India, which owes its origin to the munificent liberality of the late Mr. Jamsetjee Nasserwanjee Tata. The last information communicated to the public was contained in the Bombay Government Resolution No. 431, dated the 8th March 1905. As related in the papers then published, the Government of India accepted Mr. Lowndes' valuation of the endowment properties, agreed to the proposals regarding the guarantee fund, and consented to make an annual grant to the Institute of a sum equal to one-half of the local assets, subject to a maximum of Rs. 50,000, and to make an initial grant of Rs. 2,50,000 towards the construction of the necessary buildings and the provision of scientific apparatus. They also agreed that the administration both of the endowment property and of the Institute itself should be carried out by a scheme under the Charitable Endowments Act providing for the vesting of the endowment property in the Treasurer of Charitable Endowments, and the formation of a Council in which would be vested the general administration of the Trust, the management of the property, and the executive administration of the Institute. Such being the accepted arrangements, the Messrs. Tata were asked to submit an application under section 4 of the Charitable Endowments Act embracing the whole scheme. This they did through their solicitors, Messrs. Ardesir Hormasji Dinshaw & Co., on the 6th June 1906. The scheme was necessarily one of exceptional intricacy and it required careful and detailed consideration.

"Some months before this scheme was submitted to them the Government of India had, at the request of the Messrs. Tata, moved the Secretary of State to enlist the assistance of the Royal Society in nominating a Director for the Institute in the hope that this would materially facilitate the settlement of the remaining details of the project, and would afford a definite guarantee of progress. Dr. Morris W. Travers, F.R.S., Professor of Chemistry at the University College, Bristol, was selected for the appointment, and arrived in India about the middle of November last. Since then he has been engaged in revising the scheme for the Institute in consultation with the Government of India and the representatives of the Messrs. Tata, and his assistance has been of the utmost

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value in working out the numerous points which called for decision. There are now good grounds for hoping that at no distant date the Indian Institute of Science, planned by the foresight and philanthropy of the late Mr. Tata and promoted by the generosity of the Mysore State, will pass beyond the stage of preliminary discussion, which has lasted so long, that a suitable governing body will be organized, and that the actual construction and equipment of the buildings at Bangalore will be commenced. The funds available for this purpose consist of ₹5,00,000 from the Mysore State and ₹2,50,000 from the Government of India, in all ₹7,50,000 for objects estimated to cost ₹6,57,000. For the working expenses of the Institute there will be available ₹1,25,000 derived from the endowment property, grants-in-aid of ₹50,000 from the Mysore State, and ₹87,500 from the Government of India, making up a working income of ₹2,62,500 as compared with ₹1,75,000 mentioned by Sir William Ramsay in his report of 1900 as the minimum sum required for an adequate commencement. With an assured income of this amount it is believed that the governing body will be in a position to procure the most competent teachers, to retain their services for long periods, and to found research scholarships for the encouragement of students. They will in fact be able to carry on their operations on a scale commensurate with the high aims which the founder of the endowment had in view. While sympathising cordially with these aims the Government of India have no desire to associate themselves directly with the actual administration of the Institute or to claim a determining voice in the settlement of the lines of research to be followed or the methods of instruction to be employed. They realise that the results of the experiment that is now about to be tried will depend mainly upon the character and energy of those who come forward to take advantage of the facilities for advanced study which it will offer. They are anxious not to interfere with the free growth of whatever forms of intellectual activity and economic enterprise the Institute may encourage or create, and they will therefore confine themselves strictly to exercising no more than that degree of influence and control which is justified, and indeed rendered obligatory, by the grant-in-aid which they are giving from public funds."

The Hon'ble MAJOR-GENERAL SCOTT said :—" My Lord, the majority of the important measures with which the Department of Military Supply is concerned have already been referred to in the Military Finance Secretary's memorandum, which will be found embodied in the Hon'ble Finance Member's statement. I do not propose therefore to take up the Council's valuable time by repeating information which is already at their disposal, but merely to invite attention to one or two matters which may be of general interest,



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“ In regard to the delay in manufacture which has occurred in some of the ordnance factories, I should like to mention that this is mainly due to the scarcity of trained labour, the demand for which has become very great all over India owing to the increasing number of mills, factories, and other works which are being installed. The country has doubtless every reason to be gratified at the general prosperity which this demand for skilled labour indicates, but at the same time the scarcity causes considerable inconvenience to superintendents and managers, and it is recognised that every endeavour must be made to attract labour by providing suitable accommodation and healthy surroundings for the native workman.

“ The explosions of cordite which occurred at Hyderabad (Sind) and Ferozepore have demonstrated the importance of adopting a more rigid system of periodical expert inspection of this and other war stores, and Government will shortly consider proposals which are being submitted by the Director General of Ordnance for the constitution of an expert Inspection Branch. He is also about to submit a scheme for the reorganization of the Ordnance Department generally, by which it is anticipated that a more complete decentralisation of factory and arsenal administration will be secured.

“ In furtherance of the policy of Government to encourage private enterprise, it is intended in the future to obtain from private local manufacturers many articles of army clothing and ordnance equipment which have hitherto been made in Government factories, and with this object in view it has been decided to abandon the scheme for the permanent establishment of a third Army Clothing Factory at Fategarh.

“ The Military Finance Secretary has dealt in his memorandum with the expenditure incurred in the Military Works Services, and I would merely observe that out of the fixed grant of 100 lakhs, approximately, only a small part is expended on new works of a comparatively minor character, the remainder being required to meet ordinary demands for establishment, maintenance of existing buildings, and the other items referred to in paragraph 13 of the memorandum.

“ We have every reason to be satisfied with the progress which is being made with horse-breeding operations in the various districts to which stallions under the control of the Army Remount Department have been allotted. The selected young stock resulting therefrom will eventually prove a valuable source of supply for army remounts.

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"The operations in connection with the establishment of stud farms at Ahmednagar and Mona with the object of preserving the pure Eastern breeds of horses, and of providing pure bred animals which will be fit for use as Imperial stallions, have so far been very successful. This and the establishment of young stock depôts and runs are the direct outcome of the recommendations of the Horse-Breeding Commission.

"During the past year marine survey work was carried out in the Persian Gulf and on the Burma coast, and in the archipelago to the eastward of the Middle Andaman Islands. One of the vessels was subsequently detailed for special work in the neighbourhood of the pearl banks near Mergui and Tavoy."

His Excellency THE COMMANDER-IN-CHIEF said:—"My Lord, as Your Excellency said at the last Budget debate:—

'The price paid for an army is the premium paid for the insurance of the country. The huge armies of modern nations are not due either to any tendency to over-insure, or to the promptings of mere military ambition. They exist in the first place for the maintenance of peace, because nations must know that on their armed strength depends their immunity from attack. No nation can hope to be great and prosperous without being strong amongst its fellows. Its wealth, the welfare of its people, its commerce, its investments, its interior development, depend on its security from hostile pressure—a security guaranteed only by the efficiency of its military forces.'

"Those words, my Lord, rightly define the principles of our military policy in India. Our arrangements are made to maintain the security of this country and its teeming millions of inhabitants, whom we have undertaken to protect, and for whom we are determined to ensure tranquillity in their homes. Our policy is, therefore, a purely defensive one, for it is most unlikely that we shall ever attack any other Power, or, indeed undertake any military operations, unless the necessity is forced upon us through aggression, or acts which compel us to defend what we hold.

"But whilst it is our duty to maintain adequate forces for the defence of this country, it is equally our duty to see that we obtain the best value for our money. As I pointed out last year, we are seeking to make the best use of the means at our disposal, by overhauling the machinery and reorganising our existing materials; and I can fully understand the interest that has been taken by the public (as Mr. Gokhale has shown today) in the Redistribution Scheme that is one of the projects on which we are now engaged.

"I have seen it stated that we intend to place a large portion of the Indian forces on the North-West Frontier, whilst others seem to be

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under the impression that the troops are to be collected together in certain great cantonments. Neither of these statements are in any way accurate. The principles on which we have been working are totally different. The distribution of the Army in India, as it stood before the present changes were introduced, has hardly seen any practical improvement since the days of the Mutiny. The Military areas into which the country has hitherto been sub-divided have been mere geographical divisions of varied extent, with a different number of troops in each. They were not such that peace formations were in any degree adapted to the requirements of war. The troops for the various Brigades and Divisions of the field army had to be drawn from widely separated localities, and from different Commands. They could not be trained together in the tactical formations in which they would be employed in the field, and the numerous administrative details, on which every army must depend for its success and very existence, were extremely complex and unsatisfactory.

“ These are some of the reasons, my Lord, which rendered it necessary for us to examine the disposition of our forces, and try to remedy some of the most glaring defects.

“ We have been attempting to form Divisions self-contained in all respects—not only ready and able to take the field themselves, but also to leave behind, when mobilised, sufficient troops to provide adequately for order and tranquillity in the areas from which they are drawn on mobilisation. It has also been necessary to establish these Divisions on the main lines of railway, in such a manner that they can be transported rapidly when required. For this purpose it is manifestly unnecessary and inadvisable to locate the army on the North-West Frontier. The Divisions will be established ‘en echelon’ one behind the other on our various railway lines, so that we carry out the principle of conveniently dispersing our troops in peace whilst providing for their rapid concentration in war. It must not be forgotten that distance is a factor of comparatively minor importance in the railway concentration of troops for war. Every one knows that for the successful conduct of military operations many other things are needed besides the actual troops. Stores, food, and ammunition have to be supplied; transport collected; remounts arranged for; and numerous other details, such as hospitals, field parks, etc., have to be provided. All these have to be delivered at the various bases of operations—that is, they require ‘train-power’; and, however excellent our train service may be, it requires most careful consideration and organisation to enable all requirements to be delivered in a moderate time. It is, therefore, essential that we should so distribute our forces and material in time of peace as to enable a thoroughly

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equipped army to pass rapidly into a state of war, when required, without unnecessary dislocation and confusion.

" I have already referred to the provision of the necessary internal garrisons that have to be left behind for political purposes when our Army takes the field. Besides these there are two other important considerations which have to be provided for in any scheme of redistribution. These are health and training. We want to move the troops from unhealthy stations, or where they are scattered in isolated detachments, and are no longer required for political or military purposes, and place them in more healthy localities where they can be of greater value in the general scheme of defence. In order to make the best use of our existing material it is not only necessary that we should do all in our power to mitigate climatic effects as far as possible, but it is of equal importance that we should distribute our available forces so as to secure their efficient training in fighting formations in time of peace.

" The ideal would be to have the Brigades organised in peace time in the formations in which they would take the field in time of war—each commanded and trained under its own Brigadier. But this ideal is not entirely obtainable. It is, however, practicable to arrive at an organization and distribution which will meet the essential requirements of the case, enabling the troops to be highly trained on a divisional basis in tactical formations in peace time, and pass rapidly into their war organisation when war occurs.

" These are the main principles of the scheme. It is not one which has been accepted without the most prolonged consideration of all the numerous and complex conditions involved; nor can it be carried to completion for some time, as each step has to be carefully considered in the fullest detail. In every instance sites have to be examined and surveyed; medical conditions have to be reported upon; the water-supply, cost of labour and building materials, facilities for training, questions of forage and rations, and numerous other considerations must necessarily be examined. It is obvious, therefore, that the matter is one which will take some time to complete. But if carried systematically to a conclusion, we shall be able to deploy approximately double our former strength in half the time—which appears to be worth a moderate expenditure simply in the form of an insurance. Of course it must be understood that the redistribution of the troops costs only a small proportion of the total grant that has been authorised for the redistribution of the army and its reorganisation on a divisional basis.

" Closely connected with the training and organisation of the troops themselves, is the equally important subject of staff organisation and training, for

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however efficient the regimental officers and men may be, however brave and devoted—and we can confidently pay that tribute to the magnificent material of which the Army in India is composed—they can only be heavily handicapped if the staff work fails or is found wanting. We have been trying, therefore, not only to improve our staff organisation by an improved distribution of duties ; but, by the establishment of the Indian Staff College, we hope gradually to obtain a large body of highly trained staff officers who will be of the greatest value both for peace preparation and in the ordeal of war.

“ Several little difficulties had to be faced at first ; but they have all been satisfactorily disposed of, and the new buildings at Quetta will be ready in time for the College to be transferred there next term, where they will have the best possible facilities for learning their important duties, both theoretically and in a thoroughly practical manner. With the permission of the Secretary of State and the courteous assistance of our gallant allies, the Japanese, we are arranging to send a party of these young Staff Officers to Manchuria, where they will be able to study on the ground the course of those recent great military operations and learn the many remarkable lessons which that campaign disclosed. Their tour will, I feel sure, have the best results, and be well worth the small expenditure incurred on their passages.

“ At the Budget debate last year I said that I felt sure my Hon'ble Colleagues do not consider the sepoy overpaid—indeed, having regard to the increased cost of living, I should be somewhat surprised if they did not think the converse to be more correct. Whilst systematically proceeding with our schemes for the general improvement of the Army and its preparedness for war, we have therefore been also considering how we can ameliorate the conditions of the troops themselves within the means at our disposal. The kit money of Native troops is being raised from Rs. 30 to Rs. 60, which will give each man a free kit, instead of his having to pay a large part of the cost himself ; a boot allowance will also be given to all unmounted combatants ; free passages will be granted to a certain number of native soldiers proceeding to their homes on leave ; and revised pension rules for the Native Army have been recommended to the Secretary of State. All these measures will be of great assistance to the native ranks, and will, it is hoped, have a beneficial effect.

“ The British officers, also, have not been forgotten. A revised scale of travelling allowances for all officers has been introduced, which will prevent their being subjected to pecuniary loss, as has frequently been the case hitherto when transferred or ordered on out-station duties. The question of the pay of

[*The Commander-in-Chief; The Lieutenant-Governor.*] [27TH MARCH 1907.]

the British officers of the Indian Army is now under consideration, and I hope that before long it may be found possible to do something to improve the position of the junior ranks.

“ My Lord, I am sure we all fully realise that there is no finality in military arrangements. It is an unfortunate necessity that our measures of defence must be periodically revised, in order to keep pace with the progress of other nations and the improvements in their armaments if we intend to maintain our high position in the world. An army is an extremely complicated machine, which becomes more and more complex as new inventions are produced and requires constant overhauling, not only to ensure that each part is thoroughly sound, efficient and suited for its intended purpose, but that all that is not proved to be really necessary shall be rejected and got rid of. By carefully observing the latter precaution, the cost of essential improvements may be largely counterbalanced by savings effected in other directions; and, if these principles are constantly adhered to, I feel sure that any increased expenditure anticipated from our schemes of re-organisation will be greatly reduced by a sound system of economical administration in the Army.”

His Honour THE LIEUTENANT-GOVERNOR said:—“ My Lord, I congratulate Your Excellency's Government and my Hon'ble friend Mr. Baker on the favourable and exceedingly lucid Financial Statement which he has been able to submit, and on the cordial and appreciative reception with which it has met. I think it is only necessary for me to say generally that I find myself in full accord with the remarks which fell from my Hon'ble friend at the last meeting of this Council, in regard to all the important features of the budget. I may be permitted to state, in regard to one important subject which is receiving the earnest attention of the Government of India, that I recognise with great pleasure the spirit, at once sober and sympathetic, in which questions affecting Opium revenue and cultivation are being approached.

“ Passing to matters affecting the Province of Bengal, I desire especially to express the feeling of satisfaction and gratitude with which the arrangement for meeting expenditure on famine relief has been received. The arrangement seems to me to have been very carefully considered in view of all the circumstances of the case. The immediate result, so far as the Province of Bengal is concerned, is that we shall be relieved of our famine expenditure next year. We can only regret that this considerate measure had not been conceived a year earlier; but of this we cannot complain.

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"I desire also to say that the fixed assignment to Bengal seems to me satisfactory, and to acknowledge the fair share of the grants for Police reforms which has fallen to the Province.

"In common with the rest of India, we hail the decision to reduce the salt-duties and the postal rates with great satisfaction. We are also gratified with the practical assurance given in the Financial Statement, that the question of free primary education is receiving careful and sympathetic consideration, and that, although no provision has been made for it in the Budget, Government is prepared to carry into effect at once, even in the course of the next financial year, any suitable scheme that may be adopted."

The Hon'ble MR. BAKER said:—"My Lord, with one exception, I mean the provision of funds for railways, the present Budget has on the whole been favourably received both in this Council and by the public. With reference to the latter, as represented by the Press, I have been struck by the comparative indifference that has been displayed in some quarters towards the reduction of the salt-tax. Some of our friends in the Press seem almost to regard this measure as of less interest and importance than the lowering of postal charges. I do not at all suppose that they really mean to imply anything of the kind; but, in any case, the comparatively languid approval extended to this reduction is in marked contrast to the vigorous appreciation with which the first reduction was received in 1903. It would be possible to draw the inference that the salt-tax at its present, or even at its recent, rate is so low as not to be felt as an appreciable burden, and that its reduction is no longer a matter of pressing consequence to any one. There may be something in this, and the present incidence of the tax is unquestionably very low: but I suspect that the true explanation is quite different. I believe the attitude of the Press means nothing more than that reduction of the salt-tax, now thrice repeated, no longer possesses the virtue of novelty, and has ceased to impress the imagination of the journalist. This view derives some colour from the comments made by most of the Hon'ble Members in Council to-day. They have left us in no doubt as to the way in which they regard the measure. Their view seems to me by far the juster and sounder of the two; and I venture to think that if we had adopted a course which I have seen hinted at in one newspaper, and instead of reducing the duty had spent the money on new railway construction, the observations of most Hon'ble Members would have been very different from those which we have heard today.

[Mr. Baker.] [27TH MARCH, 1907.]

"The Hon'ble Dr. Rashbehary Ghose and the Maharaja of Darbhanga and I think also Mr. Gokhale go so far as to ask for the entire repeal of the salt-duty altogether. These gentlemen are entitled, if they please, to claim the high authority of the present Secretary of State as an adherent of their view. I would, however, remind the Hon'ble Members that on the occasion to which I allude Mr. Morley offered the salutary advice that we should do well to accept the half-loaf which is better than no bread.

"The Hon'ble and learned Doctor has put forward the highly interesting suggestion that in place of the salt-tax we should impose a succession-duty on the estates of deceased Hindus and Muhammadans. This is the second time that a similar proposal has been made in this Council, for it was advocated some ten years ago by the late Sir Griffith Evans. Independently of this it has been considered by Government on at least three separate occasions, once at the instance of Sir Henry Maine, once on the initiative of Sir Edward Law, and again more recently on a limited scale in connection with the Calcutta Improvement Scheme. On all these occasions the verdict was that though possible on paper it was unworkable in practice. The Hon'ble Member will doubtless note that this justifies his reference to Noodle's celebrated oration. The difficulties anticipated arose mainly, though not entirely, out of the Hindu joint family system. Personally I have never felt very confident on the matter, and it is significant that the project should now have again been raised by a distinguished member of the Bar who is himself a Hindu. I will merely say that if the Hon'ble Member is desirous of assisting us to elucidate the matter, we shall be very pleased to discuss it with him in Simla; though whether the proceeds of the proposed duty would be applied for the purpose he has suggested is quite another question, and one on which I can give no assurance whatever.

"The Hon'ble Member has devoted a great part of his powerful speech to the advocacy of a measure on which he justly claims, as a lawyer, the right to speak, *vis.*, the separation of judicial and executive functions. Now, on the merits of this proposal, it would be quite out of place for me to say anything on this occasion. I have my own opinions—they are on record elsewhere—and they will be brought forward at the proper time. But when the Hon'ble Member advocates it on the score of economy, and on the ground that it will directly save money to the State, then I must assure him that to the best of my knowledge and belief he is merely deceiving himself. The Maharaja of Darbhanga seems to me to take a sounder and more cautious view. I have



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[Mr. Baker.]

seen Mr. Dutt's scheme, and I have also seen more than one variant of it; and so far as I am able to judge, not one of them could possibly be carried out without an increase of expenditure. I do not say that the cost would be greater than we could afford, or that the representatives of the tax-payers would not be willing to accept it. Neither do I suggest that if the measure is right in itself we should be deterred from adopting it by reason of its cost. But I do affirm that in itself this measure is not a measure of economy, and that it spells greater expenditure and not less.

"The Hon'ble Tikka Sahib of Nabha has urged the formation of a strong reserve for the Native Army. The Hon'ble Member will, I think, be interested to learn that the strengthening of the present reserve (for a small reserve already exists) is a matter to which His Excellency the Commander-in-Chief has devoted much attention, and it has for some years past been included in the list of measures to which the grant for special military expenditure is applied. It is hoped eventually to raise the strength of the reserve to 50,000 men, and though we are still a long way short of this—we have between 29,000 and 30,000 men—still a good beginning has been made.

"The Hon'ble Mr. Reynolds, while welcoming the new scheme for adjusting Provincial Expenditure on famine relief, is of opinion that the maximum limit of 30 lakhs proposed for the United Provinces is insufficient. The Hon'ble Mr. Sim expresses the same view in regard to the assignment of 25 lakhs for Madras. I have explained in the Financial Statement the way in which these various maxima were fixed. I admit, however, that the precise figures are empirical, and if we find in practice that they are unsuitable, we shall not hesitate to revise them.

"Both Mr. Reynolds and the Hon'ble 'Munshi' Madho Lal have renewed the appeal made by the Hon'ble Rai Sri Ram Bahadur and Mr. Porter last year for additional assistance to the United Provinces. I readily admit that the wants of this Province are many, and also that the terms of its present settlement are less favourable than those of settlements made more recently with other Provinces. Still, I hardly think the Local Government is quite so badly off as the Hon'ble Members paint it. It should be remembered that we have just reimbursed Provincial finances the considerable sum of 28.35 lakhs which they had spent on famine relief. We have also made over to them Rs. 9,80,000, which was the balance of the Patwari fund, and is available for general provincial expenditure. Including these windfalls, the Province starts the new year with a cash balance to its credit of over 62 lakhs, and it only proposes to draw upon this by a little less

than 5 lakhs in the course of the year. The proposed outlay on public works is greater than that of any Province except Burma, Bengal, and Bombay, and its educational budget, though it may be as small in proportion to population as Mr. Reynolds asserts, is nevertheless greater than that of any Province except Bengal, Bombay, and Madras. In these circumstances, I hardly think it can fairly be regarded as being in serious financial straits.

"However, I have a crumb of comfort for the Hon'ble Members. Last year I threw out a hint that we might possibly undertake the revision of the settlement before long. During the past year I have had some discussion with Sir John Hewett on the subject, and it was agreed between us that this should be taken up during the ensuing year. I shall then take care to see that the new settlement incorporates all the latest improvements, and is framed on the most liberal scale which the state of our finances will permit. It is also our intention to revise the settlement with Madras, if the Local Government desires it. It is true that Madras is extremely well-off at present, having an opening cash balance of 103 lakhs of rupees—larger than that of any province except Burma. But the settlement is one of the older ones, and is less favourable than those made more recently, and we desire to place all Provinces as far as possible on equal terms.

"The Hon'ble Munshi Madho Lal has evidently formed a magnificent conception of the obligations of the British bridegroom towards his Indian bride. His princely dream of a grant of 50 millions a year from the British treasury, even for a few years only, opens up an alluring prospect to us who are responsible for Indian finances. But I fear the suggestion is likely to meet with a chilling response from the House of Commons and the Chancellor of the Exchequer.

"I am sorry that the Hon'ble Mr. Hall thinks that the Settlement recently made with Burma is not sufficiently liberal. We recently received a representation from the Local Government to the same effect, and the terms were again fully considered, with the result of confirming us in our view that the settlement is not only fair but generous. I am not prepared to admit that the cost of all public works in Burma is or ought to be double that of similar works in India; but even if that were conceded, I would observe that no other Province in India has received a larger standard assignment for this purpose than 45 lakhs—and only one has received so much. The standard of 80 lakhs allotted to Burma in our judgment is quite adequate. But if the Local Government wishes to spend more, it has ample funds for the purpose, and it has in fact provided for a grant of more than 100 lakhs during the ensuing year.

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"I am quite unable to follow the Hon'ble Member's argument that the export-duty on rice entitles Burma to compensation. If this duty does tend to keep down the land-revenue, which is open to argument, this effect is already allowed for in full in the estimate of land-revenue assumed as the standard. The Hon'ble Member does not allude to the fact that Burma oil is admitted into India free of duty, and that our Customs receipts are suffering in consequence. I do not propose to make any claim on Burma for compensation on that account.

"In the interesting and suggestive speech of Sir S. Edgerley a number of questions have been raised, some of which will no doubt engage our attention during the summer. I am glad that he, in common with every Member who has referred to the subject today, approves of the new arrangement for the adjustment of famine relief charges. I do not, however, quite understand his regret that we have not moved faster in regard to police reform. As Sir Harvey Adamson has explained, it was contemplated from the outset that we should work up to the full charge of 150 lakhs in 6 years, at the rate of 25 lakhs a year: and as a fact, we have gone rather faster than this. The reason why the additional grants to Bombay and Madras for 1907-1908 are somewhat small is that those Governments have so far failed to spend the grants already allotted to them. I have every reason to believe that, within the next two years, grants will be made which will enable each Local Government to work up to its final settlement figure; and perhaps this assurance will encourage the Bombay Government to use part of its exceedingly large cash balances in pushing on with the schemes it has in hand.

"As regards the debts of the Thana circles in Kathiawar and Guzerat, the position is one of considerable difficulty. It seems unfortunately to be clear that some of these petty estates are absolutely unable to meet the cost of protecting their own people from famine. Where that is the case, there seems no option but to accept the liability as a charge against Indian revenues. But such a result is neither just nor logical, and before it can be admitted we must make very sure, in justice to the general tax-payer, that it is really impossible to recover the whole or part of the charge from the proprietors.

"I am in cordial agreement with the Hon'ble Member in his desire for greater devolution of financial authority to Local Governments, and I am convinced that some such measure is essential if we are to effect a material reduction in the ever-growing mass of official business. I may take this opportunity to mention that we have recently addressed the Secretary of

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State, in the hope of obtaining an extension of our own financial powers, and if our proposals are sanctioned, it is our intention to pass on a corresponding increase of power to Local Governments. I do not however feel particularly drawn towards one specific proposal put forward by the Hon'ble Member. I can well believe that the condonation of financial irregularities is a matter of greater importance in some provinces than in others. If the Hon'ble Member considers that the mass of business in the Bombay Secretariat would be greatly reduced if they were no longer required to send up cases of infringement of financial rules, I shall certainly bow to his superior knowledge. But I have not observed that any other province has experienced the same necessity; and I am disposed to think that most legitimate requirements are covered by the powers embodied in Article 278A of the Civil Account Code which came into force a few years ago, and to which the Hon'ble Member has made no allusion.

"I have listened with great interest to the Hon'ble Member's suggestions for a broad and elastic measure of devolution—financial, administrative, and statutory—for its periodical examination by a Committee of this Council, and for the eventual formation of local Committees to be associated with Commissioners and heads of districts. These important and far-reaching proposals would require to be considered by the Government of India as a whole. Speaking for myself alone, I will merely say that I heartily concur in the principles underlying them, and if a workable scheme based thereon can be evolved, I do not doubt that it will tend to the unqualified advantage of the administration.

"The Hon'ble Nawab of Dacca and also Mr. Chitnavis have urged the claim of India to receive compensation from the British treasury for the possible loss of our opium-revenue, and has reminded us of the remarks made by the Secretary of State on this subject in the House of Commons. On the other hand the Hon'ble Mr. Gokhale has vigorously maintained an entirely contrary view. The Hon'ble Members may rest assured that this aspect of the question has not escaped our attention; but it is not one on which it would be appropriate for me to make any statement. Dr. Rashbehary Ghose has reminded us that threatened men live long, and he at least evidently has little expectation that the revenue will be lost at all.

"I have heard the Hon'ble Nawab's demand for an all-round increase in the numbers and pay of the public services with astonishment and something like dismay. I have now been connected with the Finance Department of the Government of India for five years continuously, and during the whole of that period

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I do not believe that a single day has passed on which I have not been called upon officially to assent to an increase of pay of some appointment or group of appointments, to the reorganization of some Department, or to an augmentation of their numbers. All experience proves that wherever revision is needed, either of strength or emoluments, the Local Governments and the Heads of Departments are only too ready in bringing it forward. Nor are the members of the various services at all backward in urging their own claims. I cannot in the least recognize the necessity for imparting an additional stimulus to this process. On the contrary, I believe that all that is necessary is continuously being done. In this view I welcome the remarks of the Hon'ble Saiyid Muhammad, though I am not very sanguine that the urgent needs of India will permit of any actual reduction.

"The Hon'ble Maharaja of Darbhanga has made some remarks regarding the food-grain supply of the country and the regulation of exports of grain. There is no doubt that prices have ruled very high during part of the past year and some inconvenience has been caused to certain classes of the population. I am not in a position to assign the cause of the rise, though some reasons have lately been suggested in reply to an interpellation in the Bengal Council, but at all events it is certainly not due to any increase in exports. The total exports of rice during 1906-07 are estimated at 37½ million cwt. compared with 43 millions last year and 49½ millions in the year before, and I have explained in the Financial Statement how considerably this has affected the receipts from the export-duty.

"I have seen it stated in the papers that a committee has been formed under the presidency of the Hon'ble Maharaja to consider the situation and, if possible, to devise measures to meet it. It will be of interest to see what comes of this movement, but personally I should hesitate to express a sanguine view. The price of rice, like that of other staples, is dependent on economic laws, and attempts to interfere with the operation of these are not likely to achieve much success. I think it probable that my Hon'ble friend will find, as a result of his enquiries, that the inconvenience which undoubtedly exists is confined to a comparatively limited number of people. For instance, it can scarcely extend to the agricultural classes, who form 80 per cent. of the whole population, and who must be gainers in the long run by the rise in value of what they produce. The principal sufferers are, I expect, the smaller salaried classes, the poorer *bhadra-lok* on fixed incomes. These are certainly deserving of sympathy and assistance, and if the Hon'ble Maharaja's Committee is able to devise any means of mitigating their difficulties,

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its labours will be deserving of encouragement. Until we see what the Maharaja's Committee elicits, I do not think that there is any occasion for a Government Committee of enquiry.

"The cost of the Army has, as usual, formed the subject of adverse comment. One Hon'ble Member has reminded us that, while a man in a small way of business may insure, yet a man with a great business often does not insure. The inference suggested seems to be that a small country might properly maintain a strong Army, but that a great country with world-wide interests should only keep up a small one or none at all. I would merely observe that no civilized country of modern times has ever acted on such a principle. The Army of India is not excessive for its area or population. It numbers less than 230,000 men, all told, which is barely one fighting-man per 1,000 of the population. Even the petty Kingdom of Belgium, whose population is under 7 millions, has an army whose peace strength is 50,000, equivalent to one per 140 of the population. It may be alleged that the cost of our Army is heavy in proportion to its numbers. I admit the fact: I regret it, and I would gladly see the cost reduced. But I will venture to assure the Council that, to the best of my knowledge and judgment, at no time with which I have personal acquaintance has India received better value for every penny she spends on her Army than she is receiving at the present time,

"I am not sure that I follow the Hon'ble Mr. Chitnavis's remarks regarding the loss which he apprehends results from our sterling loans. It is quite true that during the current year the sterling loan is likely to be raised at an exceptionally unfavourable rate. But even if it should be floated at so low a rate as 90, the true interest works out to only  $3\frac{1}{2}$  per cent., whereas it will be seen from the Financial Statement that our Railways are now returning nearly  $5\frac{1}{2}$  per cent., while our Irrigation Canals yield a still more favourable return.

"Neither do I understand the complaint that the Railway surplus is only 1 per cent. on the capital charge. It almost seems as if the Hon'ble Member had forgotten that this surplus of 2 millions sterling means the excess after deducting all charges for interest and for annuities for the purchase of Railways that have been brought under this system. This has frequently been pointed out on former occasions. Our Railways do not now impose any burden whatever on Indian revenues; but on the contrary afford considerable relief to the taxpayer. Why it should be suggested on financial grounds that we should hand them over to private enterprise I am unable to understand.

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" There is much in Mr. Gokhale's speech which does not fall within my province to deal with. With many of his observations I am in hearty agreement, but I do not propose to refer to these matters at present, and shall confine my remarks to those points in which I have the misfortune to differ from him.

" The Hon'ble Member takes exception to my statement that the salt-tax is the only contribution towards the public expenditure which many of the people pay. I hardly think that the Hon'ble Member correctly quoted my remarks; I did not say that the tax was the only contribution which the poorer classes pay: that is quite a different matter. I must adhere to my view. I am happy to believe that there are many millions of people in India who do not contribute a penny towards the excise-revenue; and though Indians are often said to be litigious, yet every district officer knows how many there are who never enter a Law Court during their whole lives, and who are wholly innocent of any share in the revenue from stamps. Grazing dues and fees for firewood are payment for services rendered. It would be as unreasonable to regard them as a contribution to the State Exchequer as money spent on buying postage stamps or railway tickets. The case of land-revenue is different and more debatable, but the Hon'ble Member is doubtless aware that many authorities, including Sir Henry Fowler, hold that land-revenue in India is not taxation but rent, and it is in that view that my statement was made. When the Hon'ble Member mentions provincial rates, he must surely have forgotten that since the abolition of village service and famine cesses during the last two years, the only provincial rates that remain are those which appertain to local, and not to general revenues. Cotton Excise-duties I must admit that I forgot when making my statement: but as these amount only to 29 lakhs, spread over a population of nearly 300 millions, the incidence works out to approximately one rupee among 100 of the population. I concede that point to the Hon'ble Member. As regards Customs, I well remember Sir Edward Law's statement; but he was then endeavouring to enumerate those of our imports which were imported for the benefit of the poorer classes, and it was in this view that he included such articles as railway material, machinery, and mill work. I am prepared to maintain that there are numbers of the people who do not contribute towards the Customs-duties, even indirectly. At the same time I am glad to believe that this state of things is slowly passing away with the growing spread of prosperity among the masses.

" Mr. Gokhale is quite correct in saying that the present method of showing the charges for interest on Railway debt involves a minus entry on the expenditure side of the account. To have transferred this minus entry to the revenue

side would not, I think, have been an improvement, and that is one reason why we have decided not to do so. But I am not satisfied that the existing method of exhibiting interest charges is altogether satisfactory, and the matter is receiving attention.

“As regards the exclusion of local figures from our accounts, I may explain that the work involved is exceedingly laborious. It necessitates the detailed examination of the receipts and expenditure of many hundreds of local funds scattered all over India, in order to determine which items should properly be incorporated in general revenues, and which should be excluded altogether. This examination is being made, but it will take some time longer, and I am unable to say when it is likely to be completed. Moreover, as I intimated last year, it is impossible to predicate what view is likely to be taken of the measure if it is eventually submitted for the decision of the Secretary of State.

“I am not at all sure, however, that this measure, if it should ultimately be adopted, will give the Hon'ble Member what he apparently requires. Our accounts do show the expenditure incurred under each head of charge, but they are not constructed to show the sources from which the expenditure is met, and, broadly speaking, they could not do so without being entirely recast, if at all. For instance, a large part of the so-called local expenditure is met from funds placed at the disposal of local bodies by Government, and does not represent expenditure from the proceeds of local taxation. If any one wishes to get more minute details, I think he will have to refer to the departmental reports.

“The Hon'ble Member has renewed the criticism which he made last year on the disposal of our surpluses. He objects to their being spent on railway construction or applied to the reduction of non-productive debt; and he urges that they should be devoted to large schemes of water-supply or drainage to improve the health of the people.

“I will not stop to observe that a great part of the surpluses of recent years has arisen from unexpectedly large receipts from opium and great development of our railway earnings and has involved no burden upon any one. It is quite true that during the last nine years we have been favoured with a succession of surpluses, some of which have been of large amount; and that during this period the process of transferring debt from the non-productive to the productive account has proceeded apace, perhaps more rapidly than is really required. But if we take a longer survey, the position is entirely altered. I have looked up the figures for the last 30 years, beginning with 1877-78. During this period,



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there have been 19 years of surplus, 10 years of deficit, and one year of practical equilibrium. If we deduct the aggregate deficits from the sum of the surpluses, we shall find that the net surplus for the whole period amounts to just over 31 crores, *i.e.*, it has averaged a trifle more than one crore per annum during the whole 30 years. I do not think it can be reasonably affirmed that that is an excessive sum to apply out of surplus revenue towards the reduction of our non-productive debt. If any one should argue that we are more concerned with the present than with the somewhat distant past, I would remind him that in 1896-97 the non-productive debt was increased by £162,000, that in the following year it was further increased by £2,195,000, and that in 1900-01 it was again increased by £2,713,000. This has all happened within the past 10 years, and it would be a rash thing to predict that it will never happen again. However, I do not wish to press this argument unduly. Having regard to the very moderate figure at which our non-productive debt now stands, I am disposed to think that an average annual reduction by one crore or perhaps a crore and a half is sufficient to pay it off within a reasonable time, and that so far as sinking fund operations are concerned we need not attempt to go faster.

“ That however is not all. We have to consider the matter from the standpoint of railway construction. The Hon'ble Member has referred to a suggestion which I made last year, and which my Hon'ble Colleague Mr. Finlay has mentioned today, to the effect that possibly future accretions to the Gold Standard Reserve might be used to provide adequate funds for financing the Railway programme. I certainly think myself that this is a promising resource. But there are two points to be considered in regard to it. In the first place, it will not become available until the invested portion of the Fund is considerably larger than it is now. At present the investments are a little less than 13 millions, and until the figure reaches 20 millions or such larger sum as may be found necessary, I do not think we should be justified in locking up future additions in a non-liquid form. It will probably be several years before this limit is reached. The other consideration is of a different nature. The earnings of our Railways and Canals are received in rupees: and if we invest any part of the Gold Standard Reserve in them, we must expect to be told that we are placing the Fund on a silver basis instead of a gold one. I am myself disposed to think that after the Fund has reached a certain figure this might quite safely be accepted; but there can be no assurance that such a course would commend itself to the public or to the Secretary of State. Unless and until these two objects can be attained, *i.e.*, until we can provide adequate funds for productive public works, and can also reduce our non-productive debt by about

a crore of rupees a year, I cannot agree that the proposals of the Hon'ble Member are a matter of practical politics. If we can arrange for them both, and still have a surplus, then I agree that we shall have to consider how to dispose of it. It must be spent and must not be hoarded; it may be that some of the objects to which he has referred may be selected. But even then I venture to doubt whether any really large scheme of sanitary reform can properly be financed from a series of fortuitous and fluctuating windfalls. Revenue surpluses are necessarily wanting in the essential feature of regularity and continuity: and if we relied on them to finance such measures as the Hon'ble Member advocates, we should speedily find him or his successors expressing the most lively dissatisfaction at the wasteful stoppage of work or curtailment of funds. If these measures are as urgent as the Hon'ble Member holds them to be—and I certainly do not dispute his contention—then the best prospect of getting them promptly accepted and continuously carried into effect is to get them placed on the regular Government programme and financed from current revenues in the ordinary way.

“The Hon'ble Member will excuse me if I decline his invitation to make an announcement of the intentions of Government as to the purposes and limits of the Gold Standard Reserve on the present occasion. I admit that the time is approaching when it will be necessary to consider whether any, and if so what, limit should be put on the amount of the invested portion, and this question we shall take up without delay. Until that has been done it would be premature, and possibly embarrassing, to make any public declaration of policy.

“I do not propose to notice further the remarks of Hon'ble Mr. Chitnavis regarding the Gold Standard Reserve. I think that, if he will take the trouble to study what was said in the Financial Statement both this year and on former occasions, he will find an answer to most of his questions and a full explanation both of the genesis of the fund and of the objects for which it was originally established.

“With regard to the provision of funds for Railway construction, I desire to associate myself with what has fallen from the Hon'ble Mr. Finlay and I will not go over again the ground he has traversed. In particular I entirely agree in his criticism of the suggestion, of which we often hear, that Railway finance should be separated from our general finance. I should like to add a few remarks on my own account on this subject. I suppose the idea is that if the requirements of Railways are treated as part of the loan requirements of the country as a whole, the Railway Administrations are hampered in some way in

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obtaining the full amounts they require. People perhaps argue to themselves somewhat as follows: a Railway Administration applies for half a million for rolling-stock. The Railway Board, however, replies that the total allotment for the Railway programme is only so much, and that the share which falls to the lot of the particular Administration for rolling stock is only £300,000. The Railway therefore gets £200,000 less than it wanted; and the inference is that if Railway borrowings were treated as a thing apart from our loans for other purposes, it would have got the full amount.

“I doubt whether there is any foundation for this inference, and my belief is that if the suggestion is followed up to the end, it will be found to resolve itself into the proposition that we ought to increase our borrowings for Railway construction, even though we may have to pay a higher rate for the money. That may be a perfectly legitimate conclusion, and even a necessary course of action. But it is an entirely different thing from the suggestion to separate Railway finance. The latter measure by itself would not, I believe, in any way tend to increase the sums available for Railway construction, and might even have the contrary effect.

“The essential thing to remember is that we cannot in any year raise on reasonable terms any larger amount than the market is able to supply. That is the final and ultimate limit on our borrowing, and it applies with exactly the same force whether we raise a single consolidated loan for all purposes, or whether we issue a separate loan for railways only and another one for other purposes. If we attempt to get more than this in the aggregate, the result will be either that we shall fail to get the full amount, or that we shall have to pay more for it.

“It is not possible to give priority to Railway loans. Apart from railways, the only objects for which we borrow are irrigation, war and famine. Irrigation may be left out of account for the present purpose, for the amount we ordinarily spend on it is only 125 or 150 lakhs a year, and this is covered, and usually more than covered, by the supplementary funds provided from non-loan sources as explained in paragraph 71 of the Financial Statement. There remain only war and famine. Manifestly, if we had a war or a famine on hand, and were unable to finance it from current revenue, we should be forced to borrow for it: and the need would be imperative and urgent, and must be given priority over the demands for railways. If, therefore, the market is only prepared to supply, let us say, 10 millions in a particular year on reasonable terms, and 8 millions are required for famine relief or for war, the latter demand must first

be met in full, and there remains only 2 millions available for railways. The result is exactly the same whether we raise the Railway loan separately or amalgamate it with the other loans for famine or war.

“ If it is supposed that better results would be obtained by enabling Railway Administrations to borrow for themselves, I would point out that we already do so to a large extent, and that actual experience shows that they constantly fail to obtain the funds they want. Thus in the current year three Railways proposed to raise an aggregate sum of  $2\frac{1}{2}$  millions for capital outlay. The market conditions, as is well known, were very unfavourable, and in the event the railways were unable to raise anything at all, and were forced to fall back on the Secretary of State for the funds they required. Similar results occur almost every year. In 1905-06 four railways desired to raise rather over  $2\frac{1}{2}$  millions, but they were only able to get less than 2 millions. In 1904-05 they wanted £2,900,000, but obtained only £2,417,000. In 1903-04, seven railways proposed to raise £3,178,000, but not one of them was able to get anything at all. I certainly make no reflection whatever on the action of the Railway Administrations concerned. On the contrary, I fully believe that they were well-advised in the course they adopted. The point I wish to press home is that by merely imposing the duty of raising capital for Railway development on private agencies, we do not seem at all likely to facilitate the provision of the funds required.

“ It is manifest that what I have said by no means exhausts the subject. It would be an entire mistake to suppose that Government intends to assume a merely *non possumus* attitude in this matter. New railways must be built, and money must be found for them. As the mileage increases and traffic develops, more money must be provided for the equipment and expansion of open lines, and their requirements must continue to grow until they swallow up the whole and more than the whole sum which is available according to present standards. It follows of necessity that those standards must be raised. The practical question is to discover the best way of doing so. We are sometimes told that if we utilize properly the security of our splendid Railway property, we shall have no difficulty in obtaining as much money as we want. Those who offer this advice evidently contemplate that in issuing loans for Railway purposes, we should offer to investors not merely a fixed rate of interest but some share in the net earnings in addition. In other words, that in order to raise more money we should be prepared to pay more for it. This comes back to the proposition with which I started. Like my Hon'ble Colleague, I am not authorized to make any pronouncement on this subject. It is a serious

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question, for even though our railways as a whole are earning more than 5 per cent. on the sum at charge, and we could certainly get what we want at a considerably lower figure, yet it by no means follows that this particular method is the most economical that can be devised. The idea of having recourse to future increments of the Gold Standard Reserve appears *prima facie* much more promising, but even here, as I have already indicated, the matter is not all plain sailing. In any case it is certain that India alone will not be able to provide the large sums required, and the question resolves itself into the most advantageous way of approaching the London money market, with which the advisers of the Secretary of State are naturally in much closer touch than we can be in this country. I will, therefore, merely say that, for our part, the matter is engaging our earnest attention, and that I am hopeful that a solution may be found without having recourse to any heroic measures.

"I am disposed to agree in the principle of Mr. Apcar's suggestion that Railway Administrations should be enabled to forecast their requirements beyond the limits of one budget, and to receive sanction to place orders for more than one year. As a matter of fact, existing arrangements do enable them to do this in practice to a far greater extent than the Hon'ble Member is apparently aware of; but I believe that more can be done.

"When a private company embarks on a large scheme in which the expenditure is to be spread over two or three years, they do not as a rule raise all the capital at once. They arrange to call it up from time to time as required. Something analogous to this ought to be possible in the case of our Railways, and possibly Mr. Finlay and myself may be able to devise a workable scheme before long.

"I fear that Mr. Apcar and I must agree to differ in regard to the limit of exemption from the income-tax. I wonder whether my Hon'ble friend is aware that in Germany, where they are said to manage things with high scientific accuracy, the income-tax is imposed on incomes as small as £48, or R720 a year? Yet the standard of living in Germany is certainly a good deal higher than it is in this country.

"The last matter to which I propose to refer relates to the action that has been taken in regard to the recommendations of the Excise Committee which, as Council are aware, was appointed 18 months ago to enquire into the practical working of the Excise Department and to submit proposals for its improvement in its various branches. The Committee was composed of gentlemen possessing peculiar qualifications for the task; they did their work in a most efficient

manner: and I desire to express the cordial acknowledgments of Government to Sir James Thomson and his colleagues for the valuable service they have rendered to the Administration.

“The Committee’s Report was presented in August last, and has recently been published. For some months we have been considering it, and we have already issued orders, or are about to do so, on most of the principal points with which it deals. It may be of general interest if I lay before the Council a brief summary of the conclusions at which we have arrived, and of the action which is being taken upon them. I shall only refer to matters of importance, and shall make no allusion to the many minor points which have come before us.

“The chief matters on which a course of action has already been decided include the treatment of country spirit, its consumption, and the methods by which its production and taxation should be controlled; foreign liquors, *tari*, and the disposal of licenses for retail vend.

“It should always be borne in mind that the main object underlying the reforms which the Committee were called on to consider is the regulation and restriction of consumption, and that while it is necessary to make due provision for the requirements of persons whose habit it is to use alcohol in moderation, it is the settled policy of Government to minimise temptation to those who do not drink and to discourage excess in those who do. Fiscal considerations in connection with the liquor traffic are important, not as an end in themselves, but because, as was stated in the Resolution appointing the Committee, the most effective method of forwarding the policy of Government in regard to consumption is to make the tax upon liquor as high as it is possible to raise it without stimulating illicit production to a degree which would increase instead of diminishing the total consumption, and without driving people to substitute deleterious drugs for alcohol or a more for a less harmful form of liquor.

“In regard to country liquor, which is on the whole the most important exciseable article in common use, the more important reforms in course of adoption or already introduced include the following:—

- (1) The gradual curtailment of the areas under the outstill system, which is, as I explained in Council two years ago, admittedly a bad one, until they are confined to the block of feverish and inaccessible country lying between Chota Nagpur and the Godavari and to certain small tracts of the United Provinces, Madras, Bombay, and

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Baluchistan, which, for special reasons, cannot be brought under more advanced arrangements.

- (2) Stricter control of the manufacture and sale of liquor in areas where the 'outstill' system may be retained, by preventing the smuggling of outstill liquor into distillery areas; prohibiting the sale of liquor to children and drunken persons; preventing drunkenness in the neighbourhood of shops; stopping the hawking of liquor and its sale in weekly markets, etc.; and exercising greater supervision over licensed shops.
- (3) Gradual abolition of the Central and Sadr Distillery and the District Monopoly systems, and their eventual replacement by a system of supply (except in the Punjab) by a Contract Distillery system on the lines of that at present in force in Madras. The essence of this system, which has been found by the Committee to be the best working system and that most suited to the conditions of India that has yet been devised, is that the monopoly of supply in a district or other selected area is given out on contract, the contractor issuing his liquor at the rate of excise-duty in force and supplying vendors at a fixed rate, determined by tender, over and above this duty, while the right of vend is generally disposed of by auction for each shop sanctioned. This system possesses admitted advantages over the systems for which it is proposed to substitute it.
- (4) Improvement of the quality of the country spirit sold in distillery tracts by greater concentration and more adequate supervision of distilleries; by the adoption of certain detailed improvements in the methods of manufacture recommended by Major Bedford; by securing, where necessary, the guidance of skilled distillery officers; and by requiring periodical analysis of samples of liquor produced at the distilleries. In furtherance of these objects it is proposed to appoint three excise distillery experts, such as the Madras Government already possess, for the supervision of distillery work (a) in Bengal and Eastern Bengal and Assam, (b) the United Provinces, the Punjab, and the Frontier Province, and (c) Bombay and the Central Provinces, and to establish distillery schools for the training of the local distillery officers and distillers. The maintenance as an experimental measure

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of a Central Excise Laboratory at Kasauli till the end of March 1908 has also been sanctioned.

(5) Enhancement of the existing local rates of duty so far as this may be found to be feasible without giving rise to grave danger of illicit practices. An advance in this direction should be possible in most provinces. It is admittedly desirable that the still-head duty should be the main factor in taxation, and that the revenue to be obtained for the disposal of vend licenses should be subsidiary only.

(6) Adoption of adequate measures, including the maintenance of an efficient preventive staff, to prevent the production of illicit liquor.

"In respect of foreign liquors, the following reforms are proposed :—

(1) It is the policy of Government that these should be taxed in such a way as to avoid any undue stimulation of their sale in preference to country spirit. In this connection there has been some diversity of practice as to what classes of liquors should be treated as 'foreign' and what as 'country' liquor. The Government of India, following, with unimportant modifications, the recommendations of the Committee, think that the proper line of division for excise purposes is as follows:—All spirits of Indian manufacture, which are coloured or sophisticated so as to resemble imported liquors, or which describe themselves by the names of such liquors and are obviously intended to give the consumers the impression of being identical with them in character, should be treated as such and taxed at the tariff rate. Plain spirit spiced so as to meet special Indian tastes without any attempt at the imitation of imported liquor should be treated as ordinary country spirit and be taxed at the local rates leviable on such spirits. In connection with this decision it is proposed in future to restrict the manufacture of toddy spirit to one distillery in each of the Presidencies of Madras and Bombay and to tax it adequately as compared with plain spirit manufactured from *mahua*, molasses, etc., and further, as soon as possible, to treat it as foreign spirit and to tax it accordingly. Similarly, *tari* and the so-called country beers should be classed for Excise purposes as 'country liquors,' while all others, for instance,



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wines made in Kashmir and genuine beers made in India, should be treated as 'foreign liquors' and be taxed as such.

- (2) The manufacture and quality of 'foreign liquors' as above defined and the assessment of duty thereon should be regulated by (a) the control of the flavouring and colouring of locally produced liquors; (b) a periodical examination of samples of imported liquors with a view to the prohibition of the sale of those that are impure or otherwise undesirable; (c) the control of the arrangements for compounding and bottling of imported liquors; (d) a prohibition of their sale below prescribed minimum strengths; and (e) the exercise of more efficient supervision over breweries on lines already in force in Madras.
- (3) One of the matters into which the Committee was asked to enquire was the truth of an allegation commonly made that some particular varieties of imported liquor are specially deleterious as compared with country liquor. The result of Major Bedford's enquiries has shown that so far as cheap imported spirit is concerned there is no reason to prohibit its importation on the ground that it is unwholesome, since from a hygienic standpoint it compares quite favourably with the more highly priced imported liquors. Nor again, so long as it bears a due indication of the country of its origin, can it be criticised on the ground that it is a patent-still product falsely described as whisky, brandy, etc., since even the higher priced spirits are now very largely the products of patent-stills. The real objection to this class of spirit is that owing to its extreme cheapness it competes to an undesirable extent with country spirit, and that it is becoming increasingly popular among the natives of India as being in essence the drink of the European classes. The increase made last year in the duty on imported spirit must necessarily have a proportionately greater effect in the case of a cheap article and should already have told against spirit of this nature; and the further restrictions referred to above will work still more strongly in the same direction, since the cheapness of the spirit is mainly due to the ease with which it is put on the market and the low strength at which it is sold.
- (4) As regards 'foreign' spirit produced in India it has been decided to introduce a system of inland transport in bond, so as to place the local trade on an equal footing with imported spirits.

- (5) The existing arrangements for the vend of foreign liquor will be improved, where necessary, (a) by the grant of wholesale licenses and retail licenses for consumption off the shop premises on fixed fees sufficiently high to keep the business in respectable hands, but not so high as to hamper legitimate trade; (b) by the restriction of the number of licenses for consumption on the premises and of beer tavern licenses within the narrowest possible limits; (c) by better regulation of other classes of licenses; and (d) by the prohibition of the sale of 'foreign' and 'country' liquors on the same premises.

"As regards *tari*, the principal reform in contemplation is a tentative move in the direction of introducing the tree-tax system. It has generally been supposed that toddy is the least noxious of all the forms of alcohol in common use in India, and that it would be a great evil to discourage its use if this result should be purchased at the cost of driving the people to more deleterious intoxicants. The Committee have, however, pointed out that toddy is considerably stronger than has sometimes been imagined; that statements as to its relative harmlessness apply only to cases in which it is drunk fairly fresh and in moderate quantities; and that if it is consumed stale or to excess it acts to the detriment of the consumer. The Committee have further found that the consumption of toddy in parts of Bengal, the United Provinces, the Central Provinces, Berar and Coorg is considerable, and requires more adequate check by improved excise methods and enhanced taxation than it has yet received. As already explained, measures are in course of introduction to restrict the consumption of country spirit by an enhancement of taxation throughout large parts of the country, and there will therefore be a considerable risk of increased consumption of toddy in the areas referred to, unless steps are taken to check this also by increase of taxation and by restrictions on its use. The Committee have expressed the opinion that the necessary check would best be imposed under a tree-tax system, and the Local Governments concerned are being consulted as to the desirability of adopting such a system, subject to the necessary safeguards. In the Central Provinces and Berar its experimental introduction in one district has already been decided upon, and the Committee suggest a similar experiment in the case of Bengal. The final decision as to the adoption of the system or otherwise will be left entirely to the discretion of the Local Governments. In the case of the tree-tax systems in force in Madras and Bombay, the Committee have expressed the opinion that certain improvements are necessary in points of detail, and these will be brought to the notice of the Governments of those Provinces.

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"As regards the method of disposing of licenses for retail vend, the Government are not altogether in agreement with the Committee. In the case of country liquor, the general method of disposing of the right of retail vend is that of sale by auction. The Committee have expressed their preference for a non-competitive system, and discussions as to the relative merits of these systems have recently appeared in the Press. The Government of India consider that the best system is a properly regulated auction system, under which the period for which shops are auctioned would be extended up to three years at the discretion of the Local Governments, and that, though the existing system doubtless requires some modifications of detail in its working, it would be a retrograde step to seek to replace it generally by one of fixed fees. This is not the occasion for an elaborate justification of the reasons for this opinion, but I may quote from a letter addressed to the Government of the Punjab four years ago as giving a succinct view of the position which the Government of India have taken up in this matter:—'The leading principle of the auction system is that as large a portion as possible of the total revenue on country spirits should be derived from the fixed duty, but in addition to the fixed duty a subsidiary and variable revenue is drawn from the fees for licenses for retail vend which are sold by auction. The disposal of vend licenses by auction serves as a simple but sure guide to the local demand and indicates whether the still-head duty is adequate or otherwise. In the opinion of the Government of India it is inadvisable to obtain more than a subsidiary amount of revenue from this source, and disproportionately large receipts from vend rents would indicate that the still-head duty was too small and might be raised, and not that the system should be changed. The objection to fixed vend fees is that experience has shown that it is practically impossible to fix such fees with due regard to the interests of the revenue, and that they generally tend to a level at which they yield large profits to the licensees, with the result that there are several applications for a single shop, constant and troublesome appeals from disappointed candidates, and the risk of collusion with the office establishment. With a system of competition fees which should, as already stated, be a mere subsidiary receipt as compared with still-head duty, these difficulties are avoided, though for the successful working of such a system it is necessary that the preventive arrangements should be such as to debar shopkeepers from making a profit by the use of illicit liquor.'

"These include, I think, all matters of importance on which we have up to the present arrived at definite conclusions. Other matters still remain for consideration, including the number and location of liquor shops, restrictions on

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the retail sale of liquor, excise establishments, and legislation. These are now receiving attention, and I am hopeful that orders will issue regarding them within a few weeks of our reaching Simla."

His Excellency THE PRESIDENT said:—"I rejoice that the continued prosperity of India enables me to renew my congratulations of last year to my friend the Hon'ble Mr. Baker on the pursuance of a well-considered financial policy, the details of which he has placed before us with so much clearness and which has again enabled him to announce a substantial remission of taxation in the coming year.

"But in the midst of these good times—these times of comparative plenty before which the spectre of famine is falling back—we must not shut our eyes to the misery that is still amongst us—the perennial harvest of the plague. I confess to some surprise at hearing so little mention of its ravages in today's speeches. Recent reports are most depressing. The marked decline in the mortality which occurred in 1906 has not been maintained in the present year. Taking the months of January and February, the figures for the last five years show a progressive increase during those months up to the year 1905 when 252,567 deaths were recorded. In 1906 the mortality for these two months fell to 47,505. It has now suddenly risen to 157,640, more than three times the number of deaths recorded last year. The disease is at its worst in the Punjab and the United Provinces, whence no fewer than 102,529 deaths have been reported during January and February. A similar rise of mortality has occurred in the Bombay Presidency. Excluding Bombay city, where there has been no increase, there have been 19,841 deaths during the last two months against 6,071 in January and February 1906. In Burma, which escaped plague entirely until two years ago, the deaths in January and February reached a total of 3,574 compared with 1,370 in the same months of 1906.

"In the United Provinces the city of Lucknow is suffering severely from the disease. During the week ending the 16th March, 521 deaths occurred, while in the previous weeks 513 and 266 deaths were recorded. The Government of India have done their best to combat it. In a Resolution published on the 17th January 1906 they stated the results of the practical experience which had been acquired in the previous five years of actual plague administration. They indicated the preventive measures the utility of which appeared to have been established, and they pointed out that their application must depend upon the circumstances of the locality, the character of the people, the

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stage which the disease has reached and the agency available for dealing with it. In view of the great variety of conditions in different provinces they declined to lay down a uniform scheme of plague administration, and they left it to the Local Governments to determine which of the various measures admissible are practicable or expedient at particular times and places, and finally they observed that in the last resort all preventive action depends for its success upon the hearty co-operation of the people themselves. It is needless to go now into the efforts Government have made and are making to trace the origin of the disease. Much admirable work has been done, and we must hope that scientific investigations may at last help us to check it. I only tell you the sad story of today.

" Yet there is much to be thankful for. The Monsoon showered the breath of life almost impartially throughout India and the land has brought forth in plenty. Mr. Baker tells us that the area under the cotton crop is more than a million of acres in excess of that of last year, whilst the estimated yield exceeds that of any previous year by over a million bales; that the cultivation of jute has grown in area by 200,000 acres and in outturn by 600,000 bales as compared with any former return, whilst it is estimated that the jute crop of last year realized 40 crores of rupees. Our Land-revenue tells a tale of increasing wealth—of wealth to great proprietors, but still more, I hope, of abundance of the necessaries of life to the small tiller of the soil. He is the man we must strive to help. He is to a great extent the backbone of the population of India. On his welfare depends much of the happiness and the contentment of the people. And we have been able to do something for him. The reduction of the salt-tax to Re. 1 a maund throughout the whole of India means very palpable relief. Certainly the tax cannot be termed a heavy one, and it is really the only obligatory tax which falls on the great mass of the population. As I understand my Hon'ble Colleague, the incidence of the duty will now work out to less than  $2\frac{1}{2}$  annas per head of the population, and yet in a poor household the amount is very appreciable. It means a loss of £1,266,700 in our revenue for 1907-1908, but in addition to the boon we are conferring on the people our experience of former reductions fully justifies us in assuming that the consumption of salt will more than respond to the reduction in duty.

" But we have undertaken this reduction in the salt-duty in the face of another loss to our revenue—a very serious loss. My Hon'ble Colleague tells us that 'proposals have been submitted by the Chinese Government for the gradual reduction of the imports of Indian opium into China *pari passu* with

the gradual contraction of the production of opium in that country, 'the object in view being the eventual extinction of the opium habit among the Chinese', and in recognition of China's proposals we have already notified a reduction in the number of chests of Bengal opium for sale in 1907-1908 to 49,200 as compared with 52,800 last year. We are also reducing the area of opium cultivation. The intention of the Chinese Government, apparently, is that the reduction of imports of Indian opium into China should be spread over ten years, at the end of which period they should cease. At first sight, I grant that China's proposals are very alarming as to their possible effects on Indian revenues. But I am afraid I am unable to follow the Hon'ble the Nawab of Dacca in his sweeping assumption that India is about to be sacrificed for the pleasure of a few faddists. Neither do I think we are entitled to doubt the good faith of the Chinese Government as to the objects of their proposals. Papers which I have had recently before me indicate every intention on the part of China to reduce with a strong hand the consumption of opium, and the growth of the poppy in her own territory. I am no opium faddist. I quite admit the hardship a proscription of opium would entail on those who use it in moderation as many in this country do, and I am well aware of the difficulties surrounding any attempt to reduce its production. But there is no doubt throughout the civilized world a feeling of disgust at the demoralizing effect of the opium habit in excess. It is a feeling in which we cannot but share. We could not with any self-respect refuse to assist China on the grounds of loss of revenue to India.

"I notice that the Hon'ble Tikka Sahib recognises the harm that intoxicating drugs are already doing amongst the manly race from which he springs and welcomes the orders to reduce cultivation of opium as beneficial to his people.

"I admit that the task China has set herself may be greater than she can accomplish, and that we have a perfect right to require that in agreeing to the reduction of imports from India we should be satisfied of the results of China's efforts to reduce her own internal opium production. But notwithstanding the prospect of a heavy loss in revenue, I hope we may accept what I believe to be my Hon'ble Colleague's view, that provided the transition state through which we must pass is spread over a sufficient number of years, we need apprehend no financial disaster, and may reasonably believe that the expansion of our sources of revenue will continue to guarantee our future prosperity. For the coming year at any rate we are, I think, entitled to look with satisfaction on much that it has been possible to provide for a reduction in postal rates, a largely increased expenditure on education, and assistance to Provin-

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cial expenditure on Famine Relief, are all measures which should prove of far-reaching public benefit.

"In respect to Railways, the Hon'ble Mr. Finlay has explained the reasons which have made it necessary 'to omit from next year's estimate any provision for starting the construction of new lines, to retard slightly the progress of lines under construction and to reduce to a small extent the expenditure on special works of open lines.' It has been necessary to provide for a very large expenditure upon rolling-stock, and I am glad to see that the Hon'ble Mr. Apar, speaking on behalf of the trading interests of Calcutta, welcomes the provisions which have been made to meet a deficiency which have naturally elicited much bitter criticism from the commercial world. However, we may do well to remember that a shortage in rolling-stock has often before now been the evidence of a sudden prosperity which it has been momentarily impossible to meet. I am inclined to ask with my Hon'ble Colleague, if, judging from the custom of great trading companies elsewhere, it would not be possible for Indian Companies to relieve the pressure which exists by supplying their own wagons to a certain extent? I am afraid I cannot find it so easy to follow him in his view that Government guarantees are detrimental to private enterprise. I have seen not a little of rapid railway development by private enterprise, but I have never suspected that such development was likely to be delayed by a Government guarantee. My experience has rather been that Government guarantees have very largely encouraged private enterprise. Indeed, with my short acquaintance with India I am rather inclined to suspect that private enterprise may have suffered from want of Government support.

"In respect to Military expenditure I congratulate His Excellency the Commander-in-Chief on the very clear statement he has given to us. His explanation of the manner in which the Army in India is being redistributed will, I trust, assist to disabuse the public mind of many misconceptions. I doubt whether the value of Lord Kitchener's attempt to create a self-contained Divisional organization has ever been sufficiently appreciated, whilst all that he has done and is still doing to improve the position of the sepoy cannot be too widely known. He has also told us that conditions affecting the pay of British officers of the Indian Army is under consideration.

"I am convinced that though the initial outlay of Lord Kitchener's scheme is necessarily heavy, its completion will tend not only to increased efficiency in many directions but will save much of the waste of past years and ensure what I

know the Commander-in-Chief has warmly at heart—a sound system of economical administration in the Army.

“The Hon'ble Sir Steyning Edgerley, in his very interesting speech, dealt with many topics requiring much more detailed consideration than it would be possible to devote to them today, but I can assure him of my full agreement with the views he has expressed of the sympathetic treatment we owe to the Bombay Chiefs, whilst in all he said as to the evils of centralized administration he will find himself in entire accord with many an overworked public servant in this country. Perhaps I speak feelingly as one who is called upon to overrule a Local Government on such a weighty matter as the extravagant purchase of a horse valued at Rs. 70, or to check the heavy expenditure entailed by the unpardonable demand of some distant Collector for the erection of a bath-room, and simultaneously to guard the interests of India in connection with the administration of a world-wide Empire. I do not think we can go on as we are. We can, I hope, do something to shake off the unnecessary chains that bind us. Perhaps we are on the eve of new possibilities.

“The Hon'ble Mr. Gokhale tempts me to foreshadow the future. I am afraid at present I can only do so faintly. I recognise with him that politically India is in a transition state, that new and just aspirations are springing up amongst its people, which the ruling power must be prepared not only to meet but to assist. A change is rapidly passing over the land, and we cannot afford to dally. And to my mind nothing would be more unfortunate for India than that the Government of India should fail to recognise the signs of the times. I have deemed it all important that the initiative of possible reforms should emanate from us. I have felt that nothing would be more mischievous to British administration in India in the future than a belief that its Government had acted on no conviction of their own, but simply in submission to agitation in this country and in accordance with instructions conveyed to them from home. If there has been misconception as to this, I hope I may be allowed this opportunity of correcting it. The story as far as I can tell it at present is simply this: that last autumn I appointed a Committee of my Council to consider the possibility of a development of administrative machinery in accordance with the new conditions we were called upon to face. The Committee's report was considered by my Council, and a despatch expressing the views of my Colleagues and myself has been forwarded to the Secretary of State. What I would impress upon you is that this move in advance has emanated entirely from the Govern-



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ment of India, and that we are justly entitled to deny any accusation of 'an inadequate appreciation of the realities of the present situation.'

"We have now to await the reply of the Secretary of State, and there is no intention that any legislation should be undertaken before the public in India and at home have had ample opportunity for an expression of opinion on the proposals we have placed before him. I can assure all those who are interested in this great question that the despatch we have recently addressed to Mr. Morley is fraught with great possibilities, and I earnestly trust that the suggestions it contains may go far towards satisfying the pressing requirements of the Indian Empire."

The Council adjourned *sine die*.

J. M. MACPHERSON,  
*Secretary to the Government of India,  
Legislative Department.*

CALCUTTA ; }  
*The 28th March 1907.* }

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## APPENDIX C.

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No.	States.	Annual revenue.	Annual cost of maintenance of Imperial Service Troops.	Percentage of cost.
		Rs.	Rs.	
1	Kashmir . . . . .	89,00,000	9,20,076	10'3
2	Patiala . . . . .	61,00,000	6,33,631	10'3
3	Jindh . . . . .	15,00,000	1,07,822	7'1
4	Nabha . . . . .	12,00,000	1,29,347	10'7
5	Kapurthala . . . . .	13,00,000	1,25,130	9'6
6	Bahawalpur . . . . .	24,00,000	2,00,000	8'3
7	Faridkot . . . . .	4,00,000	54,854	13'7
8	Sirmur . . . . .	5,00,000	48,119	9'6
9	Malër Kotla . . . . .	3,00,000	34,500	11'5
10	Alwar . . . . .	30,00,000	4,38,676	14'6
11	Bharatpur . . . . .	37,00,000	2,43,980	6'5
12	Jodhpur . . . . .	50,00,000	4,18,000	8'3
13	Bikaner . . . . .	20,00,000	1,55,557	7'7
14	Jaipur . . . . .	62,00,000	2,52,001	4
15	Rampur . . . . .	33,00,000	1,49,238	4'5
16	Gwalior . . . . .	1,48,00,000	12,90,707	8'7
17	Bhopal . . . . .	25,00,000	2,02,097	8
18	Indore . . . . .	48,00,000	2,41,314	5
19	Mysore . . . . .	2,15,00,000	6,17,485	2'8
20	Hyderabad . . . . .	3,59,00,000	5,01,656	1'3
21	Bhavanagar . . . . .	30,00,000	1,79,962	5'9
22	Navanagar . . . . .	32,00,000	59,460	1'8
23	Junagarh . . . . .	27,00,000	68,547	2'5

## NOTE :—

- (a) Minimum percentage 1'3 (Hyderabad).  
 (b) Maximum percentage 14'6 (Alwar).  
 (c) Average percentage 5'2.

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