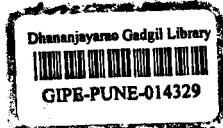


- 15 (1) Papers relative to Field the Indian Army. 1870. V21L:8(MV4). M7
- (2) Return of all loans monies raised on Loan. 1871. X75:87.2.M7 pp. 1 A871
- 6 (3) Return of all stocks, loans, debts and liabilities chargeable on the East India revenues, at home and abroad. 1871. X7:87.2.M7 pp. 3 A871
- (4) Papers relating to East India Local Finance 1871. pp. 9 X796.2.M7 A871
- 13 (5) Reports relative to the expenses of recruits for regiments serving in India. 1871. pp. 17 X7(MV4).2.M7 A871 74
- (6) Return of all stocks, loans, debts and liabilities chargeable on the East India revenues, at home and abroad. 1871. X7:87.2.M7 pp. 3. A872
- (7) Correspondence relating to the Madras Irrigation Company. 1872. X9(D26).2.M7 pp. 124 A872
- (8) Return of all monies raised on loan. 1873. X75:87.2.M7 pp. 1 A873
- ~~India (Duties on Cotton Goods):~~



- (11) Return relative to the overland transport service to and from India during the season 1869-70  
 V21L: 8(MV4).M7 Pp. 9 P
- (12) Papers relating to the present state of the Govt. studs in India  
 V21 L: 8(7442) Pp. 11
- (13) Reports, etc. relating to the expenses of recruits serving in India. 1870  
 X7(MV4). 2.M7 Pp. 25-28
- (14) Expenditure on Public Works in India. 1862-63 & 1872-73.  
 X7(D). 2. M7 Pp. 29
- (15) Returns relative to the overland troop transport service to and from India during the season 1870  
 V21L: 8(MV4).M7 Pp. 16 P
- (16) Great Britain. India Office. East India (Customs Tariff): Further correspondence relating to the Indian Tariff Act of 1875.  
 X: 53:(22) P8
- (17) Great Britain. India Office. East India (Customs Duties): Return relating to customs duties (East India).

- (19) Great Britain. House of Lords. India.  
 Copy of telegraphic <sup>(Re. Indian Tariff Act 1875)</sup> despatch of 30th  
 Sept. 1875, or the substance thereof,  
 from the Secretary of State for India,  
 to the Governor-General and of any  
 dissents thereto recorded by Members  
 of Council. X: 53: (22) A876
- (20) Great Britain. India Office. East  
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- (21) Great Britain. India Office. East  
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- (22) Great Britain. India Office. India  
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- (23) Great Britain. India Office. East  
 India (Smuggling): Returns...  
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 smuggling etc. X 9(F41171) 7295: (22, 5/2)  
 A878
- ~~(24) Great Britain. India Office. East  
 India (Duties on Cotton Goods):~~

[P.T.O.]

(24) Great Britain. India Office. Cotton Duty (India): Copies of any minutes which have been recorded under 33 Vict. chap. 3, by Members of the Council of the Governor-General of India on the reduction of the customs duty upon cotton manufactures by the authority of the Governor-General contrary to the opinion of the majority in Council.

X9(M71)7295. 2 A879

(25) Great Britain. India Office. East India (Duties on Cotton Goods): Copy of dissents recorded by the Members of the Council of the Governor-General of India regarding the late reduction of the cotton duties in that country.

X9(M71)7295. 2 A871

(26) Great Britain. India Office. East India (Tariff): Papers relating to the Tariff of India.

X:53.2 A879

EAST INDIA (ARMY OFFICERS).

RETURN to an Address of the Honourable The House of Commons,  
dated 7 April 1870;—for,

COPY of a LETTER from the Government of *India*, dated the 18th day of October 1869, No. 364, with its Enclosures, and of the REPLY of the Secretary of State for *India*, dated the 18th day of February 1870, No. 37, regarding the proposed Scheme for offering some inducement to FIELD OFFICERS of the INDIAN ARMY to RETIRE (in continuation of Parliamentary Paper No. 140, of Session 1869)."

Military Department, India-Office,  
11 April 1870.

T. T. PEARS, Major General,  
Military Secretary.

The Governor General of India in Council to the Secretary of State for India; dated Simla, 18th October 1869, No. 364. (Military.)

My Lord Duke,  
Your Grace's Despatch, No. 73, of the 11th March last, on the subject of offering some inducement to Field Officers to retire, has been for some time under our consideration, and we now beg to enclose papers as per accompanying list, for the further consideration of your Grace.

2. We are of opinion that sufficient ground is shown in the memoranda and notes prepared by Major General Norman and Colonel Brooke to justify our suggesting that your Grace should re-consider the terms of your Despatch, though we have no desire to press upon your Grace the adoption of any scheme of the kind under discussion, if your Grace on full review of all that is said, feels such a scheme to be inexpedient.

3. There are, however, certain instructions conveyed in the Despatch under acknowledgment to which we have given our attention, and on which certain orders have been issued by us, and on which we desire to offer observations.

4. Your Grace desires that all the young officers who have entered the service since 1858 under special conditions, and who have not yet qualified for staff employment by passing in the Native languages, shall be informed that in the event of their not so qualifying within a certain period, they will be removed from the service.

5. We have thought that to allow a period of 18 months for this purpose will be liberal and sufficient, and we have issued an order to this effect, which will be communicated by letter direct to every officer concerned.

6. With regard to the order of your Grace that officers borne on the Cadres of the late Indian army who have not passed in the languages, should be employed on the staff in such positions as they may be thought fitted for, we would strongly represent to your Grace that it is very inexpedient to carry out such a departure from rules which have existed since 1837, and have for many years past been rigorously enforced.

7. Such a measure will be viewed as a hardship by those officers who, carrying out the desire of Government, have qualified in the languages and thereby have become entitled, under the rules of the service, to expect that appointments and promotions

2 PAPERS RELATIVE TO THE RETIREMENT OF

promotions in departments, &c., were alone to be bestowed upon them, and upon others similarly qualified.

8. Such a rule would operate, as far as it *could* operate, with peculiar hardship at a time when considerable reductions are impending in the three Presidencies, by which many deserving officers will lose appointments; and whose interests demand our special care.

9. Moreover, it is to be remarked that as there is a superfluity of superior officers; there will usually be two or more candidates for every vacant appointment; and in such case the best officer should be selected, who will ordinarily be one who has taken the trouble to qualify in the languages.

10. The number of unpassed officers who entered prior to 1858 is now small, and on a full consideration we cannot but arrive at the conclusion that to give effect to the instructions on this point would only produce an extremely limited effect in reducing the number of unemployed officers, while the mere issue of an order to the effect contemplated would create an impression of hardship on the minds of the great body of officers who have complied with the regulations and qualified in the Native languages.

11. Paragraph 56 of your Grace's Despatch desires that a report be furnished in the case of each officer whom it may not be considered desirable to retain in active employment, by reason either of questionable conduct or intellectual incapacity, in view to his removal from the effective list.

12. We have already on more than one occasion since receipt of the Despatch, submitted to your Grace the cases of officers who seemed to come within its terms, and we shall continue this course whenever occasion arises; but we have a difficulty in carrying out these instructions in a general way, especially with unemployed officers, for it is only when an officer commits an act of grave misconduct, or signally fails in some way or other, that we can confidently submit the case as coming within the terms of your Grace's instructions.

13. We shall, however, ask the Governments of Fort St. George and Bombay, and his Excellency the Commander in Chief, to forward for our consideration the cases of any officer who they may deem to come under the terms of paragraph 56 of the Despatch.

14. As the Despatch itself has been long under consideration, and as we have thought it our duty to address your Grace on certain points referred to in it, and as it was long since published in the public papers, it has not seemed to us expedient now formally to republish the Despatch in the "Gazette of India."

We are &c.  
(signed) *Mayo.*  
*W. R. Mansfield.*  
*H. M. Durand.*  
*J. Strachey.*

NOTE by the Secretary to the Government of India in the Military Department.

The Secretary of State replies at length to the Despatch addressed to him by the Government of India, on the 7th November 1868, on the subject of the present condition and future prospects of the Staff Corps, and which made certain proposals in view to inducing some of the senior officers to retire.

The Duke of Argyll rejects the proposals; states that they would involve an absolute pecuniary loss to the State, instead of being economical as believed by the Government of India; argues that the apprehensions as to there being a vast number of officers hereafter on Colonels' allowances, is exaggerated; does not admit the existence of the administrative difficulties felt by the Government from there being an unduly large body of field officers; proposes certain measures other than those advocated by the Government of India for the reduction of the number of unemployed officers; and finally, expresses regret that the fact of a scheme for retirement having been submitted should have become public, and begs that in future in all possible cases, the views of Her Majesty's Government should be ascertained before a proposal of this nature is made the subject of general and departmental investigation.

The

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The Despatch is accompanied by a report on the financial bearings of the proposals prepared by Major General Hannington, well known as an actuary of ability.

Prior to the general submission of this Despatch for orders, the Controller General of Military Expenditure was requested to offer any observations on it that might occur to him; and his memorandum, which I have had printed, is put up with the papers.\*

I also annex a memorandum by myself. I do not submit this as a matter of duty as Secretary to Government, but as due to myself individually; for the proposals of the Government of India so strongly objected to by the Secretary of State, were in a great measure founded on the views taken by Colonel Broome, and then, after full consideration of Colonel Broome's memorandum, by myself, and my views were expressed, not as Secretary to Government, but as then holding the position of temporary Member of Council. I therefore hope that my own separate memorandum may be forwarded to the Secretary of State, not in the expectation that the decision arrived at by Her Majesty's Government will now be altered, but as in some sort my own vindication for submitting proposals which have been so absolutely and entirely rejected.

As the decision is expressed in very positive terms, it is presumed that there is nothing to be done by the Government, save to give effect, as far as possible, to the instructions contained in the Despatch, and to reply to it.

I will, therefore, proceed to offer some remarks and suggestions as to the measures to be taken in consequence of this Despatch:—

1st. Should the Despatch be published to the Army, or its substance be briefly made known?

It appears to me that it should not be published in its entirety, notwithstanding that Mr. Grant Duff said in the House of Commons, in reply to a question that the Despatch if moved for by any one would be given as an unopposed return.

But being so made public is one thing, and being published by the Government of India in the "Gazette" is another thing. The tone throughout is greatly that of censure on the Government for endeavouring to bring about a remedy for what was believed to be an evil, involving large and growing expense, and, as I believe, that the conclusions of the Despatch will be strenuously disputed, it appears to me that all that should be announced is the resolution of Her Majesty's Government not to hold out any inducements to retire, with perhaps a very brief announcement that, in the opinion of Her Majesty's Government, such inducements would be contrary to economy, and do not seem called for on other considerations, accompanied by a statement of such measures as have to be carried out in pursuance of the orders of Her Majesty's Government.

*Note.*—Since this part of my note was written the whole correspondence has been published Home, and is, of course, known to every one who takes an interest in it. The question still remains whether it should be published in its entirety in the "Gazette of India."

H. W. N., 6-6-69.

The next point is to give effect to the orders with respect to unemployed officers in view to the reduction of this class.

In the first place, the Commander in Chief in India and the Governments of Madras and Bombay, may be asked at once to divide all those unemployed officers who may have been borne on the cadres of regiments of the old Indian Army into two classes as follows:

I. Those qualified in all respects for employment;

II. Those not qualified for employment.

In making this classification, the conditions of paragraphs 53 and 54 of the Despatch must be observed.

Those included under the first heading should be employed as early as may be practicable, and of each of those included under the second head, a special report should be made in accordance with paragraph 56 of the Despatch. In connection with this point, a General Order will have to be issued, allowing of the employment in staff situations for which they may be thought fit of unpassed officers who were borne on any regimental cadre prior to the re-organization of the Army.

Next, in accordance with paragraph 55, each of the officers who entered the service since 1858, will have to be addressed in a separate letter, and told if he does not qualify in the languages, he will be removed from the service. It is left to this Government to fix this period, and as possibly some of these officers may not as yet have studied at all, and the higher standard examination is not easy, the limit of 18 months may not be considered too extended. By the last Army Lists, there were of this class of officers still unqualified in the languages—

30 in Bengal.  
28 in Madras.  
7 in Bombay.

TOTAL - - - 65

The

\* As I have detailed its principal points in my own separate memorandum, it is perhaps unnecessary for me to allude to them here.

The fourth point is connected with paragraph 52 of the Secretary of State's Despatch, which says that until all qualified officers of the Indian Army are provided for, the admissions to the staff corps from the line should to some extent be restricted.

Officers are only admitted from the line at present to fill actual vacancies either at the bottom of departments (civil or military), or as subalterns in Native Regiments.

It does not seem that there are many surplus Indian officers for this kind of employment. Of course to such extent as officers may now become available under the paragraph removing the regulation restricting employment of unpassed officers, a proportionate decrease of admissions will take place, but this will not be of much magnitude.

In Madras and Bombay, the admissions are small, and probably will have to go on at least at the present rate. The number of probationers in these two Presidencies is 24 and 28 respectively, which represent the admissions of a longer period than one year.

In Bengal, the admissions are greater, the number of probationers on 1st April being 82; but then no one was admitted, save to an actual vacancy in a situation appropriate to a young officer.

However, of course it may be explained to the Commander in Chief, and to the Governments of Madras and Bombay, that in filling vacancies in departments or corps, available unemployed officers, who may be considered fit, are to be used in preference to bringing in probationers from the line.

The fifth point on which orders are necessary is the reply to be sent to the Secretary of State, the tenor of which of course will be decided by the Governor General in Council, on a perusal of all that is before Government; and with respect to this I do not desire to offer any opinion, but I think it well here to draw attention to the circumstance that the Despatch concludes by expressing the opinion of Her Majesty's Government that, in all possible cases, the views of Her Majesty's Government should be ascertained before a proposal of this nature is made the subject of general and departmental investigation. It does not appear how the Government *could*, in the present case, come to an opinion on a matter which was attracting attention and discussion as a serious evil without having it investigated in all its bearings. The proposals *followed* this investigation and report, rather than, as apparently implied in the Despatch, the proposal being made the subject of investigation.

I can certainly say for myself that it was only on a study of Colonel Broome's Report that I arrived at any decided idea of what was best to be done.

It appears to me to have been entirely in accordance with official practice that the Government, having a representation before it from the Commander in Chief showing the number of surplus officers of rank, and feeling that this was an evil which must result in increased and useless expenditure, should cause the matter to be investigated by its proper officer, which report would naturally include any suggestions which occurred to that officer as likely to meet the difficulty.

Out of these inquiries and suggestions arose the proposal. To address the Home Government on the subject of an alleged evil without having the circumstances and extent of that evil previously investigated is certainly contrary to practice, and seems opposed to the recognised mode of conducting public business.

Is any notice to be taken of this injunction and implied censure?

There is but one point remaining to be adverted to, viz., the fact stated by the Secretary of State, that the submission by this Government of a scheme for retirement became known here and in England before Her Majesty's Government were aware that such a scheme was in contemplation.

I doubt the fact of its being known for certain that such a scheme was in contemplation until, at all events, Her Majesty's Government had received it. For years past the matter has been agitated and discussed, individual officers have prepared schemes and sent or given them to various officials, including, I believe, the late Viceroy. It was therefore of course to a certain extent taken for granted that Government were considering the question thus brought before it, but I think until recently nothing more was known.

The Secretary of State says that Sir Stafford Northcote, in reply to a question put to him in the House of Commons on 3rd April 1868, said that no retiring scheme was contemplated, although, on 23rd May *following*, the Controller General of Military Expenditure sent in his memorandum on the subject. As this memorandum was not sent in at Simla till seven weeks after Sir Stafford Northcote made his reply in the House, and as it was not till some months after the receipt of the memorandum that the Government arrived at the conclusion that it would be well to induce retirements, it was not wonderful that Sir Stafford should have been ignorant of Government contemplating a scheme which, in truth, they did not contemplate till five or six months after the date of his reply in the House of Commons.

Prior to Government arriving at a decision, I do not believe any article or information in the papers was in the slightest degree authentic, though of course, as some of the documents before Government came from individual officers—Colonel Hervey, of the Thuggee Department, for instance—very likely those documents were furnished to the press by themselves or their friends. They, however, were simply schemes prepared by individuals, and, as far as I recollect, were never stated to be approved by Government.

Paragraph 59 of the Despatch states that, in the "Calcutta Review" of August 1868, a paper was published on the subject of a retiring scheme bearing the clearest marks of having



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having been written by one who had access to at least a portion of the papers submitted subsequently to Her Majesty's Government. I never saw the article until my attention was directed to it by this very paragraph of the Despatch, but I have since ascertained who was the author. He has assured me that he saw no official papers of any kind, and in fact the article itself shows this.

Nor had he any idea as to the views of Government on the subject.

I was personally anxious that the scheme should not become public, but knowing how much such matters as this are talked of, often through inadvertence, was agreeably surprised to find that for several weeks after the Despatch had been sent off no word as to the fact transpired.

At last, about the middle of December, a short paragraph in the "Madras Athenæum" contained a very correct abstract of what had been recommended.

How it reached that paper I have not the slightest knowledge or suspicion.

From that period the newspapers wrote constantly on the subject, and it was discussed in military circles more or less incorrectly for several weeks, but nothing nearly as authentic as the statement in the "Athenæum" appeared, and some of the statements were exaggerated and mischievous. Where they came from I have no means of knowing. My own share in the matter is explained in a few words. About the middle of January, when very inaccurate reports on the subject were circulating, a gentleman connected with the press called on me and asked for information on the subject, and as the scheme had been dispatched more than two months previously, I did then give him confidentially more accurate information than was then in circulation, but not more accurate, though perhaps a little more detailed, than that given six weeks previously in the Madras paper. I also told him that I had reason, from private information, to believe the scheme would not be accepted. This gentleman, in whom I believe all departments have placed confidence, made a rather larger use of the information than I intended or expected; but he did not originate it, or, I think, in reality give the scheme a more authentic appearance than it previously had, but still he put it in such a shape that I was sorry for having made the communication.

This is all that ever went from me, or, I believe, from any one at all connected with this department, to the press directly or indirectly.

It remains now for orders to be passed on the several points adverted to in this note.

H. W. N., 5-6-69.

P.S.—A further memorandum from Colonel Broome, received after the foregoing was written, is also put up. Also now a third memorandum, dated 3rd July 1869.

MEMORANDUM by the Secretary to the Government of India in the Military Department, on the Despatch of the Secretary of State, No. 73, of 11th March 1869, replying to Despatch from the Government of India proposing a Scheme to induce Lieutenant Colonels to retire from the Indian Army.

I HAD prepared a memorandum on this Despatch when the publication, by authority, of the Secretary of State at Home of the whole correspondence connected with the proposed retiring scheme, led me to think it desirable to alter, and in fact to re-write the memorandum.

I have separately prepared the usual office note on the Despatch in my capacity of Secretary to Government; but as I was a temporary Member of Council, when the proposals of the Government of India were made, it seems to me fair that I should individually have the opportunity of vindicating myself for taking a prominent part in suggesting proposals which have been so absolutely rejected, on both financial and administrative grounds, by the Secretary of State.

The Controller General has furnished his memorandum on the Despatch, the first idea of which originated from his report of the 23rd May 1868 on the present state and future condition of the Staff Corps, and this will, I presume, form part of the enclosures to any Despatch sent by the Governor General in Council in reply to the Secretary of State.

I venture, respectfully, to submit my request that my memorandum may also be sent, for though I am exceedingly anxious to avoid any appearance of continuing to press a scheme objected to by Her Majesty's Government, or any modification of that scheme, it seems quite impossible for me not to endeavour to defend myself from the reflection thrown by the publication of the Duke of Argyll's Despatch on those who had a hand in a proposal condemned in such unqualified terms in that Despatch; and I have therefore thought it right to prepare this memorandum, and trust I shall not be thought guilty of any disrespect in so doing.

I would propose to deal with the subject in four parts,—first, to detail the circumstances which led to the proposals of the Government of India; secondly, to advert to the objections to those proposals on financial grounds, as set forth in the Despatch of the Secretary of State; thirdly, to reply to some of the objections raised in that Despatch on administrative grounds; and, fourthly, to briefly note the probable effect of the measures ordered by the Secretary of State to meet the evils complained of.

The mode of carrying out the orders of the Secretary of State has been entered into in my office note as Secretary, and need not here be alluded to.

First, then, as to the circumstances which led the Government of India to make a proposal in view to the inducement of a certain number of superior officers to retire.

For several years past the newspapers, both in India and in England, have teemed with articles and letters on the subject of the number of unemployed officers of rank in the Indian service, pointing out how the number was increasing, and how ruinous the system was in a financial point of view, while the unemployed officers themselves, though drawing good pay with next to nothing to do, were discontented, and many of them anxious to retire, and thus relieve the State of their presence, which was in some sort an inconvenience, and of the difference between their Indian pay and whatever might be given them in the shape of annuity or retiring pension.

There was a general sort of anticipation (not in the slightest degree fostered, as far as I know, by any in authority), that one result of the two popularly called "Grievance Commissions," which assembled in 1863 and 1865, would be the promulgation of some scheme for the clearance of superfluous officers. None of the measures resulting from the reports of these commissions, however, tended in this direction, while the boon of colonels' allowances to every lieutenant colonel of the staff corps of 12 years' service, and the simultaneous admissions of all Indian officers to the staff corps, who please to enter it, as conceded in 1866, and the increased impetus thereby given to the promotion of officers who remained "local," and their much earlier prospect of colonels' allowances brought retirements almost to a stand-still, and rendered any prospect of more than very rare and occasional retirements hopeless, while the promotions consequent on the measure added, as shown by my Minute of the 26th September last, 286 field officers at once to the Indian Army, with the certainty of a large and constant increase for many years to come.

Every officer in the Staff Corps or old Indian Army had now a certainty of his colonel's allowances (1,124 l. a-year) at an average age of 56 years; some of the local officers indeed at a much earlier age. It therefore was not to be expected that officers, save in rare cases of confirmed ill-health, or the possession of private means, would retire on the small pensions given at the earlier periods of service, and the evil of a large number of unemployed field officers for many years to come, and of an immense expenditure on colonels' allowances, in lieu of a smaller expenditure for ordinary pensions with a limited number of colonels' allowances, seemed imminent.

Various schemes for remedying this state of things were propounded in the newspapers and in conversation, nearly all containing some proposal for inducing retirements, but no one connected immediately with the Government, I believe, seriously considered these schemes until his Excellency the Commander in Chief officially brought to notice the unnecessary number of field officers, and the expense and inconvenience arising therefrom.

The matter then came officially under consideration; a scheme for retirement, having, at about the same time, been sent in by Colonel Hervey, of the Thuggee Department. Both documents, that of the Adjutant General, written by order of the Commander in Chief, and the scheme submitted by Colonel Hervey, were reported on by the Controller General of Military Expenditure, in accordance with regular official usage, and subsequently dealt with in the Military Department of the Government. Each Member of the Government in succession recorded his opinion on the report and proposals of the Controller General; mine, as temporary member in immediate charge of the Military Department, entering naturally very fully into the subject, and making proposals in modification of those of Colonel Broome.

In the main, it may be said that my proposals were adopted, and whether those proposals were deemed judicious or not by Her Majesty's Government, I submit that it was essential thoroughly to go into the subject, and to address the Home Government upon it. It was quite impossible to ignore the general, nay universal, feeling in India that something was required to reduce the number of field officers; and even if the proposal was rejected (as it has been), it was considered that it would be advantageous to have a positive decision from the Secretary of State to that effect, and thus relieve the army from the uncertainty that was felt as to measures likely to be undertaken.

A proposal accordingly went Home, and for some time (as shown in my note as Secretary) was quite unknown, as far as I can ascertain, to the Press or Public.

That proposal was believed to be an advantageous one on both administrative and financial grounds, and it seemed clearly the duty of the Indian Government, believing it to be so, to make it.

This leads me to the second point, viz., the objections urged to the proposals of the Government of India on financial grounds by the Secretary of State.

It was believed by the Government of India that its proposals would tend to economy, but the Secretary of State, in the 31st paragraph of the despatch, says that the apprehensions of the Government of India as to the increasing cost of the Staff Corps for effectives and non-effectives, are "greatly exaggerated," and that the adoption of the proposals would "involve an absolute loss of 467,000 l., including an immediate payment of 200,000 l., assuming that none of the unemployed officers are absorbed." How does it happen that a scheme carefully prepared, greatly in the interest of economy, is thus unequivocally condemned as expensive, and involving a loss of nearly half a million sterling? At first sight it would seem to any one that Her Majesty's Government, fortified by the calculations of an able actuary, must be right, and the Government of India entirely wrong; but

I venture

I venture to submit that, on a closer examination, this will hardly appear to be the case. How then can there be such a discrepancy between the two?

First, I would recapitulate what Colonel Broome points out in his memorandum of the 29th April, viz. :—

I. That there is nearly as much difference between the usual standard tables of life as there is between the result of the calculations of Major General Hannington and himself;

II. That the main objection raised by Major General Hannington to his (Colonel Broome's) calculations, viz., that in them allowance is not made for casualties occurring during the twelve years from 1868 to 1880, is not valid, an annual reduction of five per cent. for casualties throughout that period having been made by Colonel Broome, a reduction which experience seems to show is sufficient (see paragraphs 14, 15, 16, and last part of 21 of Colonel Broome's memorandum);\*

III. That, as I understand Colonel Broome's argument, the principle accepted and adopted in 1861 by Her Majesty's Government for inducing officers to retire was, save in matters of detail, the same as that now proposed, and is shown by General Hannington himself to have produced a total saving in the non-effective charges to a considerable extent;

IV. That Major General Hannington's tabular statements of retirements, based as they are on the experience arising from an entirely different state of affairs from those now prevailing, or likely to prevail, have little value when applied to calculations affecting the future;

V. That Major General Hannington has, in his calculations as to the number of colonels' allowances, made no reference to the proportion that will belong to the local army, which would, in his own method of calculation, bring up the maximum number of colonels' allowances to 888, of which 739 are of the Staff Corps. This, though less than Colonel Broome estimates it, is apprehended to be a sufficiently alarming prospect.

Having considered the foregoing points noted by Colonel Broome, it still seemed to me that one element was wanting in the calculations, that is, an element which has always appeared to me to be the most important one towards effecting a saving, viz., the pay saved by officers retiring, or the difference between pay and pension of such officers.

It is admitted by the Secretary of State that the estimated outlay consequent on the proposals would only amount to 467,000*l.*, "if none of the unemployed officers are absorbed"; and Major General Hannington, in paragraph 15 of his report of 4th February, glances at the possibility of a saving in this direction; but in point of fact it is the saving in this direction that would, it is believed, meet more than the outlay, even admitting all the other calculations of Major General Hannington to be accurate.

It struck me that if 100 were really absorbed out of the 200 lieutenant colonels who retired (supposing the full number for whom inducements were proposed, took them), there would be a saving, instead of a loss, of 467,000*l.*, while in each of the other 100, whose places required to be supplied at the bottom by subalterns, there would be some further, but smaller, saving. For instance, it appeared to me that as no colonel within three or four years of his colonel's allowance, that is, above 34 or 35 years' service, would retire on the not very large inducement offered, we might take the average service as lieutenant colonel; of those retiring, as five years. This would give them seven years in receipt of lieutenant colonels' pay prior to succession to colonels' allowances, or a *minimum* sum of 993*l.* each per annum, or 6,851*l.* each; so, if a hundred of the lieutenant colonels retiring were unemployed, or would have their places supplied in any way by unemployed officers of other grades, there would be a saving of 695,100*l.* Allowing that 20 per cent. of these officers were on furlough on half pay, we must deduct 69,510*l.* from the above, leaving a gain of 625,590*l.* against the alleged loss of 467,000*l.*

Of the other 100 some might be local officers, in whose room promotions would have to be made; but, as stated in my previous minute, and adverting to the extraordinary rate of promotion in the local service certain to continue, I would only give one step for two vacancies.

In this way there would be a further saving, especially as the pay of unemployed local officers is higher than that of Staff Corps officers; in each alternate case respectively of a local lieutenant colonel retiring, there would be either a total saving of a lieutenant colonel's pay, or the saving of the pay of a subaltern absorbed by promotion.

Where an employed Staff Corps officer has to be replaced by bringing in a subaltern (the only way he can be replaced, as far as the Staff Corps is concerned), there would still be a saving. Indeed the only class of officers on whom there would be no saving would

\* *Note*.—I confess that on this point I incline to think that General Hannington is correct, but Colonel Broome is about to submit a further explanation of his calculations.

would be those who held appointments the pay of which is consolidated, as in civil employ, or at the head of departments, and whose retirement absorbed no unemployed officer; but in this class the retirements would necessarily be limited.

In fact, making every allowance for circumstances unfavourable to my calculations, I think at least a *saving* of 120,000 *l.* might be expected from the proposals, instead of a loss of 467,000 *l.*

The exact saving must of course depend on the number of unemployed officers retiring or absorbed, and I will discuss the probabilities in this direction presently; but I would now observe that, having asked Colonel Broome's opinion as to the view just taken, he has prepared a further memorandum, dated 10th June, which is submitted to Government, and to which I beg to draw attention, which, going into some detail, bears out fully my argument as to the saving instead of loss in the proposal.

In this second memorandum Colonel Broome further points out a feature in General Hannington's calculations, which would appear to make a difference in the result as assumed by him of 176,108 *l.* in favour of the scheme.

I think, therefore, assuming that 100 lieutenant colonels were absorbed out of 200 retiring, there would be a large gain; and that even if only 60 or 70 of this 200 were thus altogether absorbed, there would still be no loss. Of course if less than 200 retired, the proportionate loss and gain on either side would probably be proportionately altered both ways; and in any case I cannot conceive the likelihood of an actual loss.

Before concluding this branch of the subject, I will consider why it is assumed that a certain number of the lieutenant colonels retiring will be unemployed officers, or will cause others unemployed to be absorbed.

In the 25th paragraph of the despatch of the Secretary of State, the Government of India is told "that there are no grounds whatever for anticipating that the officers now unemployed would be more ready to accept the terms now offered than other and more efficient men."

I am compelled to believe quite the contrary.

In 1861, when the inducements to retire were greater than those now offered, and when there was no certainty of colonels' allowances at any fixed period, and when therefore even an employed officer had a strong temptation to take the additional annuity, which, in the case of a lieutenant colonel, the grade now referred to, varied from 200 *l.* to 550 *l.* per annum, the majority of those who retired in Bengal were *unemployed*, though the proportion of these to the employed was less than it is even now.

At present employed lieutenant colonels are all in good positions, with pay varying from a minimum of 1,300 *l.* to 3,000 *l.* or 4,000 *l.* a year, with liberal furlough rules that did not exist in 1861, so that they can visit England on private affairs as well as on medical certificate. As, besides this, they are certain of a permanent income in England of 1,124 *l.* per annum after a service of 12 years in the grade, I should imagine that few employed lieutenant colonels would retire.

Judging from the cases I know of personally, or have heard of, those anxious to retire, or who would retire on the comparatively small inducement proposed, are almost entirely unemployed officers, and my impression is that, while probably not perhaps more than 150 lieutenant colonels in all would have accepted the proposal in the three Presidencies, at least two-thirds of these would have been unemployed officers. It is true that the returns only show 95 lieutenant colonels as now unemployed altogether, and some of these, from the short period they will have to wait for colonels' allowances, are certain not to retire; but on the other hand there are 63 lieutenant colonels on furlough, who hold no appointment whatever in India, and who may, for all purposes, be considered as unemployed officers.

Believing, as I firmly do, that the majority of those who retired would be unemployed, while the retirement of others would absorb unemployed officers of their own or some other rank, and thus render admission or promotion unnecessary, and recollecting that there are even employed officers whose situations would not be filled up, I think there can be no doubt whatever that the loss assumed by General Hannington, if the proposal had been carried out, is quite fallacious, and that under the least favourable circumstances that could be expected in the matter of retirements, there would be a very large pecuniary gain on the whole scheme.

I do not think there is any more that I can say on this part of the subject, but I trust I have said enough to show that there was sufficient ground, when the proposal was made, to justify the Government of India in believing that a saving, and not a loss, would arise from it.

In treating now of the objections offered to the scheme of the Government of India on other than financial grounds, I trust I shall not be deemed to go beyond my province. It seems essentially necessary to put forward a reply, and to show that the Government of India was not altogether without reasons for the view it took, and that with some knowledge of the exact state of affairs at present in the Indian Army, it did not inconsiderately submit proposals which would be injurious to the public interests.

The Secretary of State considers that the apprehensions of the Government of India as to the embarrassment arising from a probable excessive number of field officers are exaggerated, and it is intimated that there is too great a tendency to judge of what is the proper proportion of field officers by the conventional standard of a British regiment.

Though there may be some differences between the estimates of Colonel Broome  
and

and Major General Hannington, I think, even if we assume the latter to be correct, the Government of India may not, without reason, think there is embarrassment in the prospect of having, in the year 1879, no less than 1,305 Lieutenant Colonels and Majors in a body of officers, numbering probably much less than 3,000, besides 205 officers on colonels' allowances, and that from 1869 to 1881, there would be over 1,100 Field Officers. This is independent of the Field Officers of the local Army, who will be probably at no distant date more numerous than the Captains, while local subalterns will very shortly disappear. Making every allowance for the difference of the duties required of Staff Corps Officers and Regimental Officers, this prospect seems to have justified serious consideration, and I am not aware that the Government, or any Member of it, ever thought it necessary that the proportion of the different ranks should be the same in the Staff Corps as in a British Regiment. In my Minute I especially guarded against any assumption of this kind, and more than once pointed out that there ought to be a very unusual proportion of superior officers in the Staff Corps; but I thought that 900 Lieutenant Colonels and Majors would be very ample even after all local Field Officers had disappeared.

It hardly appears, therefore, that the proposals originated from exaggerated misapprehensions, or from a false idea as to the proper constitution of the Staff Corps with respect to proportion of officers.

Next, the Secretary of State thinks that the proposal would not have the effect desired by the Government of India of reducing the number of unemployed officers, as they would be no more likely to retire than employed officers, while the retirement of the latter would inflict an injury on the State and embarrass the public service.

In a former part of this memorandum, I have given reasons for believing that the retirements would be mainly among unemployed officers. I can only repeat my conviction to this effect, and I cannot suppose that any embarrassment would arise from the retirement of employed officers to the utmost extent that is likely. In fact, various regiments have been commanded for almost unprecedented periods by the same officers, and, as a rule, there has been a stagnation for the last seven years in the upper ranks of corps and departments, so that I believe a great benefit would arise instead of an injury to the service by the retirement of a moderate number of employed Lieutenant Colonels, whose places would be filled by the advancement of junior officers of departments or corps, and here and there, perhaps, by the absorption of unemployed officers.

The Secretary of State reminds the Government of India that, even after the offer of inducements to retire, it would be in no better position than at present to enforce retirement. As respects actual power to remove officers to the retired list, this may be true, but there are considerations at present which, though not touched on in the Secretary of State's Despatch, cannot but now operate to prevent stringent measures towards removing officers from the service.

Many of the unemployed officers are of unexceptionable character as gentlemen. They became unemployed through the mutiny and disbandment of their corps; and, had not this misfortune happened to them, would probably have remained on, and if not considered good officers would still have, possibly, never been considered as inefficient. Under a new system, requiring vigour and judgment in senior officers, they are not thought fit for employment, and yet a Government like that of India would ever be loth to act with harshness to officers so circumstanced. If, however, these officers, having an increased pension and a bonus offered to them, coupled with a warning that henceforth officers who remained unemployed beyond a certain period would be placed on the pension list, persisted in remaining on without a hope of active employment, no one could feel much compunction at seeing them, after a further period of unemployment, placed on the retired list.

At all events, what would be deemed harsh conduct towards officers of this description now would be viewed in a different light if these officers declined to accept an offer of retirement now made to them.

The Secretary of State further refers to a misapprehension as to the object of pensions, and thinks there is a great objection to induce officers to retire too early. As the proposal of the Government of India only held out special inducements to officers of a minimum of 26 years' service for the temporary measure, while their average service would probably be over 30 years, and the permanent proposals only touched officers of 25 years' service and upwards, I cannot think that the Government would lose much by any retirements likely to take place under such schemes.

If an officer has not risen, or has not an immediate hope of rising, to a command or responsible position after 25 years' service, I imagine that the retirement of that officer will not be a very serious loss to the State, while the officer who is thoroughly useful, and who has attained to a comfortable position, or is likely to do so, will hardly retire on the very small income proposed, either as a temporary measure, or on the permanent scale of pensions.

Stress is laid by the Secretary of State on the liberality of the pensions now given, which are said to be more liberal than in any other military service in the world. If this is admitted, I would still remark, that in no army in the world that I know of are officers always on foreign service in a hot climate; that the rates have been the same for very very many years; that they are very small in proportion to the pay of those in active employment, which latter is certainly not excessive when compared with expenses; and that, looking to the general scale of incomes among the class who enter the Indian service as a livelihood, a pension of 191 l. 12 s. after 20 years' Indian service, or even of 456 l. 5 s.

after 32 years' Indian service, does not strike the mind as a very tempting prospect. The higher pensions of 600 *l.* and 750 *l.* a year are practically inoperative as respects the officers concerned, as these pensions are not attainable until close on the period at which Colonels' allowances are claimable.

Another objection raised is, that the adoption of any measures of the kind proposed would irritate the large body of officers transferred from the Indian to the British Army, who would not partake in the benefits. This may be an objection, but as respects those who are in Her Majesty's Cavalry and Infantry, the grant just announced of the privilege of the Indian Pension Rules, even if they exchange into purchase Regiments and serve henceforth out of India, will remove one great cause of discontent among a considerable body of officers, and I cannot think that this objection, as far as it may hold good with respect to artillery and engineer officers, is insurmountable, and should of itself alone override the propriety of adopting a scheme proposed on broad grounds by the Government of India.

The objection that a measure of the kind proposed would unsettle the minds of officers and lead them to expect further measures is, I think, answered by the fact that they have for the last seven years expected some measure, and I much fear will continue to expect some measure. Had the scheme proposed been adopted, I think it might have been announced in a way calculated entirely to set men's minds at rest as to the possibility of any future scheme being approved. Two special grounds might have been assigned for the measure as a final one at this time, *first*, to give unemployed officers of the old army, who now have little prospect of further usefulness, the opportunity of voluntary retirement; and, *secondly*, to reduce the number rising to colonels' allowances under the order of 1866. Since the retiring scheme of 1861 was carried out, the whole army has been reorganised, and officers who then felt uncertain as to their future prospects in the service, and may have remained on, hoping for employment, must by this time feel pretty certain as to their prospects in that direction.

I believe this scheme would have been accepted and looked on as final.

At present I see the press is far from accepting the present decision; indeed, a very influential paper says that, now that the proposal of the Government of India is rejected, "the way is cleared for a more liberal and comprehensive scheme."

I would here observe that an important proposal of the Government of India is not either approved or negatived by the Secretary of State. I allude to the restriction of admissions to the Staff Corps by a gradual reduction of the large number of officers in civil employ. As some misapprehension exists on this subject, it may be well to point out that, while the greatest benefit may arise from a liberal admission of military officers to those important branches of the civil or political service in which a career is open for all possessed of ability to rise to high posts, and in which officers may fairly expect to serve until retirement, there is a branch of civil employ in which the prizes are so few that after some years, officers become dissatisfied. I allude to the police, in which there are a large number of military officers, for whom, as they rise in rank and years, there are few suitable positions, while the subordinate officers might, save in peculiar situations, be non-military persons. The return to the military service of police officers threatens a serious inconvenience, and in Bombay already, that Government sends back to military duty or non-duty all police officers on their becoming lieutenant colonels.

I will now, as briefly as possible, refer to the measures decided by the Secretary of State, and their probable effect.

They are—

I. To divide the unemployed officers of the staff corps, or cadres of regiments, into two classes, *viz.*, those qualified in all respects for employment, and those from various causes not qualified, and to remove from the service those not considered qualified according to the definition of the Secretary of State.

II. To employ, as if qualified, according to regulation, those officers whose names were borne on regimental cadres prior to the re-organisation of the army, who have not passed the prescribed examination in the native languages qualifying them for employment:

III. To require the young officers who were admitted to the Indian service under special conditions between 1858 and 1862, when all examinations to the Indian service ceased, to pass within a specified period, on pain of removal altogether from the army.

Now, the first measure will be found in practice, and if not carried into effect simultaneously with some retiring scheme, to be very difficult.

The Secretary of State appears to lay down that every officer should be employed, or should be removed from the service; but he considers that only those whose moral delinquency or mental incapacity would have caused their removal from the service under the system in force before the amalgamation, can now be compulsorily removed.

All I can say is, that I am quite certain not 10 per cent. of the unemployed officers can in any fairness be classed under such a category, and yet of the remaining 90 per cent. a majority, I might say a large majority, are not fitted for employment in any position of real trust or independent command.

Those who are young may improve, but field officers, the class we are really discussing

cussing, who for 10 or 12 years under successive commanders in chief have remained without any actual employment, can hardly be, for the most part, officers who a commander in chief would like to place in important positions.

Here and there, there are very capable officers who, from accident or from recent loss of appointment, are unemployed. Such are sure to be employed eventually, and his Excellency the Commander in Chief in India is known to have exerted himself greatly to employ unemployed officers; but however much his Excellency may be inclined to strain to the utmost a generous appreciation of the good qualifications an officer may possess, I should be very much surprised if he does not consider that there are many unemployed field officers who certainly would not have been removed from the service under the old system, and who would indeed under it have commanded regiments, or perhaps brigades, who are totally unfit to be entrusted with the commands or positions which would now-a-days fall to lieutenant-colonels in an army greatly composed of soldiers more difficult to manage than the soldiers of the old army, and under a system where great discretion and power is entrusted to senior officers. In saying this I allude especially to Bengal, but in a great degree the argument applies to Madras and Bombay. I also assume that the actual employment of officers must rest greatly with the Commander in Chief, for the civil departments, save in rare cases, will only consent to be recruited from among young officers, and in the army departments to bring in unemployed, and, as respects departmental duties, untrained officers over the heads of those who have long been in the department seems impossible. In fact, the theory of the Secretary of State in this Despatch hardly appears to recognise the paramount necessity, as respects the Indian Service, of looking to something higher in an officer than a mere escape from "moral delinquency or intellectual incapacity," and fails to accept the fact, so strongly forced upon attention out here, that there is hardly a situation in the Indian administration, and certainly not one that can be properly given to a field officer in the army, in which it is not better almost to pay any pension than to place an incompetent officer.

It appears too that some little consideration might fairly be extended to those officers who have done good service for many years past, and who might now be superseded in appointments they had not unnaturally looked for by the placing of unemployed officers over their heads, the latter in many cases being possibly without anything like equal merit or claims.

An acquaintance with the unemployed field officers in Bengal, and I imagine it must be much the same in Madras and Bombay, would, I believe, convince the Secretary of State that the scheme he proposes cannot, without danger to efficiency, and we cannot afford to run such risks, really tend to reduce the unemployed list in any very appreciable degree.

The second order is to employ unpassed officers just as if they were passed according to qualifications.

It will doubtless seem to some passed officers who have exerted themselves to qualify in the Native languages, that it will be rather hard to be deprived of a step they had expected in a regiment or department by the placing over their heads of an unemployed unpassed officer, who must necessarily have been without employment for several years at the very least.

But passing over this hardship, though I think it should be not altogether disregarded, is the officer who ever since he entered the service from 10 to 30 years ago, knew he could obtain no real advancement without passing, and who for 10 years has been denied all real duty or staff pay and yet never tried, or at all events managed to pass the examination, is such an officer, who must be idle or stupid, or certainly without zeal, or all three, is such an officer likely to turn out a good incumbent of a situation involving energy and responsibility, as now do nearly all situations in the Indian Army, more especially those that could be held by senior officers of the grade it is most desirable to reduce?

In point of fact, the officers removed from the service under the Secretary of State's order as unqualified will, I venture to predict, be so few as to hardly affect the total of unemployed officers, while those not removed will, either for the most part remain unemployed, or will obtain situations where their presence will in many cases be a calamity.

The third measure is to remove the young officers of the general list, who will not pass in the languages within a certain period. This order only affects 86 officers in the three Presidencies, doubtless most of whom will now pass within whatever period is fixed. The effect of this rule will be good, even though the threat of removal may seem harsh.

I have now gone through all that occurs to me in connection with the Despatch, and with all respect I would summarise the conclusions at which I cannot but arrive as follows:—

1st. That the proposals sent home by this Government would have tended to economy and efficiency.

2nd. That the orders issued in supersession of these proposals will be either operative to a very small extent, or detrimental to efficiency.

If, however, it is not deemed desirable to urge Her Majesty's Government to re-consider the proposals, or if, on re-consideration, they are still rejected, I would urge very strongly that the resolution arrived at be affirmed in the most positive manner, and that

the officers of the army be given distinctly to understand that, under no circumstances whatever, will any scheme to induce retirement be entertained.

At all events I shall feel I have frankly and fully stated all that occurs to me on the subject, and that I do so as a matter of duty and with no personal object whatever.

26 June 1869.

H. W. Norman.

MEMORANDUM by the Comptroller General of Military Expenditure; Simla, 29 April, 1869. No. 25 U.

THE undersigned has the honour herewith to return the Military Despatch, No. 73, from the Right Honourable the Secretary of State for India, dated 11th March 1869, with its enclosures, received with Case 1 of Schedule No. 6,\* which was forwarded for any observations or suggestions he may desire to offer.

\* Dated 17th April 1869.

2. As regards the general question involved in this Despatch, after the very decided opinion expressed by His Grace the Duke of Argyll, the undersigned considers that it would be unbecoming on his part to offer any further arguments in support of the views expressed in his previous memorandum, No. 30 T. of 23rd May 1868; but he would, with all deference, beg leave to offer a few remarks in regard to the allegation of incorrectness in the calculations submitted with that memorandum, without entering into any controversy on the general question, as that may be considered definitively settled.

3. The Secretary of State referred the memorandum and the calculations contained in its appendix to Major General Hannington, an officer who possesses so high a reputation for ability in dealing with questions of this nature, that the undersigned feels considerable diffidence in expressing opinions contrary to his conclusions.

4. Major General Hannington has submitted a report on the calculations in the undersigned's memorandum, and also an elaborate formula for the construction of a new set of tables which are attached.

5. According to these latter, he reduces the maximum number of Colonels of the Staff Corps in the probable receipt of Colonel's allowance from 982, as estimated by the undersigned, to 749, and fixes the period of attaining that maximum as the year 1896.

6. The undersigned, in his report, purposely avoided the employment of, or reference to, algebraical formula, as practically these are understood by few, and even those who in earlier years may have studied the subject, if not in the habit of making such calculations, can scarcely appreciate the real value of these formula.

7. In dealing with probabilities, there must be a liability to error, and the ablest actuaries have employed various formula and deduced tables from them with very different results. For instance, taking the several standard tables of expectation of life for, say, an officer just attaining his company in the Staff Corps, which he would ordinarily do at 30 years of age, according to the following tables his expectation of life is—

Chester Tables	-	-	-	-	-	31.30 years.
Northampton Tables	-	-	-	-	-	28.27 "
Carlisle Tables	-	-	-	-	-	34.34 "
Government Tables	-	-	-	-	-	33.17 "

8. Thus, it will be seen that the difference between the Carlisle and Northampton tables in this respect is nearly as great as that between the result of the calculations submitted by the undersigned and those deduced by Major General Hannington.

9. The main objection raised by the latter officer to the calculations submitted by the undersigned is, that in Appendix J., annexed to Memorandum No. 30 T., allowance is not made for casualties occurring during the 12 years from 1868 to 1880.

10. A reference to the previous Appendix I., of which J. (up to 1880) is a summary as regards Colonels, will, it is believed, show that this objection is not valid.

11. It will be seen that an annual reduction of five per cent. has been allowed throughout for the casualties amongst the Colonels, as explained in paragraph 56 of the Memorandum.

12. The result is that, although 527 officers, according to their standing, on 1st January 1868, would, exclusive of casualties, be advanced to the Colonel's allowance in the 12 years, only 438 are represented as actually receiving it on 1st January 1880. Five per cent. in this case represents only the death casualties, no other being likely to occur in that grade. In the other grades in which the annual deduction is made in the same way, the per-centage of casualties includes both deaths and retirements.

13. Thus it is clear that the casualties are provided for in every grade for the first as well as the subsequent years of the series.

14. The



FIELD OFFICERS OF THE INDIAN ARMY.

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14. The actual results, as shown by the last (1st April) Army Lists as compared with the estimate of the undersigned for the beginning of 1869, do not warrant the belief that the provision for casualties was neglected or under-rated.

15. The figures severally are as follow :

	Estimated.	Actual.
Colonels in receipt of Colonel's allowance - - -	10	10
Lieutenant Colonels - - - - -	490	515
Majors - - - - -	584	587

16. The few officers promoted in the beginning of this year very nearly representing the difference, and giving, as far as can be now ascertained, an actual surplus of five field officers on 1st January above the estimate of the undersigned.

17. Major General Hannington, in support of his own view, and in opposition to the general theory of increasing cost in the annual amount of Colonel's allowance, which the undersigned represented as the serious impending evil, points to the fact that the charges for pensions and colonel's allowance together have decreased since 1862-63 by an average of 13,103 £, and of colonel's allowance alone of 10,712 £ per annum.

18. But under the peculiar circumstances of the period in question, the undersigned ventures to think that the natural deduction from these results would rather tell the other way.

19. Prior to the amalgamation, there were 176 colonels' allowances for the Native Army, Infantry, and Cavalry, viz.:

	Infantry.	Cavalry.	Total.
Bengal - - - - -	74	10	84
Madras - - - - -	52	8	60
Bombay - - - - -	29	3	32
	155	21	176

20. In December 1861, about 200 officers were induced to retire by the offer of extra pensions ranging from 550 £. to 150 £. additional, according to standing. Of the officers who accepted this scale, nearly half were lieutenant colonels, and as under this arrangement the Government had purchased their claims to the colonel's allowance, their names were kept in the Army List, but *in italics*, and as they were nominally promoted to colonels, the step was a lapse, and the colonel's allowance they would have received was a gain to Government.

21. This number has been reduced from 176 to 134, viz.:

	Infantry.	Cavalry.	Total.
Bengal - - - - -	49	8	57
Madras - - - - -	46	4	50
Bombay - - - - -	24	3	27
	119	15	134

The reduction in seven years being 42, or six per annum, less than the five per cent. allowed by the undersigned for the casualties in this grade.

22. Twelve officers have also been transferred from the Indian to the Imperial List, making a total reduction in the former of 54, equivalent to a present total decrease in cost of 60,741 £. 18 s. per annum. In like manner, every extra pension that lapses is a permanent gain to Government.

23. It may be here observed that the principle on which the extra pensions were granted in 1861, is precisely similar to that proposed by the undersigned in his memorandum, viz., that Government should buy up the claims of senior officers to the colonel's allowance by giving an equivalent to the value of that deferred annuity.

24. The undersigned is under the impression that Major General Hannyngton drew up the scale for such purchases; but the Secretary of State for India modified the scale by giving even sums in groups of 3, 5, 10, &c., according to standing, instead of the precise value of each individual's claim. In this case the whole value was given in additional pensions; the undersigned proposed to give it partly in additional pension and partly in a bonus as being more likely to prove acceptable.

25. Major General Hannyngton's tabular statement of retirements on pension for 20 years prior to the mutiny, annexed to his report, has little practical reference to the present date. Then the large majority of retirements was the result of regimental purchase, which is now at an end.

26. But admitting that Major General Hannyngton's estimate may be the more correct one, it is to be observed that he calculates on a maximum number of colonels with colonel's allowance in the staff corps at 749, instead of 982, according to the calculations of the undersigned. He makes no reference to the local colonels, of whom at the same period the undersigned calculated there would be 172. Reducing this latter number according to Major General Hannyngton's ratio would give 139, which with the 749 of the staff corps would represent a total of 888 recipients of the allowance, which will give an annual cost of 998,866 *l.* 16 *s.*, or close upon one million sterling, and this for a purely native army, not half the strength of that for which, prior to the mutiny, 176 colonels' allowances were deemed sufficient at an annual cost of 197,973 *l.* 12 *s.*

27. The undersigned most sincerely trusts that his estimate may ultimately prove to be an exaggerated one, as the results of the modified and reduced calculations, as shown above, are indicative of a very severe pressure on the finances of the Indian Empire.

28. As a question of military economy, the undersigned would venture to suggest that the decision of the Home Government should be communicated to the army officially, as there are undoubtedly some officers disposed to retire from the service, who delay so doing in the hope of some inducement to resignation being offered. If convinced that no such offer is likely to be made, they would probably retire at once. It is to be feared, however, that the number of those so inclined is not very large.

*Arthur Broome, Colonel,*  
Controller General of Military Expenditure.

MEMORANDUM by the Controller General of Military Expenditure; Simla, 10th  
June 1869, No. 92 U.

IN acknowledging Military Department Office Memorandum, No. 177 of yesterday's date, the undersigned has the honour to state that, undoubtedly, in estimating the probable loss or gain to the State by the adoption of the proposal of the Government of India to give additional pensions with a bonus to 200 Lieutenant colonels to induce their retirement, the calculation should, on the one hand, exhibit the present value of the probable amount these officers would receive if they remained in the service, and, on the other, the present value of their probable receipts if they retired on the terms proposed.

2. In the first case, this would represent their effective pay, Indian or furlough, during the period until, having completed 12 years' service as substantive Lieutenant colonel, they became entitled to the colonel's allowance, and from that date their colonel's pay with that allowance for the remainder of their lives.

3. In the latter case, the ordinary pension, with the addition of 150 *l.* per annum for life, and the proposed immediate bonus of 1,000 *l.*, must be taken into the calculation.

4. In Major General Hannyngton's estimate, he has taken the terms of the latter condition into full account; but, in the former case, he has only estimated for the present value of the deferred annuity of the colonel's allowance, entirely omitting the important item of the present value of the amount of effective pay to be drawn by the officers in the interim, prior to their attaining that allowance.

5. This omission very materially affects the results to the extent of nearly a million sterling; for, whilst General Hannyngton's statement exhibits a probable loss to Government of nearly half a million sterling, the gain, including this item, would, on the most moderate calculation, amount to above half a million.

6. This is capable of clear demonstration by the following figures.

7. It may be premised that the proposed grant was to 200 substantive lieutenant colonels,

colonels, and it may be inferred that these officers would necessarily be amongst the juniors of that grade.

8. No officer who, having served six years in the substantive rank of lieutenant colonel, and having only six more to serve to entitle him to his colonel's allowance, of which two at the least might be passed in Europe on furlough on medical certificate, would be likely, unless in very bad health, to give up the certainty of an annuity of 1,125 *l.* deferred only for six years, for so inadequate an equivalent as an additional pension of 150 *l.* and a bonus of 1,000 *l.*, more especially when the pay to be drawn in the interim would be so much more than the proposed pension. The only officers likely to accept the proposed terms would be found amongst those who had from 12 to 6 years to serve, and probably the average would be officers of 30 years' entire service, who had already served four years in the grade of lieutenant colonel, and still had eight years remaining to serve for the colonel's allowance, of which two could be passed on furlough.

9. This average may, for the purpose of estimate and comparison, be assumed as a fair and reasonable one.

10. Major General Hannington's calculation, as given in abstract in paragraph 12 of his Report of 4th February 1869, and in detail in Table VII., is as follows:—

Present value of 200 pensions of rank for life -	£.	£.
	= 813,995	= 4,069 per officer.
Ditto - - 200 extra pensions of 150 <i>l.</i> for life =	378,677	= 1,894 "
Bonus to 200 officers at 1,000 <i>l.</i> each - - -	= 200,000	= 1,000 "
Total Value - - -	£. 1,392,672	= 6,963 each.
Present value of 200 deferred annuities of		
1,124-871 <i>l.</i> - - - - -	= 925,564	= 4,628
Difference being the estimated loss to Government -	£. 467,108	= 2,335 each.

11. It is difficult to estimate the present value of the 200 officers' pay until they attain their colonel's allowance, so as to correspond precisely with General Hannington's other calculations, as his tables do not give any estimated "expectation of life," or the present value of annuities for a limited period. A close approximation may however be obtained.

12. Neison's Tables of life, which he employs, show that if 4,766 were living at 48 years of age (the equivalent of 30 years' service) at 56 years of age, when the colonel's allowance would be attained, 3,609 would still remain alive; the decrement in eight years being 1,157, or less than a quarter of the original number. But this decrement is very evenly spread over the whole period, so that in the case of the casualties that might take place, the annuities would have to be paid for shorter or longer periods of from one to eight years, reducing the decrement, as regards such payments, to one-eighth of the original number.

13. Some of the officers retiring would be drawing consolidated allowances, but the majority would be in receipt of the pay of lieutenant colonel, either—

In the Cavalry - - - - -	£.	s.	d.
	= 1,388	8	-
In the Infantry - - - - -	= 1,238	14	-
Or in the Staff Corps - - - - -	= 993	9	-

per annum, if in India, or half these amounts if on furlough under the new rules. The Staff Corps rate may, therefore, be assumed as the minimum average that would be drawn.

14. Adopting this rate, the result for the eight years prior to attaining the colonel's allowance would be—

Two years' furlough on half pay - - - - -	£.	s.	d.
	= 993	9	-
Six years' full pay in India - - - - -	= 5,960	14	-
Total drawn in Eight years - - - - -	£. 6,954	3	-

giving an average of 869 *l.* per annum for the eight years in round numbers.

15. The present value of an annuity for eight years of 869 *l.* according to the Carlisle Tables, calculated at five per cent., would be  $6463213 \times 869 = £.5,616^5$ ; but deducting

one-eighth this amount, or 702 *l.*, for probable casualties as noted above, the result would be £4,914·6 per officer, or 982,900 *l.* for 200 officers:—

16. According to General Hannington's own figures, therefore, the calculation should stand as follows:—

	£.
Present value of eight years' pay to 200 lieutenant colonels -	982,900
Ditto - ditto deferred value of colonel's allowance for 200 lieutenant colonels - - - - -	925,564
Total present value if the officers remain in the service -	1,908,464
Present value of increased life pension and bonus to 200 lieutenant colonels - - - - -	1,302,372
Difference being the real gain to Government of the officers retired £.	515,792

17. Thus, instead of a loss of 467,108 *l.*, there would be a gain to Government of 515,792 *l.*, making a total difference of 982,900 *l.*

18. It might be urged that if 200 lieutenant colonels retired, their places must be filled by subalterns to be admitted to the staff corps in their room, whose pay should constitute a set-off against the saving thus exhibited. Were this argument valid, there would still be a considerable gain, as the Indian pay for 200 subalterns in eight years would only amount to 433,440 *l.* Practically, however, there would be no necessity for such replacement.

19. Of the 200 officers likely to retire, a considerable portion would doubtless be unemployed, for these would have the least inducement to remain in the service, whilst others would be holding civil appointments often unsuitable to their rank, and which it would be neither necessary nor desirable to fill up with military men. The military appointments and commands likely to be vacated by these retirements could be met from the surplus officers at present unemployed, of whom it may be safely inferred that a sufficient number would be found qualified.

20. At the beginning of this year there were 374 officers unemployed, of whom 95 were lieutenant colonels, 70 majors, 209 captains and subalterns. Thus, it is evident that 200 retirements amongst the lieutenant colonels would not render necessary any corresponding addition to the staff corps.

21. There is one other point in Major General Hannington's calculations which, as they have been adopted by the Right Honourable the Secretary of State, it may be desirable to bring to notice.

22. Instead of calculating the present value of the probable receipts in either case of 200 junior lieutenant colonels, Major General Hannington estimates the aggregate value of the claims of all the lieutenant colonels in the staff corps and of 226 senior majors, who, under the proposed scheme, would not have been allowed to claim the retiring pensions and bonus; and from the total amount thus deducted, he assumes the proportion for 200 officers, by which arrangement he brings into the calculation a number of officers, the value of whose claims to the immediate additional pensions would be comparatively large, whilst that of their prospect of the deferred colonel's allowance would be proportionately small, thereby materially affecting the result deduced.

23. This will be better understood by assuming that the average of the 200 retirements would be after 30 years' service as inferred above, when the present value of the increased pensions (£365+150=£515), and of the deferred annuity of the colonel's allowance (1,124 *l.* 17 *s.* 5 *d.*, or, in round numbers, 1,125 *l.*) would be according to General Hannington's own Tables:—

Present value 200 proposed pensions -	12·107 × 515=6,235	£.
Ditto - ditto - deferred annuities -	5·1385 × 1,125=5,780	
Difference -	£. 455	

£455 × 200=£91,000 + £200,000=£291,000, instead of £467,108—the amount of loss estimated according to the general average adopted.

*Arthur Broome, Colonel,*  
Controller General of Military Expenditure.

## MEMORANDUM by the Controller General of Military Expenditure.

Simla, 3 July 1869.—127 U.

IN continuation of memorandum No. 25 U, dated 29th April last, from this branch, the undersigned would beg leave, with reference to paragraphs Nos. 9 to 13 of that memorandum, to offer the following remarks regarding the point therein noticed, with the view of obviating any possible misconception on the subject.

2. It is to be borne in mind that in the statements originally submitted with this Department memorandum No 30 T. of 23rd May 1869, the calculations were all of a simple arithmetical nature, a course which was purposely adopted in order to render them perfectly plain and comprehensible, and to afford greater facility for testing their correctness.

3. In estimating not only the number of survivors on a given date but for a series of years, as also the position of the officers according to their ages and grade for every year, ordinary figures do not afford the same facilities as algebraical formulæ, and, to attain the somewhat complicated result desired, a comparatively cumbrous and circuitous mode of calculation was rendered unavoidable.

4. The whole of the officers in the staff corps were taken into account; their date of entrance into the service being known their periods of promotion were easily ascertained, and an average of casualties in each grade, based on past experience of mortality, was adopted.

5. The progress of each annual batch was thus calculated year by year, the promotions and the casualties being shown, and the resulting total carried on to the next year.

6. Undoubtedly there is a defect in this arrangement, although, under the circumstances, an unavoidable and in the long run, not a very serious one, viz., that in bringing forward the annual batch for promotion, the only figure that could be employed is that of the present numbers eligible. This is the error alluded to by Major General Hannington, who observes that the number so brought forward should be reduced by the probable casualties during the period intervening between the present time and the date of promotion.

7. But the undersigned would observe that the casualties occurring or likely to occur during that period have already been provided for and are shown in the annual totals brought forward; and to allow for them again in each batch promoted would be to cause a double deduction.

8. The arrangement adopted leaves the grand total correct, but admits of error in allotting larger numbers to the higher grades. The evil being greatest in the earlier years of the series; but its tendency is to diminish rather than increase in accumulative ratio.

9. To prove the defect, Major General Hannington adopts a comparative process of calculation, and shows that according to a table of existing lives, the number of survivors at the commencement and end of a given series should be the proportion between the present number entitled to promotion and that likely to obtain it.

10. Carrying out this principle which, where the survivors at a given date only are required, is equitable and simple, and applying it to the existing officers, or rather to the number existing on 1st January 1868, for which date the original statements were framed, it will be seen by the annexed statement based on the table of lives employed by Major General Hannington, that of the 2,220 officers, who by their standing would be entitled, if they survive, to the colonel's allowance in 1896, the year which he assigns as the maximum, 882 would be in receipt of that allowance instead of 726, which is the figure he deduces. The maximum year would really be 1897, when his total is 749, and when, according to the process now adopted, based on the expectation of life, the figure above given would be proportionately increased.

11. This figure, it is to be remembered, is not confined to those who will at any time attain the colonels' allowance, but to those who will do so by, and retain it in, the year 1896.

12. Moreover, it is confined to the staff corps alone. But there are, or on 1st January 1868 were, 958 local officers of all ranks, of whom 141 were already in receipt of the colonel's allowance, leaving 817 to attain it.

13. Assuming the same proportions as for the staff corps, the result will be (2,401 : 817 :: 828 : 300) a further addition of 300 local officers, who will be drawing the colonel's allowance in 1896, irrespective of any possible survivors amongst those now in receipt of it, being a larger maximum of recipients and of ultimate expenditure than the undersigned had estimated.

14. As illustrating the remark contained in paragraph 7 of this office memorandum No. 25 U., regarding the varied results obtainable in uncertain calculations of this nature, according to the formulæ and tables employed, it may be observed that in calculating the surviving officers in 1896 in receipt of colonel's allowance, according to the Carlisle Tables, and for economy of time, taking the average age of each grade, which, in a corresponding

## PAPERS RELATIVE TO THE RETIREMENT OF

trial by Neison's Tables, gives a little smaller result than when each year is worked out separately, the total number of staff corps officers would be 1,291, as noted below:—

4657 : 1841	:	391	:	154	:	Present average age of 46 years.
5009 : 2525	:	645	:	325	:	" " 41 "
5474 : 3521	:	739	:	475	:	" " 33 "
5748 : 4000	:	485	:	337	:	" " 28 "
Survivors entitled in 1896 to					}	
colonels' allowance					- } 1,291	

15. Taking all the foregoing circumstances into consideration, and making the fullest allowance for the final consequences of the defect inherent in the mode of calculation unavoidably adopted in the original memorandum No. 30 T., from this branch, the undersigned considers that there is every reason to apprehend that the result, as regards the pecuniary interests of Government, were not exaggerated in that memorandum.

*Arthur Broome, Colonel,*  
Controller General of Military Expenditure.

STATEMENT showing the actual Number of Staff Corps Officers in the Service on 1st January 1868, with their probable Ages, supposing them to have joined the Army when 18 years old; also the probable Number that will not only survive to attain the rank of Colonel with Colonel's Allowance, but will remain alive in the year 1896; according to the Life Tables employed by Major General *Hannington*.

AGE.	Number existing at each Age on 1st January 1868.	Probable Number that will Survive in 1896.	Years in which they will attain Colonel's Allowance.	AGE.	Number existing at each Age on 1st January 1868.	Probable Number that will Survive in 1896.	Years in which they will attain Colonel's Allowance.
56 to 56	37	3.0	1868 to 1874.	40	116	46.1	1863
Average 59				39	119	48.1	1864
55	3	0.4		38	98	40.2	1865
54	2	0.3		37	106	44.0	1866
53	5	1.0		36	90	37.7	1867
52	6	1.3		35	84	35.4	1868
51	12	2.8		34	74	31.4	1869
50	18	4.6		33	68	29.1	1890
49	17	4.6		32	72	30.0	1891
48	27	7.0		31	117	50.8	1892
47	34	10.6	30	127	55.7	1893	
46	58	19.0	29	128	56.6	1894	
45	91	31.2	28	163	72.7	1895	
44	81	29.0	27	155	69.8	1896	
43	136	50.1	26				
42	90	34.1	25				
41	88	33.4	24				
				TOTAL	2,220	881.9 or 882	

NOTE by the Honourable Sir *H. M. Durand*,—Simla, 9th August 1869.

WHATEVER the views of the Members of Government may be on the somewhat conflicting calculations of Major General *Hannington* and Colonel *Broome*, as also those of Major General *Norman*, I suppose that there will be no difference of opinion as to compliance with the request of the latter officer. I propose, therefore, that the memorandum of Major General *Norman*, dated 26th June 1869, and the three memoranda by Colonel *Broome*, dated 29th April, 10th June, and 3rd July 1869, be transmitted to the Secretary of State.

2. The Despatch of the Government of India, dated the 7th November 1868, to which the Secretary of State's Despatch of the 11th March 1869 is a reply, was forwarded during my absence on leave from the Council. It is, therefore, for the first time that I have had the opportunity of reading the Despatch in question, with its appended Minutes by His Excellency

Excellency the Commander in Chief, Major General Norman, and Sir R. Temple. A careful perusal of these papers in connection with the Despatch from the Secretary of State and the memoranda of Major General Norman and Colonel Broome, written since its receipt, raise the following questions:—

- 1st. Can any satisfactory conclusion be formed on the conflict of actuary calculations?
- 2nd. If formed, do the conclusions warrant a reference to the Secretary of State before taking action on the orders communicated in the Despatch of the 11th March, in positive terms. In other words, are the conclusions strong enough to suspend acceptance of the instructions of the Secretary of State, and to ask for a reconsideration of the subject?
3. I must premise that I approach the subject with that kind of impartiality which arises from the following convictions, viz.:—

- 1st. That, regarded as a system of military organization, the Staff Corps, constituted as it was at first, and modified as it has since been, was a mistake and proves a failure;

- 2nd. That regarded as a system of ancillary civil organization and administration, it is full of anomalies, inelastic, and teeming with sources of embarrassment and difficulty;

- 3rd. That strive as we may to bolster up and improve the Staff Corps system thus constituted, it cannot last; and that consequently it is only a question of more or less time given to temporary shifts and expedients ere a thorough re-organization will be forced upon Government. That event may take place, either in prudence before, or else after a signal collapse under the strain of war, but it is to my mind absolutely inevitable. Shifts and expedients may delay, but they cannot dispense with the unavoidable and impending necessity for a radical reform;

- 4th. Neither in the Despatch of the Government of India, nor in the reply of the Secretary of State, is there any perception or acknowledgment of such an imperative necessity as one overhanging the State. On the contrary, both Despatches regard the existing Staff Corps of India system as suited to the requirements of the State, and between the two parties to the controversy, it is merely a question of the Staff Corps proving a greater or less financial burthen to the State in times to come.

4. This to my mind is a very limited and confined point of view, from which to face so large and important a question, and though I do not myself accept it as the right one, yet such being the conditions of the controversy on the face of these papers, the points for comparison and consideration are narrowed down to restricted and figured limits. Confining myself to these, therefore, without compromising myself thereby on the graver issues which facts will sooner or later force upon the attention of Government, I proceed to remark on the following points:—

5. First, the actuary calculations. As affecting the financial question largely, a prominent point for consideration is the difference noted by the Secretary of State in the 33rd paragraph, where it is pointed out that, according to General Hannington, instead of the number of officers of the several Staff Corps receiving the colonel's allowance being likely to amount in 1892 to 981, as estimated by Colonel Broome, they will not exceed 487 according to the Controller General's tables, or 629 according to tables more favourable to life. In the first case, there is a difference of 504, in the second of 352; in other words of 554,400 £. in the one, and of 387,200 £. in the other of charge over-estimated for 1892.

6. The discrepancy is remarkable; but I have no doubt that General Hannington is right, and has pointed out an error which vitiates Colonel Broome's calculation. The latter in paragraph 7 of his memorandum of 3rd July 1869 combats the objection advanced by General Hannington in paragraphs 11 and 12 of the Report of the 4th February 1869, but in a way which does not weaken the force of the objection. For the promotions which fall due on the years from 1868 to 1880 are brought up and added to existing colonels without any deductions for casualties prior to the year they are added to the number of colonels. It is true that after they are thus added, a deduction of five per cent. is made on the aggregate thus formed for that year, but this cannot remedy the omission of the five per cent. due on casualty deductions for years previous to promotion. The mistake only becomes observable where, as in 1873, a batch of 71 are brought up; before that year the promotions due will be few, and the omission scarcely signifies. But the 71 are in 1873 added without any deduction for the annual casualties of the five previous years from 1868 to 1873; and though five per cent. is deducted from the aggregate thus formed for 1873, when passing on to 1874 the establishment for the 1st January, it is evident that the five per cent. deduction should have been applied year by year to the 71 from 1868 to 1872 inclusive; and that then instead of 71 being brought up, 16 less, that is 55 would have been added. The error is cumulative, but varying with the promotions that fall due to the living in the subsequent years, as their periods of service entitle them to promotion. Thus in 1868 there are only 16 men whose promotions fall due in 1874, and by the deduction of five per cent. for seven consecutive years, the number to be promoted would be under 15 in 1874; so on with

the remaining years. But according to Colonel Broome's method, the five per cent. only touches those brought up after they are added, not during the years between 1868 and the year of promotion; of course the error is aggravated in 1878, 1879, 1880, because the promotions due on commissions in 1868 increase, and the omitted deductions of five per cent. for 10, 11, and 12 years swell the miscalculation.

7. This is distinctly shown in another way in paragraph 10 of General Hannington's Report by the application of life tables, from which it is deduced that instead of 136 officers being brought up for promotion in 1880, the number should have been 77.

8. It is explained in another manner by a writer who signs himself "Boreas," whose communication was published in the Bombay "Times of India" of the 8th instant. As this writer's explanation is lucid, and his results correspond with those of General Hannington, I recommend a reference to the computation.

9. It will also be observed that an officer, Lieutenant Colonel R. Ranken, Madras Staff Corps, corrected in a memorandum, dated March 1868, his previous calculations of April 1867, and that his corrected computation, which allows five per cent. for annual casualties and retirements, approximates with remarkable closeness to both General Hannington's and "Boreas'" calculation of the number of colonels in 1855, which Lieutenant Colonel Ranken rates at about 400, "Boreas" at 402, and General Hannington 422 by one set of tables, 510 by another.

10. I have been desirous of testing my own conclusion by such independent computers not only on account of the intrinsic importance of this financial question, but also in justice to Colonel Broome, whose calculations as Controller General, I have found to be remarkably accurate, and therefore when an oversight, such as that pointed out by General Hannington, occurs, it is imperative to make sure that the criticism is accurate.

11. Granting that General Hannington's view may be assumed as correct on this most important particular, there is another in which he, I think, omits to credit to the proposals of Major General Norman and Colonel Broome what, under their supposition of the number of lieutenant colonels that might be induced to retire, and half of whom would be absorbed, forms a material consideration. I advert to the pay saved by officers retiring, or the difference between pay and pension of such officers.

12. General Hannington, in his 15th paragraph, alludes to the difference between Indian pay and the pension of rank as a set-off or a counterbalance to the loss shown in his 13th paragraph; but as in that computation the hypothesis is assumed of the retirement on bonus and pension of 200 officers, so inseparable an item as the difference between their Indian pay and pension ought certainly not to have been eliminated from the estimate of gain or loss to the State from the acceptance of the proposals. It seems to me to enter as an essential element, and that its omission, *pro tanto*, vitiates the result at which General Hannington arrives in paragraph 13, where he drops entirely this *per contra*. In fact having entered on one side of the account the present value of the pension of rank, it would only have been in accordance with the rules of book-keeping to have entered the present value of Indian pay on the other. The result arrived at would then have appeared more favourable to the proposals made by the Government of India, and the balance would have shown a gain rather than a loss on the hypothetical computation.

13. Whilst, however, I admit this objection to General Hannington's review of the proposals of the Government of India, I must avow my own doubt of the assumed constant in this calculation, viz., the retirement of 200 officers, as affording an approximation to the effect that might have resulted from the scheme of the Government of India.

14. It aimed at inducing unemployed field officers, both local and staff corps, and younger lieutenant colonels of the staff corps to retire on the terms offered. Except in a few cases, I doubt whether the advantages offered were adequate to attain anything approaching to such an exodus of officers. Quite independently of the consideration of the inexpediency of getting rid, or of trying to get rid, of young lieutenant colonels amongst the most useful class of officers, the terms offered as an allurement for resigning the prize of colonel's allowances were only likely to be entertained in instances where health had so completely broken down, as to render six or seven years' further residence in the country very dangerous, or where the accession of private means or opportunities of saving money by the long incumbency of well-paid appointments favoured early retirement and return to England.

15. Entertaining this opinion, and also feeling that it is never desirable that Government should come forward with a measure the success of which is so extremely problematical, I am disposed to regard the rejection of the proposals of the Government of India by the Secretary of State as supported by other considerations than those stated in the Despatch of the 11th March 1869, though I by no means underrate some of the arguments based on general principles enunciated by that Despatch in vindication of its decision. I think, therefore, that the Government of India would be hardly warranted in suspending acceptance of the instructions of the Secretary of State, unless it were prepared to submit proposals which did not conflict with the views and principles laid down by the Duke of Argyll for the guidance of the Government of India.



16. At the same time I confess that I cannot contemplate with indifference the enormous expenditure which an unmodified protracted existence of the staff corps will entail on the finances of India before it arrives at its normal condition. It is calculable, on General Hannington's computations, that the future expense for colonels' allowances alone will aggregate, before that normal stage is reached, about twenty million sterling. This is exclusive of the annual cost of the staff corps during the period from 1868 to 1905. Still, though quite alive to these weighty considerations, I can suggest no scale of pensions or bonus likely to induce officers to retire, except such as approaches nearer to the value of the annuity of colonels' allowances, and which would therefore prove of small financial benefit, if of any, which is doubtful, and would moreover not be final; for I fail to see any finality either in the proposals made by the Government of India, or by any more favourable scheme that might be suggested. The process, to be effective, would have to be periodically repeated; and the remedy, in the aggregate, would then probably result in anything but economy.

17. Even the elimination, if it could be effected by transfer to the list of the Civil Service of all officers who had been employed in the purely civil administration of the country for three or four years, would prove but a partial remedy, and not a few practical difficulties would have to be surmounted. Judging from what passed in the council of the Governor General in 1867, such a scheme would not be likely to meet with acceptance here, and its chance of approval by the Secretary of State in council would be still less. Any such a suggestion, therefore, would hardly be regarded as a satisfactory reason for suspending action on the positive orders of the Secretary of State.

18. After the publication in England of the Despatch of the Secretary of State, I question the expediency of not publishing it, *in extenso*, in the "Gazette of India." On the whole it would seem politic to print it in its entirety, and to issue a general order with a view to giving effect to its instructions.

19. In that general order the Commanders in Chief of the three Presidencies might be desired to report on the unemployed officers of the several armies with due regard to the 51st, 52nd, 53rd, and 54th paragraphs of the Secretary of State's Despatch.

20. The general order might state that, in accordance with paragraph 55, the officers who entered the service since 1858, had been individually addressed, and given a period of two years in which to pass the higher standard.

21. The general order might state that the Commanders in Chief of the Presidencies had been addressed on the subject of paragraph 52.

The instructions sent to them must necessarily admit the exercise of much discretion on this point, and will require care, otherwise a blow will be struck at the admission of probationers very detrimental to the supply of the lower grade of the staff corps.

22. With regard to the remarks by the Secretary of State in the 66th, 57th, 58th, 59th, and 60th paragraphs, I think it would have been better, viewing the importance of the subject, if the late Governor General, instead of directing, as was done in his Minute of the 13th of August 1867, paragraph 2, the consideration of arrangements for applying a remedy to the state of things brought forward by His Excellency the Commander in Chief, had directed Colonel Broome, the Controller General of Military Expenditure to report on the question of the present and future expenditure of the staff corps and local services, and after being put in possession of the prospective condition of the staff corps and local services, had referred to the Secretary of State, in order to obtain the views of the Home Government as to the expediency of taking into consideration remedial measures. The Home Government having already stated that certain beneficial measures were final, there is much force in the remarks by the Secretary of State in paragraphs 45, 46, 47, 48, and 49 of his Despatch; and before formally entering into the question of remedial arrangements, necessarily subversive of the finality thus announced, I feel that it would have been considerate to consult Her Majesty's Government before committing the Government to a step which, in conception, involved an infraction of the finality orders. I contemplated this course at the conclusion of my Minute of the 8th August 1867, where the memorandum of the Commander in Chief was regarded as tentative only of the views of the Secretary of State on the general principles involved.

23. I have never read the article in the "Calcutta Review" to which the Secretary of State has alluded in the 59th paragraph. I cannot therefore pretend to offer any opinion on the point whether it derived its inspiration from official papers or sources. I cannot doubt for a moment, but what the Secretary's account of his own anxiety to avoid a premature publication of the scheme proposed by the Government of India is absolutely correct, and therefore without contesting the views expressed by the Secretary of State, I think the Governor General in Council may entirely exonerate Major General Norman from any implication in the censure conveyed by the Secretary of State on this head.

24. I have kept back the papers and the preceding paragraphs, because I was anxious to ascertain, with reference to my own doubt as explained in the 13th and following paragraphs, what the result of the offer made in 1861 of 300 retirements had been. This took time, but I think the delay was preferable to circulating my doubts without offering some reason for advancing it.

25. The inducements held out by the offer of 1861 were much stronger than the proposals under consideration. At that time staff corps officers had in prospect only one colonel's allowances for every 30 officers; the local officers could only attain colonel's allowance by casualties to a limited grade. Now, after 38 years' service, every officer has this coveted prize in prospect, the number being unlimited.

26. However, in 1861, notwithstanding the circumstances being so greatly in favour of the offer when compared with existing circumstances, it appears that only 205 of the 300 were taken. I think it clear from this fact that, situated as officers now are, both local and staff corps, that very strong inducements could alone operate, and those must be far stronger than either Colonel Broome's or Major General Norman's scales to hold out a reasonable hope of success.

27. Speaking of the error pointed out by Major General Hannington in Colonel Broome's calculations, I have used the word "oversight;" but though Colonel Broome, with whom I have discussed the point, concedes that it is a blot, he shows that so long as he employed, for the sake of lucidity, arithmetical instead of algebraical calculations, the adoption of the course which would have eliminated this error would have been very cumbersome; that it is a blot most felt in the earlier years of the series, and which gradually wears itself out, the final result, as shown in his last memorandum, being that the amount of colonel's allowance, when the maximum is reached, according to the life tables which Major General Hannington uses to prove Colonel Broome's error, as great or greater than he represented, and a most serious matter for consideration.

28. I certainly must grant that, whilst the weak point in his mode of calculation has been prominently brought forward, and made the most of, the other, and not less important points, which cannot be contravened, are not noticed. I am under the impression that the Government of India are under great obligation to Colonel Broome for having, in the discharge of his duty as Controller General of Military Expenditure, called our attention not alone to the financial results as regarding the number of officers who will ultimately obtain colonel's allowances, but also to the excessively serious evil of the annually increasing disproportion of the several grades, and the consequently inevitable increase in the proportion of highly-paid field officers. I think that practically, so far as the services of the State are concerned, this is a radical fault in the present staff corps system which Colonel Broome has brought out into strong light, and which I do not find Major General Hannington grapple with.

29. In a Minute on the reduction of army expenditure, I shall deal with this subject; but it is unnecessary here to enter upon it, the question here being what action to take on the Despatch of the Secretary of State of the 11th March 1869.

H. M. D.

MINUTE by His Excellency the Commander in Chief.—12th October 1869.

With regard to the questions suggested in the Military Department, I would advise that at this late date, as compared with the receipt of the Secretary of State's Despatch of March 11th, it would be most inexpedient to publish that Despatch officially in this country, or to make any announcement regarding it in the General Orders of Government. The purport of it is already well known to the public. It is, I think, unnecessary to call upon the several Commanders in Chief to make a further classification of the unemployed officers.

The Government is actually in possession, at all events in this Presidency, of the personal opinion of the Commander in Chief with regard to every unemployed officer, that opinion having been carefully corrected by research in the offices of the Adjutant General and the Military Secretary.

These matters have but very recently again received the most exact revision on the part of the Adjutant General, under the orders of the Commander in Chief, the results of which must now be with the Military Department.

I myself went over every name, assisted by my principal staff officers and the records of the departments.

With regard to a principle on which refusals to entertain applications have been consistently made for a great many years by the several Governments, in order to insure efficiency among employed officers, I think it unfortunate that the Secretary of State should now prescribe a retrograde action with reference to unpassed officers who entered the army subsequently to 1837.

There is no excuse whatever for such unpassed officers.

The whole of their career has taken place on the distinct understanding that staff employ was out of the question unless they passed the language test.

It is only the stupid, the extremely idle, or the profligate, who have failed to pass it, with very rare exceptions.

All regimental appointments are now properly declared staff appointments, such appointments being held on the same terms as in what used to be called the irregular regiments, the nominees being selected for the appointments on having passed the language tests, and having otherwise shown themselves to be good officers.

I think it may be said, and perhaps not altogether without reason, that there will be something

something like a breach of faith under the existing circumstances of the army, were we to prefer officers who have not complied with the tests, according to which all the other officers hold appointments. The latter may fairly enough say that a very important condition of their career in this country would now be interfered with.

But I would venture to take another ground.

Considering the present organisation of these armies, the paucity of the number of effective officers, and the fact that the establishments are calculated on the admittedly thorough efficiency of the regimental officers, it does appear to me more to be regretted than I am able to express to impose on the cadre organised as above described, gentlemen who, reasoning *à priori*, must be declared to be incapable.

I have no objection to offer to the proposal to place additional pressure on the officers of the General List who have entered the service since 1858.

As suggested by the Military Department, this may be properly done in a separate letter to each officer concerned. The limit of 18 months is liberal; but in order to avoid the appearance of hardship, it may be accepted.

The reductions which have been proposed to the Secretary of State will of course swell for a time the unemployed lists in the three Presidencies. I think it may be well to advise the Adjutant General to be careful to apply the rule exactly with reference to admission of probationers for the staff corps in the case of actual vacancies only, and that qualified officers returned to the Commanders in Chief for employment, whether from reduced regiments or from the civil establishments, should be generally disposed of in real situations before new probationers can be admitted to the three staff corps from the line regiments.

The answer of the Commanders in Chief to aspirants for the staff corps would then be, that their names were noted, and would receive consideration, according to date of application, as vacancies might occur, a preference, however, being given to those who had passed the higher standard in Hindoostani, in other languages, and the special studies for the several departments.

I would here mention a strong opinion, that all experience shows that an indiscriminate application of the principle laid down in para. 12 of the Secretary of State's Despatch is in practice out of the question.

Even in the civil departments, it is found difficult to ignore altogether the facts and bearings of military rank.

It is owing to complications arising from such matters that the civil departments are prone to decline as much as possible the services of officers who have got beyond the subaltern rank. They like to take their men unfettered by any privilege of seniority or superior standing.

But in regiments it is, generally speaking, impossible to put out of sight the question of army seniority.

I can safely say that my greatest difficulty in managing the patronage and appointments of the army has lain in guarding the susceptibilities of officers in these respects, and in the careful watch which has been required for the purpose of remedying the effects of the previous appointment of young officers to positions which might enable them to command their seniors in regiments.

Wherever this has occurred, there has generally been discontent, and sometimes failure in discipline.

By the exertion of much care in the office of the Military Secretary, I have at length almost got over the inequalities alluded to without impairing regimental efficiency in any particular, and I believe this has been greatly appreciated in the army at large.

The result is that now, with few exceptions, promotion goes in the regiments without bringing in officers from the outside, a very important result to have achieved with regard to the changes in the army of the last eight years.

This must be interfered with for a time in disposing of the officers about to be reduced from active employment; but, with the exception of setting aside the idle and incompetent, the principle involved in the rule should be held by all prudent Governments and Commanders in Chief, to be the one for ordinary guidance, if we would have good-will, content, and therefore the best sort of discipline among the British officers who serve in the Native regiments of the armies of this country.

I abstain from entering into the controversy between Major General Hannington and Colonel Broome, regarding the results of present establishments, mortality amongst them, and so forth.

As before stated, I am averse to an increase of pensions in order to induce field officers to retire, while I should not have been sorry to have offered a small bonus, in order to make palatable the reform suggested by me in my Minute dated 10th October 1868, *vide* 2nd page.

I set out in the margin\* the paragraph to which I allude.

It

\* I think, therefore, that the sham of the "doing-duty" officers should be abolished, and that all officers not actually employed in permanent or officiating appointments should be declared to be *unemployed*, with the consequences similar to those affecting general officers, viz., that after three years of unemployment they might reside where they liked, whether in India or in England, on British pay of their rank until their services are called for, or until they declare finally to retire, provided that after five years of non-employment, retirement on pension of rank be rendered obligatory. As the pensions even now exceed the British pay of rank, it appears to me that in a manner perfectly equitable, we should thus avoid all the dangers depicted by Colonel Broome.

It appears, then, to me that the practical treatment of this part of the subject lies in a very small compass, if Her Majesty's Government be desirous of reducing the non-effective lists which threaten to overwhelm the finances of this country.

The question is simply this. Is it proper, wise and equitable to continue to give Indian full pay indefinitely to large numbers of officers of high rank, who are notoriously doing nothing, many of them being utterly unfit for employment, while some of the others would evade it in one way or other, were the offer of employment made to them.

For any army but that of India, this question would be summarily answered in the negative by Parliament, or whatever the ruling power might be.

I cannot conceal from myself that when questions regarding Indian officers come before Parliament, they are discussed from a point of view differing from that affecting home establishments, which are paid for and watched by the tax-paying community of Great Britain.

In all the discussions of late years in these matters, it has appeared to me that when treated of in England, the personal interests of British establishments in this country are alone thought of, the finances of India, or to speak more correctly, the people who are taxed to supply those finances, being forgotten.

It seems to me then that all schemes are futile, and any execution likely to be fruitless unless the Supreme authorities in the face of very considerable difficulties may be prepared to act towards the Indian establishments with reference to the unemployed, somewhat as the Secretary of State for War would be induced by Parliament to act towards those of Great Britain; if such a state of things were possible there, according to which a large number of field officers continues to draw the full pay of their rank while practically unattached and doing nothing.

The Government at home is, however, so committed by a long course of opinions and admissions fatal to economy in this matter, that I am aware there would be much difficulty in having recourse to an immediate measure based on the principle of common sense, economy, and justice to the tax-payers, to which I have adverted.

But there can be no objection as regards good faith or consistency, if the measure be declared to take effect from a future date, as already suggested by me, the interim of time being applied to the reduction of the list of the unattached field officers, in the manner suggested by the Secretary of State, and, as I would advise, by the offer of a small bonus to a given number of officers, this bonus *not being payable to any officer, who may be considered by Government to be worth retaining in the service*. I attach great importance to the distinction here drawn. In my humble opinion the precaution thus shown obviates the objection declared in the Despatch, *see* para. 40, viz., that a general measure might cause the Government to lose some of its military servants who are in the vigour of life, and eminent in their reputation.

Finally, I would recommend Government, both here and in England, to contemplate the future, and in so doing, gradually to introduce a system, according to which the services of officers who have risen in the British service may be secured for the salaries afforded in the several departments, their retiring allowances thus following the scales of British unattached pay, as we see in the case of officers filling high staff appointments which are approved by the Horse Guards. For the argument and details of this measure, I beg to refer to my Memorandum, dated 19th August 1869, which is attached as Appendix B, to my Minute on the reduction of military expenditure, dated 11th September 1869.

*W. R. Mansfield.*

General Order by the Governor General of India in Council, in the Military Department.—  
(No. 1056, dated Simla, the 16th October 1869.)

In accordance with instructions from the Right Honourable the Secretary of State for India, his Excellency the Governor General in Council is pleased to announce that all officers on the general lists of the Cavalry and Infantry of the three Presidencies, who do not qualify for staff employment by passing the higher standard examination in the Native languages before the 1st May 1871, will be removed from the service.

Lieutenant Colonel *A. B. Johnson*, Officiating Deputy Secretary to the Government of India, Military Department, to the Adjutant General, and to the Secretaries to Government, Military Department, Madras and Bombay.—(Nos. 370, 371, and 372, dated Simla, the 16th October 1869.)

I AM directed to enclose a copy of a General Order, No. 1056 of this day's date, announcing that all officers on the general lists of the Cavalry and Infantry of the three Presidencies, who do not qualify for staff employment by passing the higher standard examination in the native languages before the 1st May 1871, will be removed from the service, and to request that, under the orders of his Excellency the Commander in Chief, the Right Honourable the Governor in Council, a copy of it may be sent direct to each officer concerned.

Lieutenant Colonel *A. B. Johnson*, Officiating Deputy Secretary to the Government of India, Military Department, to the Adjutant General, and to the Secretaries to Government, Military Department, Madras and Bombay.—(Nos. 373, 374, and 375, dated Simla, the 16th October 1869.)

I AM directed to annex an extract of a Despatch from the Right Honourable the Secretary of State for India, No. 73, dated 11th March 1869, and to request that, under the orders of His Excellency the Commander in Chief, reports on the cases of any officers, who may come strictly under this category, may be forwarded to the Government of India for consideration.

PARA. 15.—With regard to those officers whom it may be considered not desirable to continue in active employment, by reason either of questionable conduct or intellectual incapacity, you will cause a special report to be made in each case, with a view to their removal from the effective list, upon such conditions as their several cases may render just and expedient.

The Secretary of State for India to the Governor General of India in Council.

India Office, London, 10 February 1870.

My Lord,

No. 37 (Military).†

PARA. 1. I HAVE received and considered in Council your Military Letter, No. 364, dated 18th October 1869, forwarding certain papers relative to the subject of your former Despatch, No. 443, of the 7th November 1868, and of my reply thereto of the 11th March last, No. 73.

2. The papers now submitted consist of a Minute by his Excellency the Commander in Chief, dated 12th October 1869; a Minute by Sir H. Durand, dated 9th August 1869; two Memoranda by Major General Norman, dated respectively the 3rd and 29th June last; three Memoranda by your Controller General of Military Expenditure, dated severally the 29th April, 10th June, and 3rd July 1869; and copy of a General Order, dated 15th October 1869, with correspondence connected therewith.

3. In forwarding these papers your Government observe that you are of opinion that sufficient ground is shown in the Memoranda and notes prepared by Major General Norman and Colonel Broome, to justify your suggesting that I should reconsider the terms of my Despatch, though you have no desire to press the adoption of any scheme of the kind under discussion, if, on full review of all that is said, I feel such a scheme to be inexpedient.

4. Although I am of opinion, as shown in my Despatch of the 11th March, that there are reasons of an administrative character against the scheme proposed in your letter of the 7th November 1868, which more than counterbalance any financial considerations involved in the matter, I have thought it right to clear up any doubts that might have arisen upon the latter point by referring these papers also to Major General Hannington; and I forward, for your Lordship's information, that gentleman's report.

5. I see in the papers now forwarded, no reason for doubting the propriety of the decision communicated to you in my former Despatch of the 11th March last; and as the discussion on the financial merits of the scheme would appear now to have exhausted the subject, your Lordship will, I doubt not, agree with me that it is not desirable to carry that discussion any further.

6. I learn from the 3rd and 4th paragraphs of your letter, and from the General Order which accompanies it, that, in furtherance of the proceedings suggested in the 55th paragraph of my Despatch, you have granted to the young officers on the general list until 1st May 1871, to qualify themselves for staff employment by passing the higher standard examination in the native languages. I approve of this proceeding, but would suggest that provision should be made by a further notification for the cases of officers absent in the meantime in Europe.

7. In the 6th and three following paragraphs of your letter, you give reasons for considering it inexpedient to carry out the instructions contained in the 54th paragraph of my Despatch, the terms of which were as follows:—"Among the

latter class" (that is, the officers who have not passed the language test), "it is generally understood that there are many officers otherwise well qualified for active employment, and who in many cases possess a colloquial knowledge of the language. Her Majesty's Government consider it advisable, under present circumstances, that all of this class of officers, whose names were borne on any regimental cadre prior to the re-organisation of the army, should be employed on the staff, whether passed or not, in such departments and positions as your Government may consider them individually best fitted for. Such a course of procedure will doubtless involve a departure from an established and very important rule, but can form no embarrassing precedent, inasmuch as all officers, before entering the Staff Corps hereafter, must qualify in the native language."

8. I understand that your objections to this measure are:—

1st. That it will be viewed as a hardship by those officers who, carrying out the desire of Government, have qualified in the languages, and thereby have become entitled, under the rules of the service, to expect that appointments and promotions in Departments, &c., were alone to be bestowed upon them, and upon others similarly qualified.

2nd. That as there is now a superfluity of superior officers, there will usually be two or more candidates for every vacant appointment, and in such case the best officer should be selected, who will ordinarily be one who has taken the trouble to qualify in the languages.

3rd. That the number of unpassed officers who entered the service prior to 1858 is now small.

9. With regard to the first objection, I have to observe that, while I cannot admit that any officer who has, in obedience to a reasonable order, and with a view to his own interests, qualified for employment by passing in the native languages, could with propriety complain of the exercise, on the part of the Government, of its undoubted right to waive the order in any case where the interests of the service rendered it desirable, the instructions communicated to your Lordship on this subject are not, I conceive, open to the objection made, inasmuch as they do not tend to place the unpassed officer on a footing of equality with those who have passed.

10. There can be no question that the latter would have, *ceteris paribus*, higher claims, and a far larger field of employment open to them. There are, however, positions in which a thorough knowledge of the native languages is not only not absolutely requisite, but in which other qualifications may be of far higher importance, and under the present exceptional circumstances, with a considerable number of unemployed officers still remaining, it appears to me unreasonable that their services should be lost to the State, and the officers themselves maintained in idleness, notwithstanding that suitable employment could be found for them, in compliance with a rule which at the time of their entering the service had not the effect of precluding them from regimental employment.

11. The above remarks apply also to your second objection; and with regard to the third, it seems to me, that the smaller the number of the officers in question, the less will be the inconvenience of the nature anticipated by your Lordship in carrying out those instructions.

12. It must rest with the several Governments, however, to select such officers as they may, in the interests of the public service, think well fitted for the various appointments connected therewith.

13. I have only to repeat, and to request, that instructions accordingly may be communicated to the Government of Madras and Bombay, that under present circumstances the interests of Her Majesty's service seem to require that the fact of an officer who entered the service prior to 1858 not having passed in the native languages should not be considered an insuperable objection to his employment in situations for the duties of which he may possess, in other respects, special qualification, and for the discharge of which a high degree

degree of accomplishment in the languages of the country is obviously not necessary.

14. The fact that there are such appointments does not in the least degree lessen the importance of the existing general rule, which requires that all officers shall pass an examination in the native language before entering into the Indian service.

15. I have only further to remark, that the terms in which the unpassed officers are alluded to by both Sir W. Mansfield and Major General Norman, in their respective Minutes, have served to strengthen my conviction of the propriety of the course laid down in my Despatch of the 11th March, as to the proper mode of dealing with them.

I have, &c.  
(signed) *Argyll.*

(Enclosure.)

NOTES on the MEMORANDA of the Controller General, by Major General *J. Hannington.*

- No. 25 U., dated 29th April 1869.
- " 92 U., " 10th June "
- " 127 U., " 3rd July "

Memorandum 25 U.

9. The main objection raised by the latter officer to the calculations submitted by the undersigned is, that in Appendix J., annexed to Memorandum No. 30 T., allowance is not made for casualties occurring during the 12 years from 1868 to 1880.

10. A reference to the previous Appendix I., of which J. (up to 1880) is a summary, will, it is believed, show that this objection is not valid.

11. It will be seen that an annual rate of 5 per cent. has been allowed throughout for the casualties among the colonels, as explained in para. 68 of the memorandum.

12. The result is, that although 527 officers according to their standing on 1st January 1868, would, exclusive of casualties, be advanced to colonels' allowance in the 12 years, only 438 are represented as receiving it on 1st January 1880. Five per cent. in this case represents only the death casualties, no other being likely to occur in that grade.

Memorandum 26 U.

26. But, admitting that Major General Hannington's estimate may be the more correct one, it is to be observed that he calculates on a maximum number of 740 instead of 982, according to the calculations of the undersigned. He makes no reference to the local colonels, of whom at the same period the undersigned calculated there would be 172.

1. In offering some remarks on the Memoranda\* of the Controller General, in reference to my report of the 4th February last, I shall endeavour to be brief, and to avoid minute criticism.

2. To facilitate reference, a few paragraphs are cited in the margin.

3. The desired reference (para. 10) only serves to confirm the objection. In the Controller General's Appendix I., in the columns headed "Promotions in the Year," new groups of lives are continually brought up without subjection to a previous death rate. In para. 6 of Memorandum No. 127 U., this error is admitted, and excused as being "in the long run not a very serious one." It has been sufficiently described in paras. 10 to 12 of my former report.

4. On the illustration (para. 12) now offered by the Controller General, I have to observe that an annual death rate of 5 per cent. would, out of 527 lives, leave only 285 surviving the term of 12 years. In proof of this I submit the following equation, which may be verified by numerical computation from year to year,

$$527 (1 - .05)^{12} = 285$$

which is the true result of the Controller General's hypothesis.

Similarly,

$$527 (1 - 0.153)^{12} = 438$$

which is the result now stated by the Controller General, and which corresponds with a death rate of 1.53 per cent. only, or little more than one and a-half, instead of 5 per cent. The magnitude of the error could not be more clearly shown than by this example.

5. There is a misapprehension here (para. 26). The calculations do not refer to the same period. The Controller General did not carry his estimate beyond the year 1891, for which year my estimate is 629.

6. The local colonels were not overlooked. Their number was estimated by proportion from the final entries in para. 69 of the Controller General's first memorandum, thus—

$$1154 : 982 :: 629 : 739$$

the result being stated as 740 in para. 33 of the Secretary of State's Despatch, No. 73, of the 11th March.

7. The Controller General's calculations respecting the local officers are not consistent. For example, in paras. 12 and 13, Memorandum 127 U., he concludes that, besides the survivors of the existing 141 local colonels, there will be "a further addition

## PAPERS RELATIVE TO THE RETIREMENT OF

"addition of 300 local officers who will be drawing the " colonel's allowance in 1896."

8. The discrepancy, as I suppose, arises from an oversight. The "General List" has apparently been added to that of the local officers. There were on the 1st January 1868 not more than 405 local officers under the rank of colonel, and of these, I compute that 128 will be drawing colonel's allowance in the year 1897. The calculation is entered below. The second column is very nearly the same as is given in the statement following the Memorandum No. 127 U.; the third is taken from Table III. of my former report; the fourth shows the number of local officers; and the fifth, which is derived by proportion from the three preceding columns, shows the expected number of survivors in 1897. The third column of the Controller General's Statement should agree with the third column of this table; it differs, I know not why.

Staff Corps.			Local Officers.	
1.	2.	3.	4.	5.
Age.	1868.	1897.	1868.	1897.
	Living.	Surviving.	Living.	Surviving.
Over				
51	17	3.02	24	4.26
51	12	1.74	3	0.44
50	18	2.96	7	1.15
49	16	2.94	10	1.60
48	27	5.48	16	3.25
47	34	7.55	17	3.77
46	58	13.95	25	6.01
45	91	23.50	27	6.97
44	81	22.26	15	4.12
43	136	39.50	21	6.10
42	90	27.44	12	3.66
41	86	27.35	9	2.86
40	116	38.31	8	2.64
39	119	40.57	4	1.38
38	98	34.34	11	3.85
37	106	38.05	10	3.59
36	90	32.97	7	2.56
35	84	31.29	7	2.61
34	74	27.96	7	2.64
33	68	25.93	10	3.82
32	72	27.76	15	5.80
31	118	45.84	18	6.99
30	126	49.40	12	4.70
29	122	48.26	21	6.60
28	170	67.88	39	15.57
27	155	65.51	50	21.13
			405	128.25

9. This Memorandum, paragraphs 1 to 20, purposes to show that by the retirement of 200 lieutenant colonels there would accrue, in the following eight years, a saving, the present value of which is 515,792 *l.*

Memorandum No. 92 U., dated 10th June 186

10. The marginal table gives the values of a temporary annuity till the age of 56, and is deduced from column 6, Appendix VII., of my former Report.

11. The yearly pay of a Staff Corps lieutenant colonel is 993.45 *l.* It appears from the latest Army Lists that, out of 513 lieutenant colonels, 129, or about one-fourth, are on furlough. Supposing this proportion to be constant, it has the effect of reducing the gross charge for pay by one-eighth = 0.125. The number of lieutenant colonels in the Staff Corps who have consolidated salaries, and whose retirement would not reduce the military charge in India is, as well as I can make out, 83. Hence a further reduction of  $\frac{83}{513} = 0.162$  may

Age.	Annuity till 56.	Age.	Annuity till 56.
44½	7.147	50½	4.220
45½	6.729	51½	3.588
46½	6.301	52½	2.900
47½	5.840	53½	2.153
48½	5.342	54½	1.341
49½	4.804	55½	0.460



may be allowed. The sum of these reductions is 0.287, and it follows that—

$$993.45 \times 0.713 = \text{£. } 708.33$$

is the actual saving to result from the retirement of a Staff Corps lieutenant colonel.

12. Leaving out the lieutenant colonels who have only six years or less to serve, the valuation will be as follows:—

Number.	Annuity.	Product.
81	7.147	578.907
91	6.729	612.889
58	6.301	365.458
34	5.840	198.560
27	5.342	144.234
17	4.804	81.668
<b>308</b>		<b>1981.216</b>

Proportion for 200=1286.504.

Hence,

$$1286.5 \times 708.33 = \text{£. } 911,266.$$

How much of this is clear gain will presently appear.

13. The revision of my estimate proposed by the Controller General (paras. 22 and 23, Memorandum 92 U.), and the calculation offered in support of it, do not bear examination. If (according to para. 8 of the same memorandum) the senior lieutenant colonels be likely to refuse the inducements offered, it will apparently be difficult to find 200 lieutenant colonels whose "retirements would be after 30 years' service." And as to the 226 senior majors "who would not have been allowed to claim the retiring pensions and bonus," their being included did not materially affect the valuation. They were included because, during the period between the inception and completion of the measure proposed, they would necessarily come within its range.

14. In the expeditious process (paragraph 23, Memorandum 92 U.) used by the Controller General to show that my valuation was widely amiss, there is a source of error which escaped his notice. The supposition that 30 years' service may be taken as near enough for the purpose is incorrect. For not only are the present values of immediate pensions at the younger ages greater, but also the number of officers who may retire is greater than at 30 years' service. To put this point beyond further question, I take the following figures from Table VII. of my Report, confining the calculation within the limits now assigned by the Controller General:—

Ages.	Number.	Column 9.	Column 11.	Column 12.
44 to 45 -	172	608.6534	2,188.254 × 293 =	638,970.168
46 to 49 -	186	649.4481	1,671.127 × 365 =	609,961.355
<b>Sums -</b>	<b>308</b>	<b>1,318.0965</b>	<b>3,859.381</b>	<b>1,248,931.523</b>
Proportions for 200 Officers -	-	855.907	2,506.091	810,994

15. Bringing this into an account, as in my former report,--

	£.	£.
855.907 × 1,124.9 =	962,875	2,506.09 × 150 = 375,914
Balance loss -	424,933	Bonus - - 200,000
		Pension of rank 810,994
	<b>£. 1,386,908</b>	<b>£. 1,386,908</b>

It is here, I trust, made evident that the difference between this and the former estimate is not important.

16. I must now recur to the estimated saving, as exhibited in para. 12 above. The Controller General considers that admissions to the staff corps may be stopped for the next eight years, and consequently that the saving is absolute. But a reference to Major General Pears's Letter, No. 443, dated 7th November 1868, shows (para. 2) that this is not intended, and that one-half of the vacancies will be recruited.

17. The result is as follows,—

	£.		£.
Discounted Indian pay of 200 lieutenant colonels - - -	911,266	Loss as above - -	424,033
		Pay of 100 lieutenants for eight years -	218,720
		Balance gain - -	270,513
	£. 911,266		£. 911,266

The apparent gain might be increased by discounting the pay of the young officers, but I have not thought this necessary, the new admissions being not limited by any strict conditions. There is a margin for more or less.

18. The possibility of such a saving as is here shown was admitted in the 15th paragraph of my report, but I did not then, nor do I now, conceive this to be the real matter at issue.

19. For, in examining the proposed measure, I was much more impressed by the expressions cited in the margin\* than by any financial pressure caused by the present existence of unemployed officers. My attention was turned to the future. I saw, and I still see, that the scheme under consideration would not in any effectual degree lighten the coming burden.

20. Supposing the inference to be correct, that in the year 1897 there will be in the staff and local corps together 877 officers on colonel's allowance, let it be asked, what reduction in this future number would be caused by the present retirement of 200 lieutenant colonels? The answer, easily obtained from the bracketed figures in the table, para. 8 above, is, that there will be  $\frac{75.68 \times 200}{307} = 49$  survivors of the 200, and taking these from 877, there would still remain 828; whence it appears that the relief, as to ultimate charge, would be comparatively trifling.

21. A yearly payment of  $877 \times 1,124.9 = 986,512$  £ is doubtless very large. But this estimate of it arises from the extreme and untenable hypothesis that there will be no intermediate retirements on the ordinary pensions. So far is this from being in accordance with present experience, that, in the Gazette of 16th November 1869, no less than twelve retirements are notified.

22. Further, if such a state of things ever happen, the ordinary pension list will have merged into the charge for colonel's allowance. This has already been well pointed out by Colonel Norman, who says, "If the number anticipated by Colonel Broome do survive and serve on to obtain colonel's allowances, the costs for pensions of officers retiring on ordinary pensions will have almost disappeared, and this, though, of course, less than the charge for colonel's allowances, would considerably reduce the cost of estimated expenditure. It is also to be recollected that the old *Native* Army had 176 colonel's allowances in addition to a heavy pension list."

23. The conclusion expressed in the 19th paragraph of my former report remains undisturbed. So far as the future can be predicted, the proposed measure would not materially reduce the ultimate cost of the Staff Corps. It may also be justly inferred that any practical measure of this kind, single and sudden, would be likewise ineffectual.

24. As

\* This increase to the number of colonel's allowance is the most serious point in the whole case.—Colonel Broome, 14.

The ultimate and almost appalling effect to our finances.—Sir W. Mansfield, 43.

I still believe that the financial effect of the present constitution of the Staff Corps must, in a few years, become formidable.

Its cost threatens to be overpowering.—Sir R. Temple, 49.

The results, as foreshadowed in Colonel Broome's report, promise to be serious.—Colonel Norman, 57.

Note.—The figures refer to the pages of the Parliamentary Paper, No. 140, 9th April 1869.

24. As to the possible saving at the present time, coupled with a large immediate outlay, it cannot be considered apart from administrative measures, concerning which my opinion is not desired.

25. In apology for the length of these remarks, I may be permitted to quote the words of the late Mr. Griffith Davies:—

“Even at the hazard of being thought prolix, I have purposely abstained from advancing anything without giving my reasons for so doing. I have long been taught that mere opinions will not settle the differences of contending parties, though I have seldom found that which convinces the judgment remaining inoperative.”

*J. Hannington.*

London, 2 December 1869.

EAST INDIA (ARMY OFFICERS).

COPY of a LETTER from the Government of India, dated 18 October 1869, No. 364, with its Enclosures, and of the REPLY of the Secretary of State for India, dated 18 February 1870, No. 37, regarding the proposed Scheme for offering some inducement to FIELD OFFICERS of the INDIAN ARMY to RETIRE (in continuation of Parliamentary Paper, No. 140, of Session 1869).

(*Sir Charles Wingfield.*)

Ordered, by The House of Commons, to be Printed,  
12 April 1870.

EAST INDIA (LOAN).

2

RETURN of all MONIES raised on LOAN under the Provisions of the Acts  
21 Vict. c. 3; 22 Vict. c. 11; 22 & 23 Vict. c. 39; 23 & 24 Vict. c. 130;  
24 & 25 Vict. c. 25; and 32 & 33 Vict. c. 106.

Per Act 21 Vict. c. 3	-	-	-	-	-	£. 7,816,645.	7.	1.
Per Act 22 Vict. c. 11	-	-	-	-	-	£. 6,753,980.	14.	7.
Per Act 22 & 23 Vict. c. 39	-	-	-	-	-	£. 4,857,996.	16.	1.
Per Act 23 & 24 Vict. c. 130	-	-	-	-	-	£. 2,961,655.	18.	4.
Per Act 24 & 25 Vict. c. 25	-	-	-	-	-	£. 3,962,412.	5.	6.
Per Act 32 & 33 Vict. c. 106	-	-	-	-	-	£. 3,354,202.	10.	7.

India Office, }  
11 February 1871. }

William G. Goodiffe,  
Accountant General.

EAST INDIA (LOAN).

RETURN of all MONIES raised on LOAN under  
the Provisions of the Acts • 31 Vict. c. 8;  
22 Vict. c. 11; 22 & 23 Vict. c. 39; 23 & 24  
Vict. c. 180; 24 & 25 Vict. c. 25; and 32 & 33  
• Vict. c. 106.

• (Presented pursuant to Acts of Parliament.)

Ordered, by The House of Commons, to be Printed,  
15 February 1871.

EAST INDIA (REVENUES).

3

A RETURN of all STOCKS, LOANS, DEBTS, and LIABILITIES chargeable on the EAST INDIA REVENUES, at Home and Abroad, up to the latest Period of Time to which such Return can be made out; viz., *England*, 31st December 1870; *India*, 30th September 1870.

(Presented pursuant to Acts 21 Vict. c. 3; 22 Vict. c. 11; 23 & 24 Vict. c. 39; 23 & 24 Vict. c. 180; and 24 & 25 Vict. c. 25.)

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Ordered, by The House of Commons, to be Printed,  
15 February 1871.

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RETURN OF ALL STOCKS, LOANS, DEBTS, AND LIABILITIES

RETURN of all STOCKS, LOANS, DEBTS, and LIABILITIES chargeable on the EAST INDIA REVENUES,  
England, 31st December 1870

INDIA :	REGISTERED DEBT.			LOANS.			TREASURY NOTES.		
	Bearing Interest.	Not bearing Interest.	TOTAL.	Bearing Interest.	Not bearing Interest.	TOTAL.	Bearing Interest.	Not bearing Interest.	TOTAL.
(The Rupee converted into Sterling at the exchange of 2 s.)	£.	£.	£.	£.	£.	£.	£.	£.	£.
Government of India	66,555,658	304,160	66,859,818	2,525,281	34,348	2,559,629	601,759	-	601,759
Bengal - - -	-	-	-	-	-	-	-	-	-
North Western Provinces - - -	-	-	-	-	-	-	-	-	-
Punjab - - -	-	-	-	-	-	-	-	-	-
Madras - - -	23,450	6,329	29,779	-	-	-	463,902	-	463,902
Bombay - - -	-	-	-	-	-	-	8,750	-	8,750
30 September 1870, £.	66,579,108	310,489	66,889,597	2,525,281	34,348	2,559,629	1,074,411	-	1,074,411
ENGLAND :		East India Bonds.		East India Debentures.		India Five per Cent. Stock.		India Four per Cent. Stock.	
31 December 1870		£.	£.	£.	£.	£.	£.	£.	£.
		4,017,617	5,000,000	17,200,000	11,000,000				

The above is exclusive of the charge upon the Revenues of India, under the Act of the 3 & 4 Will. 4, c. 85, of the Company, which is subject to redemption by Parliament on payment to the Company of 200 l. sterling for 100 l. There are also contingent liabilities in respect of interest guaranteed Indian Railway and other Companies, and of

India Office,  
11 February 1871.



at Home and Abroad, up to the latest Period of Time to which such Return can be made out; viz., India, 30th September 1870.

SERVICE FUNDS.			BILLS PAYABLE.			DEPOSITS and MISCELLANEOUS.			TOTAL.		
Bearing Interest.	Not bearing Interest.	TOTAL.	Bearing Interest.	Not bearing Interest.	TOTAL.	Bearing Interest.	Not bearing Interest.	TOTAL.	Bearing Interest.	Not bearing Interest.	TOTAL.
£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.
2,664,708	867	2,665,570	-	46,737	46,737	175,356	2,770,791	2,946,147	72,522,757	3,158,908	75,679,660
-	-	-	-	154,546	154,546	286,518	1,085,781	1,372,299	286,518	1,240,327	1,526,845
-	-	-	-	-	-	20,000	702,511	722,511	20,000	702,511	722,511
-	-	-	-	26,838	26,838	75	383,144	383,219	75	409,982	410,037
793,180	-	793,180	-	38,288	38,288	187,851	2,383,215	2,571,066	1,468,383	2,427,832	3,996,215
1,054,148	-	1,054,148	-	-	-	772,881	1,582,627	2,355,508	1,835,779	1,582,627	3,418,406
4,512,031	867	4,512,898	-	266,409	266,409	1,442,681	8,908,069	10,350,750	76,133,512	9,520,189	85,653,694
Owing for Stores purchased for India.	Admiralty Claims.	Capital of Indian Railway and other Guaranteed Companies, remaining in the Home Treasury after Deducting Sums (partly Estimated) drawn by them in India.	Miscellaneous	TOTAL.							
£. 135,000	£. 102,500	£. 2,524,783	£. 126,183	£. 40,106,083							

Dividend, at the rate of 10 L. 10 s. per cent. per annum, on the sum of 6,000,000 L., the Capital Stock of the East India stock.

Repayments to them of Capital expended; but no Estimate can be formed of these liabilities.

William G. Goodlife,  
Accountant General.

EAST INDIA (REVENUES).

RETURN of all STOCKS, LOANS, DEBTS, and  
LIABILITIES chargeable on the EAST INDIA  
REVENUES, at Home and Abroad, up to the  
latest Period of Time to which such Return  
can be made out; viz., *England*, 31st December  
1870; *India*, 30th September 1870.

(Presented pursuant to Acts 21 Vict. c. 3; 22 Vict. c. 11;  
23 & 24 Vict. c. 30; 23 & 24 Vict. c. 130; and 24  
& 25 Vict. c. 25.)

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Ordered, by The House of Commons, to be Printed,  
15 February 1871.

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EAST INDIA (LOCAL FINANCE).

RETURN to an Address of the Honourable The House of Commons,  
dated 13 February 1871;—for,

“COPY of FINANCIAL LETTER from the Government of *India*, dated the  
14th day of December 1870, No. 265, with its Enclosure, on the subject  
of LOCAL FINANCE.”

India Office,  
15 February 1871. }

T. L. SECCOMBE,  
Financial Secretary.

(No. 265 of 1870.)

Government of India.—Financial Department.—Accounts.

To His Grace the Duke of *Argyll*, K.T., Her Majesty's Secretary of State for India.

My Lord Duke,

Fort William, 14 December 1870.

We have the honour to submit for approval copy of a Resolution which we have adopted after long consideration, to enlarge the powers of the Governments of Presidencies and Provinces in some departments of the Administration.

2. We had hoped that, in increasing the authority of the Local Governments we should have been able to reduce Imperial taxation to a greater extent than appears in this Resolution; but after confidential consultation with the local Governments, we are persuaded that in most of the Provinces it would not be possible to obtain for the Imperial revenues in this way a larger measure of relief than we have reserved.

3. Your Grace will observe that we do not purpose to show in the Imperial Estimates and Accounts any classification of the expenditure on the Services which will now become “Provincial.” All such particulars will be published in a supplementary statement, which will include the income and expenditure of all existing local funds, and will therefore give more complete information in respect to the expenditure in the Departments made over to the local Governments than has hitherto appeared.

4. We commend this measure to your Grace's most favourable consideration, believing that it will effect a most salutary reform in Indian Administration.

We have, &c.  
(signed) *Mayo*.  
*John Strachey*.  
*R. Temple*.  
*J. F. Stephen*.  
*B. H. Ellis*.  
*H. W. Norman*.

(Enclosure to No. 265, of 1870.)

(No. 3334.)

Government of India.—Financial Department.—Accounts.

## RESOLUTION.

Fort William, 14 December 1870.

The Governor General in Council is satisfied that it is desirable to enlarge the powers and responsibility of the Governments of Presidencies and Provinces in respect to the public expenditure in some of the Civil departments.

2. Under the present system, these Governments have little liberty and but few motives for economy in their expenditure: it lies with the Government of India to control the growth of charges to meet which has to raise the revenue. The Local Governments are deeply interested in the welfare of the people confided to their care; and, not knowing the requirements of other parts of the country or of the Empire as a whole, they are liable, in their anxiety for administrative progress, to allow too little weight to fiscal considerations. On the other hand, the Supreme Government, as responsible for the general financial safety, is obliged to reject many demands in themselves deserving of all encouragement, and is not always able to distribute satisfactorily the resources actually available.

3. Thus it happens that the Supreme and Local Governments regard from different points of view measures involving expenditure; and the division of responsibility being ill-defined, there occur conflicts of opinion injurious to the public service. In order to avoid these conflicts, it is expedient that, as far as possible, the obligation to find the funds necessary for administrative improvements should rest upon the authority whose immediate duty it is to devise such measures.

4. This is the more important, because existing Imperial resources will not suffice for the growing wants of the country. Writing of roads and communications in October 1869, the Government of India in the Public Works Department stated that it had for some years—  
“been satisfied, that to attempt to provide and maintain all the roads required for the intercommunications of so vast a territory, from the ordinary revenues, would be to enter on an altogether impracticable task. The matter,” it was added, “has been before this Government on several occasions since 1862, and the view now taken of it has already received, in general terms, the approval of the Secretary of State. It is only by a judicious system of local assessment and control that what is needed can be accomplished.”

This is not less true of some other departments of the administration.

5. The Supreme Government is not in a position to understand fully local requirements, nor has it the knowledge necessary for the successful development of local resources. Each province has special wants of its own, and may have means for supplying them which could not be appropriated for Imperial purposes. A tax adapted to the circumstances of one part of the country may be distasteful or inapplicable elsewhere; and, everywhere, rates may be proper for provincial or local purposes which could not be taken for the Imperial revenue.

6. These principles are now generally recognised, and important steps have been already taken to develop provincial resources. The Government of Bombay has for some years raised a considerable revenue for local purposes. Important measures to the same intent are under the consideration of the Legislative Council of Madras. The Government of Bengal is maturing a scheme, in accordance with the decision of the Secretary of State, for the levy of a rate  
for

for local objects in the Lower Provinces of Bengal. In all the other Provinces of India, provincial revenues have long been raised, and measures for increasing them are now being devised.

7. These measures have been promoted chiefly to provide for urgent administrative wants, the means for which are not otherwise forthcoming. It is inexpedient that the funds so raised should be intercepted, to any considerable extent, for objects the cost of which has been hitherto defrayed from the general revenues, even though such objects be of an admittedly local character. Moreover, the Governor General in Council is not desirous that the demands on the people for provincial purposes should be indefinitely, or too rapidly, increased.

8. It would have been satisfactory had his Excellency in Council been able to propose the enlargement of the power and responsibility of the Local Governments without charging upon local resources any part of the existing Imperial expenditure. This cannot be done; but it has been determined to make as small a demand upon these resources as possible. At the same time it should be remembered that the relief of the Imperial finances has been a principal object in the discussion of such measures on former occasions.

9. The income-tax of six pies in the rupee imposed for the current year was never intended to be permanent, and the Governor General in Council has already announced a resolution not to renew the tax for next year at this high rate, unless some unforeseen contingency compels him to do so.

10. It was thought at first that the income-tax could not be reduced to the desired extent without imposing upon local resources almost as large a sum as might be given up. Anticipations made so long before the beginning of the financial year must be uncertain; but, as far as the Governor General in Council can now judge, it will be possible next year to give substantial relief from existing taxation without the substitution of any considerable new burden.

11. The Government of India is accordingly pleased to make over to the Governments, under certain conditions to be presently set forth, the following departments of the administration in which they may be supposed to take special interest; and to grant permanently, from the Imperial revenue, for these services, the sum of 4,688,711 *l.*, being less by 330,801 *l.* only than the assignments made for the same services in 1870-71 :—

Jails.	Printing.
Registration.	Roads.
Police.	Miscellaneous Public Improve-
Education.	ments.
Medical Services (except " <i>Medi-</i>	Civil Buildings.
<i>cal Establishments</i> "*).	

A Statement (A) is appended explanatory of the method by which the assignments to be thus made have been calculated. This statement shows the estimated receipts and charges under the first six of these heads during the current year, the "Police" charges in Bombay and the North Western Provinces having been slightly reduced by the final adjustments necessary in consequence of the Government becoming liable for the superannuation allowances of the force.

12. The figures entered for "Roads," "Civil Buildings" and "Miscellaneous Public Improvements" are the grants for this year, exclusive of the sum of 135,679 *l.* reserved for certain works detailed in Appendix B., which will not in future be a charge upon Local Governments, but will be separately provided for by the Supreme Government. The portion of this 135,679 *l.* reserved in each Province bears the same proportion to the grant made to the Province for the

\* By "*Medical Establishments*" here is meant the first sub-division of the Grant 22, *Medical Services*, as hitherto made.

the current year that the expenditure in the Province, upon the reserved works, has borne, during the last five years, to the whole expenditure under these three heads.

13. To the 1,168,701 *l.* thus assigned for "Works," 327,236 *l.* has been added for "Establishments" and "Tools and Plant," being the proportion of the current year's grants for these purposes which appertains to that share of the total grants for "Works" of all kinds which is transferred. This 327,236 *l.* has been distributed among the Presidencies and Provinces in the proportions in which the larger sum of 1,168,701 *l.* has been distributed. The Governments will henceforth provide themselves with "Tools and Plant" without the intervention of the Government of India. The future arrangements in regard to "Establishments" cannot be settled without detailed correspondence. For the year 1871-72, the Supreme Government will continue to provide "Establishments" as heretofore, and each Presidency or Province must bear a share of the cost in the proportion which the estimated outlay upon "Works" from provincial funds\* bears to the total estimated outlay upon "Works," ordinary and extraordinary, Imperial and provincial, in all India. It is to be clearly understood that Local Governments must maintain in efficient repair existing lines of through communication, such as the trunk roads, unless authorised by the Supreme Government to abandon them.

14. The actual permanent Imperial assignments for "Provincial Services" will be then as follows; all receipts heretofore credited in connection with these services being given up to the Provinces in which they accrue:—

	£.
Oudh - - - - -	206,948
Central Provinces - - - - -	261,263
Burmah - - - - -	275,332
Bengal - - - - -	1,168,592
North Western Provinces - - - - -	640,792
Punjab - - - - -	516,221
Madras - - - - -	739,488
Bombay - - - - -	880,075
	£. 4,688,711†

15. In calculating these allotments, 350,000 *l.* has been deducted rateably from the grants made to the several Provinces in 1870-71; but it has been thought expedient to remit the deduction (19,199 *l.*) which would thus fall upon British Burmah, the circumstances of that Province being exceptional. No additional deduction has been made from the other Provinces in consequence of this concession to Burmah.

16. These assignments will not be classified in the Financial Statement and in the Imperial estimates and accounts, but will appear under a single new head, "Provincial Services." The Imperial revenue will continue to bear such charges for the absentee and superannuation allowances of officers on establishments now transferred as have hitherto appeared in the Home accounts, or under other heads in the Indian accounts; but it would be inconvenient and difficult to maintain any distinction between these officers and officers who are paid from other local funds, or who may be added hereafter for "Provincial Services." Questions of some importance regarding this and other like details will have to be settled hereafter.

17. Unless

\* "Provincial Funds" here does not include existing "Local Funds."  
 † If it be found, when the accounts of the Year 1870-71 are made up, that the actual expenditure during that year for the official postage of the services affected exceeds the amount of the grants for that purpose, then the several assignments will be, once for all, increased by the difference.

17. Unless some fiscal misfortune, such as heavy loss in the opium revenue, or national disaster, such as war or severe famine, occurs, the Governor General in Council will maintain for the future, the assignments for "Provincial Services" at the amounts now fixed. They will not, in any case, be reduced without previous consultation with the Governments.

18. For the coming year the Provincial Service Estimates should be immediately prepared upon the basis of these assignments, which may be distributed at the discretion of the Governments among the several departments for which they will now be responsible. Any portion of the assignment made to any province that may be unspent at the end of the year will not lapse to the Imperial revenue, but will remain at the disposal of the Local Government. The estimates and accounts of these Governments should therefore open and close with balances brought and carried forward. They should show not only the receipts and charges of the new "Provincial Services," but also the income and expenditure of all existing local funds; it being understood, of course, that the Governments are not relieved by this Resolution from any legal or equitable obligation which may govern the appropriation of any particular local fund. It is essential that the estimates and accounts of all the Presidencies and Provinces should be uniform, and the precise forms to be used will be settled by the Supreme Government. The Imperial financial year must be the provincial year of account.

19. Each Local Government will publish its own yearly estimates and accounts in the Local Gazette, together with a financial exposition (which should, where possible, be made before the Local Legislative Council) analogous to that annually made in the Legislative Council of the Governor General. The several estimates and accounts will be compiled, and a general statement for all India published as a supplement to the Imperial Estimates and Accounts.

20. In preparing its estimates for the coming year, each Government will have to consider, without delay, how any deficiency in the ways and means for its "Provincial Services" can most conveniently be supplied.

21. The financial control which is thus entrusted to the Local Governments is to be exercised subject to the following conditions:\*

I.—Without the previous sanction of the Government of India,—

(1.) No appointment is to be created with a salary of more than 250 rupees a month; and no addition is to be made to the pay and allowances of any officer if they exceed, or would after the addition exceed, 250 rupees a month:

(2.) No class or grade of officers is to be created or abolished, and the pay of no class or grade of officers is to be raised:

(3.) No addition is to be made to the pay or allowances of any individual, or class of officers, that would lead to increase in the emoluments of any public servants doing duty in the same province, whose pay and allowances are charged to the Imperial revenues. The Government of India reserves to itself the right to forbid alterations in rates of pay or allowances, which, in its opinion, would produce inconvenience in other provinces:

(4.) No moneys are to be removed from the public treasuries for investment:

(5.) No services now rendered to other departments at the charge of the departments made over to the control of the Local Governments are to be diminished, and no services now rendered to these departments at the charge of other departments are to be increased.

II.—The rules of the Supreme Government in respect to leave of absence and absentee, deputation, and superannuation allowances are to be observed.

\* It must be understood that these conditions are prescribed, for the present, tentatively; and that they are subject to revision as experience may require.

III.—Returns, Accounts, and Estimates are to be submitted to the Supreme Government in such forms and at such times as may be prescribed.

22. The Governor General in Council is fully aware that this Resolution will effect a wide change in Indian administration. It has been adopted, after long and careful consideration, in the hope that it will be received by the Governments in the spirit in which it is promulgated. The Governor General in Council believes that it will produce greater care and economy, that it will import an element of certainty into the fiscal system which has hitherto been absent, and that it will lead to more harmony in action and feeling between the Supreme and the Provincial Governments than has heretofore prevailed.

23. But beyond all this, there is a greater and wider object in view. Local interest, supervision, and care are necessary to success in the management of funds devoted to Education, Sanitation, Medical Charity, and Local Public Works. The operation of this Resolution in its full meaning and integrity will afford opportunities for the development of self-government, for strengthening municipal institutions, and for the association of Natives and Europeans, to a greater extent than heretofore, in the administration of affairs.

24. The Governor General in Council is aware of the difficulties attending the practical adoption of these principles; but they are not insurmountable. Disappointments and partial failures may occur; but, the object in view being the instruction of many peoples and races in a good system of administration, His Excellency in Council is fully convinced that the Local Governments and all their subordinates will enlist the active assistance, or, at all events, the sympathy, of many classes who have hitherto taken little or no part in the work of social and material advancement.

25. The additional powers of financial control which will now be assumed by the Governments must be accompanied by a corresponding increase of administrative responsibility. It is the desire of the Governor General in Council to confine the interference of the Supreme Government, in India in the administration of the "Provincial Services" to what is necessary for the discharge of that responsibility which the Viceroy in Council owes to the Queen and her responsible advisers, and for the purpose of securing adherence to the financial conditions now prescribed, and to the general policy of the Government of India.

26. The procedure of the Departments of "Registration," "Jails," and Police is to a large extent governed by law. No law exists upon the subject of "Education," but the policy of the Government has been declared and prescribed in despatches\* from the Secretary of State, the authority of which, and of the rules sanctioned by the Government of India regarding "Grants-in-Aid" and other matters of general principle, is not affected by this Resolution.

No. 49, dated 19th July 1854.  
 " 4, " 7th April 1859.  
 " 1, " 23rd Jan. 1864.  
 " 5, " 12th May 1870.

27. Subject to these general restrictions, the Governments will henceforth enjoy full liberty in the expenditure of the funds appropriated to "Provincial Services." It must, however, be understood that in thus divesting himself of control, the Governor General in Council divests himself also to a large extent of his former responsibility. If responsibility for expenditure is retained, control cannot be renounced.

28. The Governor General in Council delegates to the Local Governments this large additional share of administrative power without hesitation or distrust, believing that it will be exercised with wisdom, liberality, and prudence.

ORDERED, that copies of this Resolution be forwarded—

1st.—To each Local Government, with the intimation that, subject to the approval of the Secretary of State, complete effect will be given to the Resolution in the coming year, and that Local Governments should at once make all their arrangements in anticipation of this sanction.

2nd.—To



EAST INDIA (LOCAL FINANCE).

7

2nd.—To the Home and Public Works Departments for information and for any further orders that may be necessary in those Departments. The Public Works Department must adjust its Estimates for the coming year in conformity with the orders herein contained.

3rd.—To the Controller General for information. He is requested, with reference to paragraph 18, to submit a form of Estimates and Accounts for general use. He will be good enough also to issue to Accountants General any subsidiary instructions that he may think necessary.

*R. B. Chapman,*  
Offg. Secretary to the Government of India.

APPENDIX (A).

ASSIGNMENTS to be made for "PROVINCIAL SERVICES" in accordance with the Resolution of the Government of India, in the Financial Department (No. 3334), dated 14 December 1870.

	GRANTS, 1870-71.										ESTIMATED RECEIPTS, 1870-71.						Total Net Assignment, 1870-71.	Proportion of 350,000 L.	Permanent Assignment, now made.	
	Jails.	Registration.	Police.	Education.	Medical Services (except Medical Establishment).	Printing.	Roads and Miscellaneous Public Improvements.	Civil Buildings.	Proportion of "Public Works Establishments."	Proportion of "Tools and Plant."	TOTAL.	Jails.	Registration.	Police.	Education.	Printing.				TOTAL.
	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	
Oudh - - -	26,922	-	108,269	26,050	5,499	7,609	32,900	20,090	13,777	1,060	237,182	1,575	-	10,586	1,482	1,080	14,729	222,459	15,511	206,948
Central Provinces - -	27,881	3,509	130,007	27,804	11,770	3,640	63,408	14,406	20,330	1,556	304,866	6,000	5,500	12,520	-	-	24,020	280,846	19,583	261,263
British Burmah - -	32,772	-	139,253	10,998	6,460	3,000	63,100	23,959	23,035	1,741	303,923	9,420	-	18,671	500	-	28,591	275,332	19,199	256,133
Bengal - - -	218,210	36,009	555,757	334,385	89,713	41,732	157,800	111,370	69,984	5,983	1,520,943	110,385	40,000	70,363	42,012	2,000	264,760	1,256,183	87,591	1,168,592
North-Western Provinces	88,304	20,129	348,135	103,528	27,607	25,302	82,636	63,341	37,954	2,920	799,046	11,154	35,030	51,730	11,050	2,160	111,124	688,922	48,030	640,792
Punjab - - -	58,204	11,023	289,950	64,909	24,935	14,100	84,200	39,710	32,217	2,478	622,332	-	20,694	41,724	5,000	-	67,418	554,914	38,003	516,921
Madras - - -	91,983	32,970	350,730	90,052	61,690	25,840	123,880	58,506	47,431	3,648	870,726	7,300	34,060	32,350	6,900	1,200	81,810	794,916	55,428	739,488
Bombay - - -	73,440	25,372	388,708	118,271	74,852	27,050	121,900	107,590	59,644	4,588	1,001,225	684	30,141	14,000	10,480	-	55,285	946,040	65,965	880,075
<b>TOTAL - - - £.</b>	<b>617,811</b>	<b>120,212</b>	<b>2,306,409</b>	<b>670,063</b>	<b>302,532</b>	<b>148,279</b>	<b>729,810</b>	<b>438,882</b>	<b>303,602</b>	<b>23,374</b>	<b>5,067,243</b>	<b>146,408</b>	<b>165,385</b>	<b>251,944</b>	<b>77,424</b>	<b>6,500</b>	<b>647,731</b>	<b>5,019,512</b>	<b>350,000</b>	<b>4,669,511</b>

APPENDIX (B).

SCHEDULE of Works for which Separate Funds will be hereafter provided from the Imperial Revenue.

Buildings and Offices of the following Departments :—

Opium (not including the Board of Revenue's Office in Calcutta).

Mint and Currency.

Post Office.

Telegraph.

Offices of the Supreme Government.

Viceregal Residences.

Imperial Museum,

Stamp and Stationery Office,

Surveyor General's Office,

Treasury Buildings,

Bishop's Palace,

} Calcutta.

Godavery Works,

Kurrachee Harbour Improvement,

} Reserved as Imperial for the present.

Such Military Roads as have been, till the current year, provided for from the Grant for "Military Works."

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EAST INDIA (LOCAL FINANCE).

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COPY of FINANCIAL LETTER from the Govern-  
ment of *India*, dated 14 December 1870,  
No. 265, with its Enc'osure, on the subject  
of LOCAL FINANCE.

(*Mr. Eastwick.*)

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*Ordered, by The House of Commons, to be Printed,  
16 February 1871.*

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EAST INDIA (RECRUITS).

RETURN to an Address of the Honourable The House of Commons,  
dated 14 March 1871;—for,

5  
“COPY of the PROCEEDINGS of the COMMITTEE of which Mr. *Seccombe* was a  
Member, which sat at the end of last Year, to inquire into the EXPENSE  
of the RECRUITS for the REGIMENTS serving in *India*.”

War Office,  
23 March 1871. }

EDWARD CARDWELL.

REPORT of a COMMITTEE appointed by the Secretaries of State for War and for  
India to make Arrangements for adjusting from the 1st April 1869 the Charges  
for Effective Services of HER MAJESTY'S REGIMENTS on the EAST INDIAN  
ESTABLISHMENT, on the principle of actual Charges.

MEMBERS:

T. L. Seccombe, Esq.  
H. W. S. Whiffin, Esq.

Major-General Jameson.  
J. Milton, Esq.

1. IN proceeding to consider the subject committed to them, the Committee, after careful inquiry and deliberation, find that considerable difficulty must attend the preparation of an exact account of the charges against India in respect of recruiting the European army in that country, and that it would inevitably involve much correspondence with respect to the sanction of exceptional charges and otherwise, and especially with reference to the charge for artillery recruits, and for volunteers from regiments in England, called for immediately previous to the embarkation of troops for India.

2. In order to lay down, if possible, some plan whereby the constant preparation, and examination of such an account might be obviated with due regard to the interests of the British and Indian Exchequers, the Committee have considered a suggestion for the settlement of the charge against India on the principle of a schedule of prices per man for regiments, batteries, drafts, and recruits of each arm of the service embarking for India, the War Office making a similar payment to India for each effective man returning to England.

3. The Committee are not at present able to submit a schedule of prices, as its preparation would involve an elaborate and careful inquiry and analysis of the charges included therein; and as that inquiry must occupy much time and care, in order to arrive at conclusions which could be expected to prove satisfactory to Her Majesty's Government, the Committee venture to recommend that the present system of payment by a capitation rate should be continued for one year, from the 1st April 1869 to the 31st March 1870.

4. If this proposition be agreed to, the investigation could, during the ensuing year, be fully entered on and brought to a conclusion, so that the Committee would be enabled to report the course they would recommend for the consideration of the Secretaries of State, whether by a schedule of prices, as before stated, for the cost of every effective man of each arm of the service embarking for or returning from India, or if that should prove to be impracticable, by a direct settlement of the accounts of actual charges.

5. In submitting this proposition the Committee feel it to be their duty to bring prominently to notice the very heavy charge attending the present system of Indian depôts, as shown in the cost to the Imperial Government of a recruit from the date of his enlistment to that of his embarking for India. This becomes very apparent when a comparison is made of the expenditure under the existing system

with that of the Warley depôt formerly maintained for recruiting the army by the East India Company.

6. The Committee feel bound to ask the attention of Her Majesty's Government to the expense of the Indian depôts, in order that it may be ascertained whether the system on which they are at present maintained could not be greatly modified.

7. In confirmation of the opinion above expressed the Committee annex three returns.

A. A return of the cost of the depôt at Warley for 10 years from 1850 to 1859, as shown in the actual accounts in the India Office.

B. A statement showing in detail the items composing the charges under each head at Warley, for the years 1854-55 and 1855-56, from which charges the totals in Statement A. and the charge for a recruit have been deducted.

C. A return from the years 1861-62 to 1867-68 of the estimated establishment of the Indian depôts kept up by the Imperial Government for cavalry and infantry, of the actual strength of those depôts, and of the actual number of recruits and drafts sent out thence to India.

8. The Committee would here remark that the War Office depôts include a very large staff, whilst the Warley depôt was conducted by a very small number of commissioned and non-commissioned officers for the supply of recruits to nine regiments of infantry and the whole of the artillery in India, including a small body of engineers.

9. The figures in the Return C. show a cost of about 205*l.* for each soldier sent by the War Office to India, but this must be modified as regards one or two exceptional years, during which, although the depôts remained at their full strength, very few recruits were required for India, in consequence of each regiment in that country having been very largely reduced, but the outlay, nevertheless, appears to demand inquiry with a view to its reduction. Returns A. and B. show that recruits were sent out from the Warley depôt for the years from 1850 to 1859 at an average cost of 19*l.* 15*s.* per man only, or, omitting the exceptional years of and after the mutiny, at an average cost of 26*l.* 7*s.* 5*d.* per man for all arms.

10. It is proper to add that the members of this Committee, representing the War Office, are of opinion that with reference to the statistical statements prepared at the War Office and laid before the Committee, the depôt and recruiting charges of regiments in India have been in excess of the amount repayable to Imperial funds as the capitation grant for the corresponding period, thus leaving a deficit to be borne by the Imperial revenues. The members of the Committee representing the India Office are not, however, at present in a position to confirm this view, as they have not had the means of scrutinizing those statements, or of arriving at a definite conclusion as to this point, but the Committee have no hesitation in expressing their unanimous opinion that the charge for a recruit, as shown in the War Office Return, is susceptible of very great reduction, and that whatever loss has resulted to the Imperial Government must be attributed mainly to the excessive amount of the depôt charges.

11. The Committee cannot conclude their Report without bearing testimony to the valuable assistance they have received throughout their inquiries from their secretary, Mr. Day, in the preparation of the returns and calculations relative to the expenditure in this country. Mr. Day's great intelligence and accuracy call for this recognition, and would be of great value in the prosecution of any further inquiries on this subject.

12. For the reasons given the Committee submit:—

That the capitation rate as at present paid shall be continued for one year from the 1st April 1869, and that during that period they should be authorized to consider and report as to the best mode of adjustment of the accounts of the expenditure for future years.

(signed) *T. L. Seccombe.*  
*G. J. Jameson.*  
*H. W. S. Whiffn.*  
*John Milton.*

*Robert P. Day, Secretary.*

War Office, 11 March 1869.

RECRUITS FOR REGIMENTS SERVING IN INDIA.

3

(A.)

STATEMENT showing the NUMBER and COST of RECRUITS sent to India from Warley, in the Years from 1850 to 1859 inclusive.

Year.	Recruits sent to India.					Cost of Depot at Warley, and of Recruiting Staff, exclusive of Clothing, Arms, and Accoutrements, but including Expense of Sappers studying at Chatham.
	Engineers.	Artillery.	Cavalry.	Infantry.	Total.	
1850 - - -	38	687	-	490	1,215	£. s. d. 36,540 13 1
1851 - - -	33	603	-	220	856	23,087 3 3
1852 - - -	22	617	-	378	1,017	87,861 10 -
1853 - - -	27	794	-	1,522	2,373	41,760 13 -
1854 - - -	36	511	-	1,495	2,043	49,633 7 4
1855 - - -	29	443	-	1,163	1,633	43,409 14 5
1856 - - -	75	534	-	933	1,542	43,659 17 1
				10,580		279,012 - 8
1857 - - -	60	1,282	814	1,011	3,766	64,863 13 2
1858 - - -	83	937	2,545	2,558	6,183	71,934 5 9
1859 - - -	116	1,621	381	2,106	4,224	73,435 15 10
TOTAL - - -	541	8,018	3,740	12,484	24,783	489,294 13 11

Average per man during seven years, 1851-7, £s. 5d.  
Average per man during 10 years, 1851-10, £s. 10s. 4d.

(B.)

STATEMENT of RECRUITING CHARGES for the Year 1854-55.

	£. s. d.	£. s. d.	£. s. d.
Pay to officers, non-commissioned officers, and recruits at the depot at Warley:—			
Officers - - - - -	2,856 15 4		
Non-commissioned officers on the staff - - - - -	1,530 7 1		
Recruits - - - - -	9,874 3 3		
Sappers - - - - -	2,804 3 3		
		16,865 7 11	
Expenses of instructing company's recruits as Sappers and Miners at Chatham - - - - -		572 - 2	
Drafts of officers at the several recruiting stations, expended as follows:—			
Pay of officers and non-commissioned officers - - - - -	2,965 19 7		
Rewards for recruits finally approved - - - - -	2,229 8 -		
Marching money and contingencies - - - - -	1,774 12 11		
		6,969 15 6	
Bounty money to recruits - - - - -		11,207 3 -	
Embarkation expenses of recruits - - - - -		1,780 14 3	
Gratuity and pension to Sergeant-Major Sullivan - - - - -		40 - -	
Rent of house in Soho-square used as the London recruiting rendezvous - - - - -		80 17 3	
Rates and taxes of depot at Warley - - - - -		221 11 11	
Miscellaneous:—			
Allowance to recruits of 1d. per diem beer money - - - - -	743 6 6		
Marching money - - - - -	48 8 6		
Sergeant-major's and sergeant's allowances for paying staff - - - - -	36 4 2		
Rewards for apprehending deserters - - - - -	83 14 10		
Allowance to Rector of Warley for performing duties of garrison chaplain - - - - -	83 - -		
Allowance to Roman Catholic Minister - - - - -	40 - -		
" Presbyterian Minister - - - - -	20 18 3		
" Clerk at depot chapel - - - - -	6 6 -		
Salary of assistant master at depot school - - - - -	25 - -		
" mistress - - - - -	20 - -		
Bibles, prayer-books, &c. - - - - -	205 14 7		
Barrack-master's contingencies - - - - -	1,382 18 1		
Allowed for excess in the price of meat and bread - - - - -	1,163 10 6		
Clothing for staff, non-commissioned officers, and buglers - - - - -	377 1 9		
Carried forward - - - - -	£. 4,265 12 2	37,746 11 6	

129.

A 2

## REPORTS RELATIVE TO THE EXPENSES OF

	£.	s.	d.	£.	s.	d.	£.	s.	d.
Brought forward - - -	4,265	12	2	37,746	11	6			
Alteration of clothing - - -	228	2	-						
Repairs of arms - - -	61	15	5						
Carriage of clothing and stores - - -	80	6	8						
Compensation in lieu of clothing - - -	31	5	-						
Hospital contingencies - - -	60	-	-						
Stationery, books, and bookbinding - - -	142	0	8						
Postage - - -	22	12	6						
Travelling expenses of clerk of the works - - -	111	15	-						
Annual grants to dépôt charitable fund - - -	30	-	-						
Annual donation to poor fund, Congregational Chapel at Brentwood - - -	10	-	-						
Fire-grates for dépôt at Warley - - -	27	18	-						
Petty expenses - - -	865	3	5						
				5,886	15	10			
							43,633	7	4

(B.)

## STATEMENT OF RECRUITING CHARGES for the Year 1855-56.

	£.	s.	d.	£.	s.	d.	£.	s.	d.
Pay to officers, non-commissioned officers, and recruits at the dépôt at Warley:—									
Officers - - -	2,946	9	1						
Non-commissioned officers on the staff - - -	1,551	1	11						
Recruits - - -	10,376	11	4						
Sappers - - -	3,741	13	4						
				18,615	17	8			
Drafts of officers at the several recruiting stations, expended as follows:—									
Pay of officers and non-commissioned officers - - -	3,003	7	10						
Rewards for recruits finally approved - - -	1,657	7	-						
Marching money and contingencies - - -	1,685	5	9						
				6,346	-	7			
Bounty money to recruits - - -				10,940	8	2			
Embarkation expenses of recruits - - -				1,374	12	5			
Gratuity and pension to Sergeant-Major Sullivan - - -				135	-	-			
Rent of house in Soho-square used as the London recruiting rendezvous - - -				121	17	6			
Rates and taxes of dépôt at Warley - - -				238	-	3			
Miscellaneous:—									
Allowance to recruits, 1 d. per diem beer money - - -	772	19	4						
Marching money - - -	54	14	2						
Sergeant-major's and sergeant's allowances for paying staff - - -	86	8	2						
Rewards for apprehending deserters - - -	127	8	11						
Allowance to Rector of Warley for performing duties of garrison chaplain - - -	83	-	-						
Allowance to Roman Catholic Minister - - -	40	-	-						
"    Presbyterian Minister - - -	34	12	6						
"    Clerk at dépôt chapel - - -	6	6	-						
Salary of assistant master at dépôt school - - -	25	-	-						
"    mistress - - -	20	-	-						
Donation for purchase of books and stationery for use of dépôt schools - - -	10	-	-						
Bibles, prayer-books, &c. - - -	403	12	-						
Barrack-master's contingencies - - -	1,056	2	2						
Allowed for excess in the price of meat and bread - - -	1,109	14	4						
Clothing for staff, non-commissioned officers, and buglers - - -	362	16	11						
Alteration of clothing - - -	227	1	7						
Repairs of arms - - -	57	8	10						
Carriage of clothing and stores - - -	12	10	9						
Compensation in lieu of clothing - - -	7	10	-						
Hospital contingencies - - -	308	5	-						
Printing attestation papers - - -	8	18	6						
Postage - - -	23	5	11						
Travelling expenses of clerk of the works - - -	181	18	6						
Annual grant to dépôt charitable fund - - -	30	-	-						
Petty expenses - - -	739	6	3						
				5,788	17	10			
							43,469	14	5



RECRUITS FOR REGIMENTS SERVING IN INDIA.

5

(C.)

RETURN for the Seven Years 1861-62 to 1867-68 of the Estimated Establishment of the Indian Depôts for Cavalry and Infantry, of the actual Strength of those Depôts, and of the actual Number of Recruits and Drafts sent out thence to India.

Depôts.	1861-2.	1862-3.	1863-4.	1864-5.	1865-6.	1866-7.	1867-8.	Total.	Average.
Establishment -	6,088	6,224	7,467	7,465	7,222	7,000	7,804	50,059	7,351
Actual strength on monthly averages -	9,038	8,190	7,543	7,811	8,826	8,881	10,572	50,461	8,404
Number of men embarked in drafts -	1,646	787	2,830	1,656	3,001	1,801	3,643	15,376	2,196
Approximate amount of home charges for depôts, including recruiting expenses and pay on passage out and home -	£. 365,700	£. 296,650	£. 379,650	£. 377,650	£. 378,650	£. 308,150	£. 409,650	£. 2,666,100	£. 380,871
Average cost of each recruit embarked -	221	876	134	228	126	221	129	-	205
	General Average -							£. 205.	

SECOND REPORT of the COMMITTEE appointed by the Secretaries of State for War and for India to make Arrangements for adjusting the Home Charges for Effective Services of Her MAJESTY'S REGIMENTS on the EAST INDIAN ESTABLISHMENT, on the principle of actual Charges.

MEMBERS:

T. L. Seccombe, Esq., Financial Secretary, India Office.	Major-General Jameson, Auditor of Home Accounts, India Office.
H. W. S. Whiffin, Esq., Chief Auditor, War Office.	J. Milton, Esq., Assistant Accountant-General, War Office.

1. In their first Report, dated the 11th March 1869, the Committee recommended that the system of payment for the Effective Services of Her Majesty's Regiments on the East Indian Establishment, by a Capitation Rate, should be continued for one year, from the 1st April 1869, in order to afford time for a careful inquiry as to the best mode of settling the claim of the Imperial Government for the Home Charges on account of Regiments, Batteries, Drafts, and Recruits of the several Arms of the Service proceeding to India, either by a Schedule of prices per man, or, if that were not practicable, by a direct settlement of actual charges.

2. The Committee, in that Report, requested the attention of Her Majesty's Government to the very heavy charge imposed on India, and to the very large difference between the expenditure under the existing system, and that which was formerly incurred by the East India Company, in recruiting their European Artillery and Infantry.

3. The recommendation of the Committee having been adopted, another Committee, consisting of three Officers representing the India Office, War Office, and Horse Guards respectively, was appointed to consider to what extent the Depot Establishments maintained for Regiments serving in India would admit of reduction.

4. That Committee recommended certain reductions, but these have not yet been ordered, and their effect cannot therefore be ascertained.

5. Under these circumstances, the Committee have not deemed it advisable to attempt to fix a Schedule of prices, as it would have to be based entirely on estimate, if the Depôt Establishments recommended in the Report in question be adopted, and would require modification, if it should be found practicable to carry reduction to a still greater extent.

6. They are, therefore, of opinion, that, from the 1st April 1870, the claims of the Imperial Government should be adjusted by repayment of the actual charges on the general principles which governed the settlement of the Accounts for Recruiting, Depôt, and other Home services, from the year 1824 to the date of the introduction of a Capitation Rate.

7. There are, however, certain charges, formerly included in that adjustment, which it would be expedient henceforth to exclude; the payments under the several heads to be in future made direct by the India Office, viz. :—

A. Pay of Officers on furlough from India, with the exception of the pay of Colonels of Regiments, and Colonels Commandants of Artillery, which should continue to be issued by the Agents and charged to India, through their Accounts with the War Office.

B. Advances in this country to Regiments proceeding to India, which should be accounted for by the Paymasters to the Local Government in India, the Paymasters rendering to the War Office a Pay List to the day preceding embarkation.

C. Advances in India to Regiments returning to England to be accounted for by the Paymasters to the India Office, a pay list being rendered to the day preceding disembarkation.

8. Advances to Drafts proceeding to, and Detachments returning from, India should be adjusted in the mode adopted previous to the introduction of the Capitation Rate.

9. The Committee would also recommend that the Remittances from India by Officers and Soldiers should be paid direct by the India Office, and that the present charge for Agency be revised.

10. Excluding the foregoing items, the charges which will have to be adjusted on the principle of actual Accounts, are detailed in the Schedule, Appendix A., and may be classified as follows :—

Class 1. Direct charges,

„ 2. Indirect, or assessed charges.

There are certain charges shown under Class 3, to which reference will be made separately.

11. The items in Class 1 do not require explanation.

12. In regard to Class 2, comprising the indirect or assessed charges, in respect of which India is liable for a proportion only, the expenditure for these services should be charged rateably on the net disbursements occurring in *each* of the several Recruiting Districts and Depôt Battalions, in which there may be recruits for India, with the exception of the charges for Barrack Accommodation, and for difference of numbers of men on passage to and from India.

13. The charge for Barrack Accommodation should be calculated on the average number of Officers and Men belonging to Regiments on the Indian Establishment, accommodated in Barracks on the 1st of each month.

14. With reference to the charge hitherto made for the difference of numbers of men on passage to and from India, and to a recent communication from the Horse Guards, copy of which is annexed (Appendix G), respecting the minimum time required for training Recruits of the several Arms of the Service, the Committee are of opinion that the following sums, details of which are given in Appendices B and C, should, for the present, be charged for every non-commissioned

RECRUITS FOR REGIMENTS SERVING IN INDIA. 7

sioned officer or soldier embarked, as reliefs for India, with regiments of the line, viz. :—

	£.	s.	d.
Cavalry - - - -	45	16	10
Infantry - - - -	27	7	11

and the Government of India will be entitled to credit, at the same rates, for every non-commissioned officer or soldier disembarked with regiments, who, at the date of disembarkation, shall not be within two years of the completion of his term of service.

15. This adjustment will not apply to drafts sent from this country to India, as India will have paid for them, nor to detachments of invalids or time-expired men returning from India.

16. Assuming that the expenses of the Indian depôts of Royal Artillery will, in future, be defrayed by the Government of India in the same manner as those for depôts of Cavalry and Infantry, the Committee consider that the amount chargeable for every non-commissioned officer or soldier of Artillery embarked for India should be as follows, viz. :—

	£.	s.	d.
Horse Artillery - - - -	47	10	7
Garrison and Field Artillery - - - -	40	11	5

Details showing how these charges are arrived at are given in Appendices D and E.

17. These rates will be chargeable on the numbers embarked with troops or batteries of artillery as reliefs, and also on such non-commissioned officers or men, if any, as may be sent from troops and batteries not belonging to the Indian depôts, India being reimbursed at the same rates for every effective, non-commissioned officer or soldier disembarked with troops or batteries who shall not be within two years of the completion of his term of service.

18. As in the case of regiments of the line, drafts of artillery embarked for India will not be chargeable, nor will India be entitled to credit for invalids or time-expired men returning.

19. The practice at present adopted, of not sending out men who have less than two years to serve, should be continued; and in calculating the number on which the prescribed sums are to be paid for effective men going out or returning with their corps, the number of men left with the depôts who may not be within two years of the termination of their period of service should be added to the numbers embarking; and, in like manner, the number of soldiers and recruits of three months' service and upwards, serving with the depôt at the date on which the order was issued for the recall of the regiment from India, should be added to the number of men disembarking in this country with the corps.

20. The rates at present chargeable for non-commissioned officers of Royal Engineers required for special service in India, as fixed in the Report of the Committee which considered the subject in March 1867, should remain in force (Appendix F.).

21. The Committee recommend that the above rates, as well as the charges under Class 2, should be subject to revision every three years.

22. On the subject of these charges a separate minute is recorded by the members representing the India Office on this Committee.

23. In regard to the mode of payments, the Committee recommend that monthly advances, based on the estimated expenditure, should be made by the India Office. The accounts should be kept distinct for each year, and the balance of each year's account should, if practicable, be declared within nine months of the expiration of the financial year.

24. The final adjustment of each year's accounts would be materially facilitated by the establishment of a system of concurrent audit, on behalf of India, of the direct charges as recorded in the books of the War Office, many of which charges are so well defined that they will hardly admit of objection;

and in recommending the adoption of that course, the Committee consider that the necessary detailed arrangements, to carry it into effect, might with advantage be left in the hands of the responsible officers of each department, charged with the duty of rendering and auditing the accounts.

25. With the view of facilitating the settlement of any questions which may arise in the course of the adjustment of the accounts, the Committee recommend that a standing committee should be formed, composed of members representing both the India Office and the War Office, and that the proceedings of the standing committee should from time to time be recorded in a minute book, to be kept by a gentleman on the establishment of the War Office, who should act as secretary; copies of such proceedings being submitted periodically to the Secretaries of State for War and for India.

26. The charges specified under Class 3, of Appendix (A.), having relation to the army generally, have not hitherto been matter of account between the Imperial Government and the Government of India.

27. The question as to the liability of India to bear a proportion of these charges was discussed by the committee, which arranged the existing capitation rate in 1861, and it resulted in the exclusion of those charges therefrom.

28. The subject has again been considered by this Committee; and it appears to them that, in conformity with long established usage, no adjustment is necessary on this account, such proportion of the expenditure for head quarter departments, general staff, &c., as might be considered applicable to Her Majesty's regiments on the Indian establishment being, in their opinion, fairly compensated for by the advantages derived by the Imperial Government from the presence of Indian depôts in this country. On this point, however, a separate Minute, by the members representing the India Office on the committee, is added hereto.

29. In concluding their Report, the Committee would again refer to the heavy expense of the Indian depôts as at present constituted. They are unanimously of opinion that the present rate of expenditure is too large when compared with that incurred prior to the mutiny in India; and, as shown in their former Report, excessive when compared with the charge incurred by the East India Company in the maintenance of their depôt at Warley.

30. The Committee are therefore of opinion that, without any sacrifice of efficiency, it is practicable to effect a very large reduction in these charges.

31. The Committee desire again to record their acknowledgments of the very valuable assistance rendered by Mr. Day as secretary to this Committee.

(signed) *T. L. Secombe.*  
*H. W. S. Whiffin.*  
*G. I. Jameson, Major General.*  
*J. Milton.*

(signed) *Robert P. Day, Secretary.*  
 24 November 1869.

While concurring generally in the foregoing Report, the members appointed by the Secretary of State for India to serve on this Committee, feel it to be their duty to represent that they consider that the proposed arrangement is, in one respect, not just towards India.

They are of opinion that, as all expenses of raising, training, maintaining, and pensioning the troops whose services are lent to India are paid from Indian revenues, India is fairly entitled to a considerable credit for the value to the Imperial Government of the presence in this country of the staff and men engaged in course of training. The troops are available to meet any emergency for which a home garrison is required, and the resignation by the War Office of any charge for a proportion of the expenses of the General, Medical, and Commissariat Staff, &c., specified under Class 3, in Appendix (A.), as a set-off to that advantage, appears to the undersigned to be entirely inadequate.

They are also of opinion, that the periods of training, on which the charge for difference

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difference of numbers of men is based, are longer than are necessary with reference to the requirements of India; and that, as the East India Company formerly found it safe and expedient to send soldiers to India after very short periods of training, the adoption of a somewhat similar course would tend greatly to reduce the charge on this account, an object that would be further facilitated by a reduction in the number and strength of the depôts.

We have, &c.  
(signed) *T. L. Secombe.*  
*G. I. Jameson,*  
Major General.

APPENDIX.

(A.)

SERVICES chargeable against the Revenues of India in respect of Recruiting Districts and Depôts of Her Majesty's Regiments on the East India Establishment.

CLASS I.

DIRECT CHARGES.

<p><b>VOTE 1.</b></p> <p>Pay of Regimental Officers. Additional pay " " Allowance in lieu of servants. Pay of men. Good-conduct pay. Beer-money. Command pay. Non-effective allowance to Field Officers. Contingent allowance to Captains. Agency, including allowance for postage and stationery. Regimental postage, stationery, &amp;c. Pay of non-commissioned officers and men invalidated from India. Passage pay of Officers and men to and from India. Furlough pay. Levy money for recruits. Medical attendance on recruiting parties and recruits. Marching and travelling allowances. Cost of conveyance of recruits, escorts, &amp;c. Good-shooting pay, and pay for good swordsmanship. Railway and other expenses (including marching allowances to Officers) to troops moved from one station to another on regimental routes. Rations to men whose pay has been mulct. Mess allowance. Payments for certificates of conviction by civil power.</p> <p><b>VOTE 2.</b></p> <p>Excess cost of bread and meat Allowance to wives and children of soldiers separated from their families</p> <p><b>VOTE 3.</b></p> <p>Kits issued to recruits, and compensation in lieu thereof to re-enlisted soldiers.</p>	<p><b>VOTE 4.</b></p> <p>Allowances for fuel and light (regimental). Ditto, in lieu of lodgings to regimental Officers. Ditto, to married soldiers. Ditto, to men in stationary quarters.</p> <p><b>VOTE 6.</b></p> <p>Allowance to Acting Deputy Judge Advocates, and to members and witnesses. Subsistence and expenses on routes for deserters, and their escorts, and rewards for apprehension of deserters. Charge for escorting prisoners to and from civil and military prisons.</p> <p><b>VOTE 7.</b></p> <p>Payments to private medical practitioners. Hospital expenses. (Difference between the stoppage and actual cost of diets.)</p> <p><b>VOTE 13.</b></p> <p>Cavalry equipments. Accoutrements.</p> <p><b>VOTE 19.</b></p> <p>Rewards for distinguished and meritorious service. Victoria Cross annuities.</p> <p><b>CREDITS.</b></p> <p>Pay forfeited by sentence of Court-martial. Contribution from Officers in aid of mess on board ship. Stoppages from Officers for rations supplied to themselves and families on board ship. Ditto, ditto from men. Purchase money of soldiers discharged. Effects and credits of deserters. Smart-money from recruits.</p>
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## REPORTS RELATIVE TO THE EXPENSES OF

## CLASS II.

## INDIRECT OR ASSESSED CHARGES.

## VOTE 1.

Allowance to Riding-masters.  
Farriery allowance.  
Allowances to Officers and non-commissioned officers.  
Instructors of musketry.  
Allowance to non-commissioned officers acting as savings bank clerks.

## CAVALRY DEPÔT.

Pay, additional pay, command pay, and non-effective allowance of Commandant.  
Assistant Commandant.  
Majors.  
Captain Instructors of Musketry (in addition to regimental pay).  
Adjutant.  
Paymaster.  
Superintendent Riding Department.  
Riding Master.  
Quartermaster.  
Surgeons.  
Assistant Surgeons.  
Veterinary Surgeon.  
Non-commissioned officers.  
Clerks, cooks, &c.  
Farriery and riding money allowance.  
Incidental expenses of riding-school.  
Travelling expenses.  
Postage and miscellaneous expenses of office.  
Instruction in musketry and gymnastic.  
Agency.  
Mess wine allowance.  
Beer-money.  
Purchase of horses and expenses.  
Cost of horse medicines, &c.

## DEPÔT BATTALIONS.

Pay and Allowances of Staff Officers and Non-Commissioned Officers.  
Musketry Instruction.  
Pay of Orderly-room Clerks of Depôt Battalions.  
Allowance in lieu of Servants.  
Travelling Expenses and Contingencies.  
Postage and Miscellaneous Expenses of the Office.  
Allowance to the General Agent for cashing Paymasters' Drafts.  
Agency.

## SCHOOL OF MUSKETRY.

Pay and Allowances of Staff Officers and Non-Commissioned Officers.  
Ditto, ditto, of Rank and File for Range Duties.  
Good Service Pay and Beer Money to Non-Commissioned Officers and Men.  
Allowance in lieu of Servants.  
Ditto, ditto, Lodgings.  
Travelling Expenses.  
Postage and Miscellaneous Expenses.  
Allowance to Captains for paying Detachments.  
Allowance in aid of Mess.  
Agency.

## RECRUITING ESTABLISHMENTS.

Pay and Allowance of Staff.  
Pay of Clerks.  
Allowance in lieu of Servants.  
Rent of Recruiting Offices.  
Travelling Expenses and Contingencies.

Postage and Miscellaneous Expenses of the Offices.  
Allowances and Expenses of Superintending Officers.  
Allowances to Recruiting Serjeants, &c., in Stationary Quarters.  
Allowances to Staff Officers of Pensioners, and Pensioners employed upon Recruiting Services.  
Agency.

## VOTE 2.

Proportion of Expense of Forage.  
Ditto, ditto, Commissariat Staff.

## VOTE 3.

Clothing of Staff Non-Commissioned Officers of Districts, Depôt Battalions, &c.

## VOTE 4.

Charge for Barrack Accommodation.

## VOTE 5.

Allowance to Officiating Clergymen for performing Divine Service.  
Rent of Buildings hired for the performance of Divine Service.

## VOTE 6.

Allowance to Non-Commissioned Officers acting as Provost Serjeants.

## VOTE 7.

## GENERAL HOSPITAL, NETLEY.

Pay and Allowances of Staff Officers and Clerks.  
Pay and Allowances, Schoolmasters and Schoolmistresses, and Contingencies of Schools and Libraries.  
Contingencies.  
Cost of Medicine.

## VOTE 13.

Arms and Ammunition supplied for the use of the Depôts.

## VOTE 15.

Pay, Allowances, and Travelling Expenses of—  
Schoolmasters.  
Schoolmistresses.  
Pupil Teachers and Monitresses.  
School Orderlies.  
Soldier Assistants.  
Purchase of School Material.  
Repair of School Books.  
Allowances to Librarians.  
Carriage of School Books.

## VOTE 17.

Commission granted to Local Banks for the supply of Specie.  
Expenses arising from the Contagious Diseases Act.  
Charge for difference of numbers of Men on Passage.

## CREDITS.

Proceeds of sale of Cast Horses at Cavalry Depôt.  
School and Library Subscriptions.

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CLASS III.

EXPENSES affecting Depôts of Regiments in India which have not been matter of Account between the Imperial Government and the Government of India.

Proportion of the Expense of the— General Staff. Medical ditto. Commissariat ditto. Commissioned Chaplains. Military Departments. Chelsea College, Asylums, &c. Expenses of Female Hospitals.	Billiard Tables and Rooms for Officers. Recreation Rooms for Men, and cost of Games, &c. Gymnastic Instruction, and cost of Utensils, &c. School of Music, Kneller Hall. School of Cookery.
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(B.)

CAVALRY.

	£.	s.	d.
Pay for nine months, at 1 s. 5 d. per diem	19	7	9
Beer money for nine months, at 1 d. per diem	1	2	9
Marching money, cost of conveyance of recruits, &c. (16 per cent. on pay)	3	2	—
Recruiting and depôt battalion Staff charges, 22 per cent. on foregoing charges and on levy money	5	15	2
Barrack accommodation for nine months, at 6 l. 2 s. 11 d. per man per annum	4	12	2
Excess cost of bread and meat for nine months	—	1	2
Charge for accoutrements for nine months	—	1	2
Clothing for nine months, at 4 l. 8 s. 9 d. per annum	8	6	7
Hospital expenses for ditto, at 17 s. 7 d. per annum	—	18	2
	39	2	9
Levy money	2	11	—
Cost of free kit	4	8	1
	£.	45	16 10

(C.)

INFANTRY.

	£.	s.	d.
Pay for six months, at 1 s. 2 d. per diem	10	12	11
Beer money for six months, at 1 d. per diem	—	15	2
Marching money, cost of conveyance of recruits, &c. (16 per cent. on pay)	1	14	1
Recruiting and depôt battalion Staff charges, 22 per cent. on above charges and on levy money	3	9	—
Barrack accommodation for six months, at 6 l. 2 s. 11 d. per annum	3	1	5
Excess cost of bread and meat for six months	—	14	8
Accoutrements for six months	—	—	10
Clothing for six months, at 3 l. 1 s. 8 d. per annum	1	10	10
Hospital expenses for ditto, at 17 s. 7 d. per annum	—	8	9
	22	7	8
Cost of free kit (exclusive of extra articles formerly in the kit, but now issued as clothing)	2	9	8
Levy money	2	11	—
	£.	27	7 11

## REPORTS RELATIVE TO THE EXPENSES OF

(D.)

## ROYAL HORSE ARTILLERY.

	£.	s.	d.
Pay for nine months, at 1 s. 7½ d. per diem - - - - -	21	19	1
Beer money for nine months, at 1 d. per diem - - - - -	1	2	9
Marching money, and cost of conveyance of recruits, &c. (16 per cent. on pay) -	8	10	3
Barrack accommodation for nine months, at 6 l. 2 s. 11 d. per annum - - -	4	12	2
Excess cost of bread and meat for nine months - - - - -	1	2	-
Accoutrements for nine months - - - - -	-	1	2
Charge for Staff expenses - - - - -	5	-	-
Clothing for nine months, at 3 l. 17 s. 2 d. per annum - - - - -	2	17	10
Hospital expenses for ditto, at 17 s. 7 d. per annum - - - - -	-	13	2
	40	18	5
Levy money - - - - -	2	11	-
Cost of free kit (exclusive of extra articles formerly in the kit, but now issued as clothing) - - - - -	4	1	2
	£.	47	10
		7	

(E.)

## ROYAL ARTILLERY.

	£.	s.	d.
Pay for eight months, at 1 s. 6½ d. per diem - - - - -	17	9	0
Beer money for eight months, at 1 d. per diem - - - - -	1	-	3
Marching money, cost of conveyance of recruits, &c. (16 per cent. on pay) -	2	16	-
Barrack accommodation for eight months, at 6 l. 2 s. 11 d. per man per annum -	4	2	-
Excess cost of bread and meat for eight months - - - - -	-	19	8
Accoutrements for eight months - - - - -	-	1	1
Charge for Staff expenses - - - - -	5	-	-
Clothing for eight months, at 3 l. 18 s. 6 d. per annum - - - - -	2	12	4
Hospital expenses for ditto, at 17 s. 7 d. per annum - - - - -	-	11	8
	34	12	9
Levy money - - - - -	2	11	-
Cost of free kit (exclusive of extra articles formerly in the kit, but now issued as clothing) - - - - -	3	7	8
	£.	40	11
		5	

(F.)

## ROYAL ENGINEERS.

	£.
For each Quartermaster-Serjeant - - - - -	190
„ Colour Serjeant - - - - -	150
„ Serjeant - - - - -	140
„ Corporal - - - - -	125
„ Second Corporal - - - - -	110
„ Lance Corporal and Sapper - - - - -	90

(G.)

Sir, Horse Guards, 23 July 1869.  
 REFERRING to your letters of the 5th and 21st instant, I have the honour, by desire of his Royal Highness the Field Marshal Commanding in Chief, to acquaint you that the following is the minimum time required for training recruits, prior to their embarking for service in India, of each of the following arms, viz. :-

Royal Horse Artillery - - - - -	9 months.
Royal Artillery - - - - -	8 "
Cavalry - - - - -	9 "
Infantry - - - - -	6 "

I have &c.,  
 (signed) C. R. Egerton,

The Under Secretary of State,  
 War Office.

Deputy Adjutant General.



THIRD REPORT of the COMMITTEE appointed by the Secretaries of State for War and for India to make arrangements for adjusting, from 1st April 1870, the Home Charges for Effective Service of Her Majesty's Regiments in India on the principal of Actual Charges.

MEMBERS:

<p>T. L. Seccombe, Esq., C.B., Financial Secretary, India Office.</p> <p>H. W. S. Whiffin, Esq., Chief Auditor, War Office.</p>	<p>Major General Jameson, Auditor of Home Accounts, India Office.</p> <p>J. Milton, Esq., Assistant Accountant General, War Office.</p>
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In compliance with the desire expressed by the Secretaries of State for War and for India, in a letter from Sir E. Lugard to the Under-Secretary of State for India, dated the 4th January 1870, and the reply thereto of the 5th January, the Committee have re-assembled for the further consideration of the subject of the payment, by the Government of India, of the home charges for Her Majesty's troops serving in India.

Since the date of the Committee's second report, important changes have been proposed in the constitution of the army in India, and propositions have also been made for recruiting the army on a new principle, which involves the breaking up of the cavalry depôt and infantry depôt battalions, attaching, in lieu of the former, a home troop of each regiment on service to a regiment of similar equipment at home; and, of the latter, two companies of each battalion abroad to a battalion at home, eight companies to be on foreign service and 12 companies on home service.

A battalion of infantry, in India, would then consist of eight companies, each company having one captain and two subalterns; and there would be in respect of every battalion two companies at home, each with one captain and one subaltern, these two companies forming the depôt, and being attached to a home battalion of 10 companies.

The recruits annually required for each regiment of cavalry in India are estimated at 32, and for each battalion of infantry at 60. As under the proposed arrangement there would be nine regiments of cavalry and 50 battalions of infantry in India, the annual drafts required would be 288 cavalry and 3,000 infantry recruits.

The Committee have not before them at present any definite information as to the artillery.

The propositions placed before the Committee are, that ten months is to be regarded as the average period of training of each cavalry, and seven months of each infantry, recruit; and that payment should be made from Indian revenues for recruits, at rates per man to be calculated with reference to those periods.

It is proposed by the members appointed by the Secretary of State for War that a proportion of the staff charges of each regiment or battalion should be included in the calculation; but this is objected to by the members appointed by the Secretary of State for India, on the ground that the staff charges in question would not be increased in consequence of one troop or two companies being attached to each regiment or battalion, and that the object to be kept in view is the repayment to Imperial revenues of expenditure incurred for the purposes of the Indian Government, and not the relief of the Imperial Exchequer from charges which it would incur independently of any Indian requirements.

The Committee have, therefore, submitted two statements, one exclusive, the other inclusive, of the regimental or battalion staff.

## REPORTS RELATIVE TO THE EXPENSES OF

Proceeding to ascertain the charge of a cavalry recruit under the arrangements above indicated, the Committee have taken into account the following items:—

	£.	s.	d.	£.	s.	d.
Pay for 10 months, at 1 s. 5 d. per diem - - - -	21	10	10			
Beer money for 10 months, at 1 d. per diem - - -	1	5	4			
Marching money and cost of conveyance of recruits, &c., 16 per cent. on pay - - - - -	3	8	11			
Recruiting staff charges - - - - -	2	19	1			
Barrack accommodation for 10 months, at 6 l. 2 s. 11 d. per annum - - - - -	5	2	5			
Excess cost of bread and meat for 10 months - - -	1	4	5			
Charge for accoutrements for 10 months - - - -	-	1	4			
Charge for practice ammunition - - - - -	-	8	1			
Clothing for 10 months, at 4 l. 8 s. 9 d. per annum -	3	14	-			
Hospital expenses, at 17 s. 7 d. per annum - - -	-	14	7			
Forage for 10 months, providing one horse for three recruits - - - - -	11	2	8			
Levy money - - - - -	2	11	-			
Cost of free kit - - - - -	4	8	1			
				58	5	9
<b>The charge of the Troop Dépôt:</b>						
1 Captain - - - - -	266	2	11			
1 Lieutenant - - - - -	164	5	-			
2 Troop Serjeant-Majors - - - - -	121	13	4			
3 Serjeants - - - - -	186	17	6			
1 Trumpeter - - - - -	28	17	11			
1 Artificer - - - - -	38	-	5			
10 rank and file - - - - -	258	10	10			
Beer money - - - - -	25	17	1			
Agency - - - - -	19	8	4			
{ Allowance - - - - - £. 16 14 7						
{ Poundage - - - - - 2 13 9						
Contingent allowance - - - - -	41	-	-			
Postage, &c. - - - - -	7	-	-			
Mess allowance - - - - -	25	-	-			
Forage for 17 horses, at 1 s. 10 d. - - - - -	568	16	10			
Cost of remount horses - - - - -	98	-	-			
Forage for five officers' horses, at 1 s. 1½ d. a day each	102	18	1			
For 48 recruits - - - - -	£.	1,902	2	8		
At per recruit - - - - -	-	-	-	44	4	8
				102	10	5
<b>If the proportion of the pay of the Regimental Staff in England be added, viz. :—</b>						
1 Lieutenant Colonel - - - - -	419	15	-			
1 Major - - - - -	351	6	3			
1 Paymaster - - - - -	228	2	6			
1 Adjutant (allowance) - - - - -	45	12	6			
1 Quartermaster - - - - -	155	2	6			
1 Surgeon - - - - -	273	15	-			
1 Assistant Surgeon - - - - -	182	10	-			
1 Veterinary Surgeon - - - - -	182	10	-			
Command allowance - - - - -	54	15	-			
Non-effective allowance - - - - -	40	-	-			
Special allowance to Quartermaster - - - - -	30	-	-			
Agency (1½ d. per £. on 1,963 l. 8 s. 9 d.) - - -	12	5	5			
Forage for 21 officers' horses, at 1 s. 1½ d. a day each	431	3	1			
	2,406	17	3			
For one troop (one-eighth) - - - - -	300	17	2			
For each recruit for 10 months - - - - -	-	-	-	5	16	8
The rate per recruit would be - - - - -	-	-	-	108	7	1

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On the same principles the charge for Infantry Recruits would be as follows:—

	£. s. d.	£. s. d.
Pay for seven months at 1 s. 2 d. per diem	12 8 5	
Beer money for seven months at 1 d. per diem	- 17 9	
Marching money, cost of conveyance of recruits, &c. (16 per cent. on pay)	1 19 9	
Recruiting Staff charges	2 19 1	
Barrack accommodation for seven months at 6 l. 2 s. 11 d. per annum	8 11 8	
Excess cost of bread and meat for seven months	- 17 1	
Accoutrements for seven months	- 1 -	
Practice ammunition	- 8 1	
Clothing for seven months, at 3 l. 1 s. 8 d. per annum	1 16 -	
Hospital expenses for seven months, at 17 s. 7 d. per annum	- 10 3	
Cost of free kit (exclusive of extra articles formerly in the kit, but now issued as clothing)	2 9 3	
Levy money and bounty	2 11 -	
		30 9 4

The charge of the two Depôt Companies:—

Pay of 2 Captains	492 15 10	
" 2 Subalterns	287 5 -	
" 2 Colour Serjeants	97 6 8	
" 6 Serjeants	287 5 -	
" 4 Drummers	91 5 -	
" 6 Privates	127 15 -	
Beer money	27 7 6	
Contingent allowance	36 10 -	
Postage and stationery	14 - -	
Mess allowance	50 - -	
Agency	18 5 -	
Ditto poundage	8 7 9	
For 80 recruits	1,368 2 9	
Or, per recruit	- - -	17 2 -
		47 11 4

If a proportion of the pay of the Regimental Staff in England be added, viz:—

1 Lieutenant Colonel	310 5 -	
2 Majors	584 - -	
1 Paymaster	228 2 6	
1 Adjutant (allowances)	63 17 6	
1 Instructor of musketry (allowances)	45 12 6	
1 Quartermaster	118 12 6	
1 Surgeon	273 15 -	
1 Assistant surgeon	182 10 -	
Command allowance	54 15 -	
Non-effective allowance	40 - -	
Special allowance to quartermaster	80 - -	
Forage for seven horses	234 4 2	
Agency	18 10 7	
	2,179 4 9	
For two companies (one-sixth)	363 4 1	
For each recruit for seven months	- - -	2 13 11
The rate per recruit would be	- - -	50 4 8

In the above calculation no provision is made for deaths or desertions among the recruits, nor for those who are unable through ill health to embark for India. Under the system hitherto existing, the charge on this account has been very heavy, as shown in the accompanying memorandum; but, in future, as the recruits would form part of a Home regiment or battalion instead of a depôt battalion,

battalion, it may be anticipated that their association with a larger body of trained men would reduce materially the extent of desertion.

The committee are of opinion that if to the expense of each recruit, as already shown, a sum equal to one-third thereof be added, adequate provision would be made for the charge consequent on deaths, desertions, or inability of recruits to proceed to India. The charge for each cavalry recruit would thus be 136*l.* 13*s.* 11*d.*, and for each infantry recruit 63*l.* 8*s.* 5*d.*, or 144*l.* 9*s.* 5*d.*, and 66*l.* 19*s.* if the regimental staff charges are to be paid by India.

In regard to invalids or time-expired men awaiting their discharge, it appears to the committee that the expenditure actually incurred on that account should not be included in the rate per recruit.

They understand that all invalids will, in future, be sent to the invalid hospital at Netley, or to a consolidated depôt near the port of disembarkation, and they consider that the maximum period of remaining there should be six months; that at the expiration of that time, at the latest, the soldiers should either be discharged or brought on the strength of their regiments at home, the time-expired men and those incapable of further service being discharged as soon as possible after arrival in this country.

A statement of the charge on this account should be annually furnished by the War Office, and, after examination by the officers of the Secretary of State for India in Council, should be paid independently of the charge for recruits.

The charge for difference of men on passage should remain as specified in the second report of this committee, an addition of 10*l.* 0*s.* 5*d.* per man being made on account of forage to the charge for each cavalry soldier, which was inadvertently omitted in the calculation annexed to the second report.

In addition to the above charges, India would have to pay directly the Colonels' allowances and furlough pay.

In this report, the committee have shown what would be the estimated cost of recruiting cavalry and infantry regiments in India under certain conditions placed before them. They have not entered upon the question how far those conditions are consistent with a due regard to economy. But they desire to express their concurrence in the view taken by the committee presided over by Major General Jameson, in their report, dated 5th August 1869, that, for the purpose of raising and training the number of recruits required for battalions of infantry in India, it is not necessary to maintain more than one company with the depôt in this country.

In a subsequent report, the committee, when supplied with information as to the artillery, will be prepared to recapitulate their recommendations as to the mode of adjustment of the several claims.

(signed)	<i>T. L. Seccombe.</i>	<i>G. I. Jameson,</i> Major General.
	<i>H. W. S. Whiffin.</i>	<i>J. Milton.</i>
	(signed)	<i>Robert P. Day,</i> Secretary.

India Office,  
28 February 1870.

We have agreed to the foregoing Report, as showing the cost of cavalry and infantry recruits under certain prescribed conditions, which include the following charges:—

*For Cavalry Recruits.*—The pay of two officers, seven non-commissioned officers, and 10 rank and file, for each cavalry regiment, as well as the levy money, free kit, pay, and all allowances of 43 men for 10 months, in order to provide 32 recruits for India.

*For Infantry Recruits.*—The pay of four officers, 12 non-commissioned officers, and six rank and file for two companies of infantry, as well as the levy money, free kit, pay, and all allowances for 80 men for seven months, in order to provide 60 recruits.

We consider that the mere enumeration of the strength in officers and men, with reference to the number of recruits to be provided, is sufficient to show that

RECRUITS FOR REGIMENTS SERVING IN INDIA. 17

that any scale of charge based thereon must be excessive; whereas among the advantages specified in the confidential "plan for carrying out certain reductions of expenditure upon the Army in India, and organising a system for training recruits for battalions serving abroad," it is expressly stated that the plan "affords a more economical mode than that now existing of training and supplying drafts."

How far the charge involved in the propositions before the committee may be justified by other considerations than the best and cheapest mode of training recruits, it is not our province to consider. But we feel it to be our duty again to refer to the fact, stated in the first report of the committee, that the East India Company were able to send efficient artillery and infantry recruits to India at a cost of 26 *l.* 7 *s.* 5 *d.* per man, instead of 136 *l.* 13 *s.* 11 *d.* for cavalry and 63 *l.* 8 *s.* 5 *d.* for infantry recruits, as now proposed.

We are fully aware that the changes made in the terms of enlistment, pay, clothing, &c., would have increased the charge as incurred by the East India Company, but the proposed establishments for, and the periods of, training, which have formed the bases of this third report of the committee, appear to us to be enormously in excess of what can be possibly required for the purpose of properly recruiting the British Army in India.

(signed) *T. L. Seccombe,*  
*G. I. Jameson,*  
Major General.

EAST INDIA (RECRUITS).

COPY of the PROCEEDINGS of the COMMITTEE, which  
sat at the end of last Year, to Inquire into the  
EXPENSES of the RECRUITS for the REGIMENTS  
serving in *India*.

(*Mr. Eastwick.*)

Ordered, by The House of Commons, to be Printed,  
27 March 1871.

EAST INDIA (REVENUES).

6

A RETURN of all STOCKS, LOANS, DEBTS, and LIABILITIES chargeable on the EAST INDIA REVENUES, at Home and Abroad, up to the latest Period of Time to which such Return can be made out; viz., *England*, 31st December 1871; *India*, 30th September 1871.

(Presented pursuant to Acts 21 Vict. c. 3; 22 Vict. c. 11; 22 & 23 Vict. c. 39; 23 & 24 Vict. c. 180; 24 & 25 Vict. c. 25; and 32 & 33 Vict. c. 106.)

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Ordered, by The House of Commons, to be Printed  
13 February 1872.

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RETURN of all STOCKS, LOANS, DEBTS, and LIABILITIES chargeable on the EAST INDIA REVENUE  
England, 31st December 1871

INDIA :	REGISTERED DEBT.			LOANS.			TREASURY NOTES.		
	Bearing Interest.	Not bearing Interest.	TOTAL.	Bearing Interest.	Not bearing Interest.	TOTAL.	Bearing Interest.	Not bearing Interest.	TOTAL.
(The Rupee converted into Sterling at the exchange of 2 s.)	£.	£.	£.	£.	£.	£.	£.	£.	£.
Government of India	66,226,360	105,360	66,331,720	2,759,168	34,348	2,793,516	643,404	-	643,404
Bengal - - -	-	-	-	-	-	-	-	-	-
North Western Provinces - - -	-	-	-	-	-	-	-	-	-
Punjab - - -	-	-	-	-	-	-	-	-	-
Madras - - -	23,450	6,329	29,779	-	-	-	511,252	-	511,252
Bombay - - -	-	-	-	-	-	-	8,750	-	8,750
30 September 1871, £.	66,249,810	111,689	66,361,499	2,759,168	34,348	2,793,516	1,163,406	-	1,163,406
ENGLAND :	East India Bonds.	East India Debentures.	India Five per Cent. Stock.	India Four per Cent. Stock.	Debentures issued Exchange to Holders of Debentures of the Calcutta and South Eastern Railway Company.				
31 December 1871.	£.	£.	£.	£.	£.				
	4,017,617	4,995,000	17,200,000	12,800,000	88,050				

The above is exclusive of the charge upon the Revenues of India, under the Act of 3 & 4 Will. 4, c. 85, of the India Company, which is subject to redemption by Parliament on payment to the Company of 200 l. sterling for 100 l. There are also contingent liabilities in respect of Interest guaranteed Indian Railway and other Companies, and

India Office, }  
10 February 1872. }



at Home and Abroad, up to the latest Period of Time to which such Return can be made out; viz.,  
India, 30th September 1871.

SERVICE FUNDS.			BILLS PAYABLE.			DEPOSITS and MISCELLANEOUS.			TOTAL.		
Bearing Interest.	Not bearing Interest.	TOTAL.	Bearing Interest.	Not bearing Interest.	TOTAL.	Bearing Interest.	Not bearing Interest.	TOTAL.	Bearing Interest.	Not bearing Interest.	TOTAL.
£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.
2,909,388	1,297	2,910,685	-	58,509	58,509	200,341	2,696,761	2,897,102	72,738,661	2,896,275	75,634,936
-	-	-	-	149,184	149,184	335,055	1,490,691	1,825,746	335,055	1,639,875	1,974,930
-	-	-	-	30,640	30,640	25,493	775,793	801,286	25,493	806,433	831,926
-	-	-	-	24,267	24,267	4,070	445,945	450,015	4,070	470,212	474,282
716,992	-	716,992	-	12,359	12,359	202,127	2,220,460	2,422,587	1,453,821	2,239,148	3,692,969
1,077,776	-	1,077,776	-	-	-	737,942	1,440,299	2,178,241	1,824,468	1,440,299	3,264,767
4,704,156	1,297	4,705,453	-	274,959	274,959	1,505,028	9,069,949	10,574,977	76,381,568	9,492,242	85,873,810
Owing for Stores purchased for India.		Admiralty and War Office Claims.		Capital of Indian Railway and other Guaranteed Companies, remaining in the Home Treasury after Deducting Sums (partly Estimated) drawn by them in India.		Miscellaneous.		TOTAL.			
£.		£.		£.		£.		£.			
185,000		185,000		3,771,741		19,744		43,272,152			

Dividend, at the rate of 10 l. 10 s. per cent. per annum, on the sum of 6,000,000 l., the Capital Stock of the East India stock.

Repayments to them of Capital expended; but no Estimate can be formed of these liabilities.

T. W. Keith,  
Accountant.

EAST INDIA (REVENUES).

RETURN of all STOCKS, LOANS, DEBTS, and  
LIABILITIES chargeable on the EAST INDIA  
REVENUES, at Home and Abroad, up to the  
latest Period of Time to which such Return  
can be made out; viz., *England*, 31st December  
1871; *India*, 30th September 1871.

*Presented pursuant to Acts 21 Vict. c. 3; 22 Vict. c. 11;  
22 & 23 Vict. c. 39; 23 & 24 Vict. c. 130; 24 & 25  
Vict. c. 25; and 32 & 33 Vict. c. 106.)*

Ordered, by The House of Commons, to be Printed,  
13 February 1872.

MADRAS IRRIGATION COMPANY

RETURN to an Address of the Honourable The House of Commons,  
dated 25 April 1872;—for,

“COPY of any recent CORRESPONDENCE that may have taken place between the Secretary of State for *India* and the Governments of *India* and *Madras*, and between the Secretary of State and the Directors of the Madras Irrigation and Canal Company, relative to the present Condition and future Prospects of the Company.”

India Office,  
30 April 1872.]

W. T. THORNTON, Secretary,  
Public Works Department.

(*Mr. Charles Dalrymple.*)

Ordered, by The House of Commons, to be Printed,  
10 May 1872.

The Assistant Under Secretary

Sir,  
I AM directed by  
your letter of the  
made to the Mad-  
their works bet  
197.

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COPY of any recent CORRESPONDENCE that may have taken place between the Secretary of State for *India* and the Governments of *India* and *Madras*, and between the Secretary of State and the Directors of the Madras Irrigation and Canal Company, relative to the present Condition and future Prospects of the Company.

— No. 1. —

The Secretary of the Madras Irrigation and Canal Company to the Under Secretary of State for India.

8 and 9, Queen-street-place, E.C., London,  
23 January 1871 (No. 1).

Sir,

WITH reference to the supplementary contract under which this company has been carrying out the very important works in the Madras Presidency on which they have been engaged, the directors have desired me to inform you, for the information of his Grace the Secretary of State for India, that their chief engineer very lately, and after careful consideration, has to them expressed his conviction that the works between Soonkasala and Cuddapah will be completed in accordance with that contract, by means of the aid rendered by the Government to the company through the loan of 600,000*l.*, made expressly for the construction of those works.

The directors, however, at the same time consider it proper to state that, with the view of meeting the expressed wishes of the local Government, and under the directions of that Government, they have expended a considerable sum (*i.e.* about 32,000*l.*) out of the funds at their disposal, since the date of the supplementary contract, upon investigations not included therein, namely, the preparation of plans and estimates connected with the remaining sections of the Toombuddra project in Bellary and in Nellore, in searching for and investigating sites for reservoirs required to store water to maintain a continuous supply to the whole of the same project, and in preparing plans and estimates of some of such required reservoirs, and, further, in the construction of a number of additional bridges beyond those contained in the sanctioned plans of the main canal and works. In thus acting, the directors are aware that no portion of their funds existing at the date of the supplementary contract being entered into should, in strictness, be so expended, but that the same should be applied solely to the works between Soonkasala and Cuddapah; fully concurring, however, as they did with the Government of Madras in the importance and value of the desired extra operations, they have considered it their duty cheerfully to comply with and follow out the views of that Government, under the assurance that, if necessary, but which the directors do not anticipate, this additional outlay will be regarded by his Grace, and so treated, as exceptional from the amount expressly set apart and provided by the contract for the completion of that portion of the company's project between Soonkasala and Cuddapah.

I am, &c.

J. Westwood, Secretary.

— No. 2. —

The Assistant Under Secretary of State for India to the Secretary of the Madras Irrigation Company.

Sir,

India Office, 10 February 1871.

I AM directed by the Secretary of State for India to acknowledge receipt of your letter of the 23rd ultimo, representing that, out of the loan of 600,000*l.* made to the Madras Irrigation Canal Company expressly for the construction of their works between Soonkasala and Cuddapah, a sum of about 32,000*l.* has,  
197. A at

## CORRESPONDENCE RELATING TO THE

at the instance of the Madras Government, been expended on operations extra to those contemplated by the contract under which the loan in question was made, and requesting that this extra outlay may, if necessary, be treated as exceptional from the amount expressly set apart and provided by the contract for the portion of the company's contract between Soonkasala and Cuddapah.

In reply, I am to state, for the information of the directors of the Madras Irrigation and Canal Company, that a reference will be made to the Madras Government on the point raised in your letter.

I am, &c.

*J. C. Melvill.*

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— No. 3. —

The Secretary of State for India to the Government of Madras.

My Lord,

16 February 1871 (No. 3).

I ENCLOSE herewith, for your Excellency's information, copy of a letter\* from the directors of the Madras Irrigation and Canal Company, representing that, out of the loan of 600,000*l.*, made to them for the purposes of their works between Soonkasala and Cuddapah, about 32,000*l.* have, at the instance of your Government, been expended on operations extra to those contemplated in the contract under which the loan was made. I shall be glad to be favoured with your opinion on the Board's application that this extra outlay may, "if necessary," by which is apparently meant, in the improbable event of the loan proving insufficient to complete the works between Soonkasala and Cuddapah, be regarded and treated as exceptional from the amount expressly set apart and provided by the contract for the completion of those works.

I have, &c.

*Argyll.*

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— No. 4. —

The Secretary of State for India to the Governor General in Council.

My Lord,

16 February 1871 (No. 16).

1. I HAVE received from the Directors of the Madras Irrigation and Canal Company a communication, of which a copy\* is enclosed, relative to the distribution channels required for the utilisation of the water of their main canal between Sunkasala and Cuddapah.

2. From the papers which accompany the Board's letter, it will be seen that the consulting engineer to the Madras Government has represented that to complete the distribution channels by 30th June next, as the company are bound to do by the letter of their contract, would be to a great extent a mere waste of money, as many of them could not be brought into use until long afterwards, and that in the meantime "they would be filled in, their banks broken down, and their masonry works considerably injured." It will also be seen that the Madras Government take the same view of the matter, considering, that, if "instead of completing the works of distribution at once, as though all the land intended to be supplied was likely to be taken up for irrigation without hesitation or delay," they were carried out with sufficient speed to make them keep pace with the demand for water, "much waste of labour might be avoided, and a considerable saving of money effected."

3. It appears, however, that the Madras Government have refrained from acting upon the views thus expressed, from reluctance probably to relax the conditions of the company's contract without authority either from your Government or from myself. But there can be little doubt of the desirableness of preventing the apprehended misapplication of the funds of a guaranteed company, and I would, therefore, recommend that the Madras Government be immediately empowered by you to suspend, at its discretion, the prosecution of any of the distribution

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\* Purposely omitted from the Return, as unnecessary.

MADRAS IRRIGATION COMPANY.

3

distribution channels in question, and to notify to the Irrigation Company that the consequence of the non-completion of those channels within the period originally prescribed will not of itself be deemed a breach of their contract, provided the latter be complied with in all other particulars.

I have, &c.  
*Argyll.*

— No. 5. —

The Secretary of the Madras Irrigation and Canal Company to the  
Under Secretary of State for India.

8 and 9, Queen-street Place, London, E.C.,  
7 March 1871 (No. 3).

Sir,

In view of the early completion of that portion of the company's "Toombuddra Project," which forms the special subject of the supplementary contract, as notified in my letter\* to you of the 23rd ultimo, the directors have desired me to respectfully address his Grace the Secretary of State for India, with reference to the construction of the remaining portions of that project, viz., those intended to provide the districts of Bellary (Upper and Lower) and Nellore with irrigation and navigation, and to establish the means of storing water sufficient for maintaining a continuous supply throughout the year in connection with the whole of the works comprising the Toombuddra project. \* See No.

2. Upwards of four years having elapsed since the directors last addressed the Secretary of State for India regarding the works now spoken of, it is desirable that the more special circumstances which have occurred in the interval should be reviewed somewhat in detail, because the necessity for, and the intent of, this communication will be the better illustrated, and the Duke of Argyll will be enabled to consider and decide the matter submitted to him the more conveniently and satisfactorily.

3. Under this view, the special attention of his Grace is earnestly solicited to the following narrative statement, viz. :—

In the month of November 1866, in consequence of the letter of which the Appendix 1 is a copy,† a deputation from the board of directors waited upon the then Secretary of State for India (Lord Cranborne, now the Marquis of Salisbury), and respectfully submitted the reasons which, in the mind of the board, rendered the case especially worthy of receiving from Government an extension of the existing guarantee to cover such an amount of capital as might be required to enable the company to complete the very important experiment, for the carrying out of which it had been established by his Lordship's predecessor in office, Lord Stanley (now the Earl of Derby), viz., to ascertain whether the employment of private enterprise and English capital could be advantageously adopted in aid of Governmental action in construction of works of irrigation and navigation in India.

At the foregoing interview, Lord Cranborne was pleased to admit that the matter was entitled to his favourable consideration, and that it could not be treated as a request for a new or additional guarantee in relation to an original work, but as a solicitation for an extension of an existing guarantee to complete a partially constructed project; and he requested that a statement in writing of the facts, &c., should be supplied to him, in order that he might forward the same to the Government of Madras, with instructions that the latter should procure further information, and should then report the same, and also their views thereon.

In obedience to Lord Cranborne's request, the directors caused the letter, of which the Appendix 2 is a printed copy, to be addressed by me to you on the 18th of December 1866, to the contents of which the attention of

† The enclosures to this letter being of old date, are purposely omitted from the Return as unnecessary.



## CORRESPONDENCE RELATING TO THE

of his Grace the Duke of Argyll is respectfully and specially solicited, because they disclose the early history of the company, and the circumstances under which the directors felt themselves justified in soliciting an extended guarantee.

In fulfilment of his promise (as will be seen by a reference to the letter dated 20th December 1866, of which the Appendix 3 is a copy), Lord Cranborne forwarded the above letter of the directors to the Government of Madras with his promised instructions.

Previously to this reference, the Government of Madras had then very lately (irrespective of the prior instances referred to in the Appendix 2), given their serious attention to the prompt provision of means for irrigating the district of Bellary; and in the month of August 1866, they arrived at the conclusion, with reference to the portion affecting Upper Bellary, that is, between Wallavapoor on the Toombuddra River, and the town and cantonments of Bellary, that "*the only certain and effectual mode of supplying irrigation to that locality was the construction of a canal from Wallavapoor, which canal formed part of the Toombuddra project, referred to in the preamble of the company's contract.*"

A copy of the proceedings of the Madras Government, containing the above quotation, accompanied by a letter from the Collector of Bellary, is set out in the Appendix 4, the whole of which will be found most conclusive as to the value and the urgent necessity for Upper Bellary of the work referred to.

Following up the proceedings just narrated, the Government of Madras, on the 13th of December 1866, by an order of which a copy will be found in the Appendix 5, instructed their consulting engineer (Captain Mullins) to proceed to Bellary, and in communication with the engineers of the company to examine thoroughly the designs, and scrutinise the estimates which had then been prepared by the latter, adding expressions indicative of their anxiety for the construction of the works, and a statement that they would again appeal to the Secretary of State for India on the subject, should Captain Mullins be able to report favourably, and to show fairly remunerative returns upon the required outlay.

Notification of the intended visit and examination by Captain Mullins was given to the Company, and the plans and estimates of what may be called the Company's Upper Bellary Section of the Toombuddra project were then at once completed, so far as they could be.

In obedience to his instructions, Captain Mullins, with the assistance of the company's engineers, made the investigation required, during which he went thoroughly into the matter in regard to the designs for the works, the rates allowed, which he thought ample (an opinion since confirmed by the company's consulting engineer, Colonel Smith, before whom the same were laid for consideration and report), and also the rate to be charged for irrigation, which, for safety's sake and for the purposes of his calculation, he assumed at five rupees per acre (six rupees being subsequently fixed by the Government); and he then forwarded to the Government of Madras a very elaborate report, which was in every respect highly favourable to the prosecution of the work, and proved that it would confer very great and permanent local benefits, and would produce an amply satisfactory return.

About or immediately before the date of this Report, the reference made by Lord Cranborne was received by the Madras Government; and on the 21st of February 1867, the latter directed that the same Report should be referred to the Revenue Department, "*with a view to the question of the amount of water rate per acre which might be imposed upon the land to be irrigated from the proposed canal for a first crop, and for a second crop, being considered in that department.*" They also directed inquiries to be made regarding the rates that had been paid for masonry works and tunnelling on the Madras Railway, and on the Bhoire and Thull Ghauts, some fear having been expressed by the chief engineer that the project as planned would be expensive in these matters. They also directed inquiries to be made regarding the concession to the company by the Bombay and Mysore Governments of sites for reservoirs.

Pending the proceedings above described, and those subsequently referred to in this letter, the company continued to prosecute surveys for the purpose

pose of selecting the best line of canal for the Lower Bellary District, that is down to Soonkasala, the commencement of the works now about to be completed, and also various sites for storage reservoirs, the storage of water being considered by all connected with the Government and the Company to be essentially necessary to develop the Toombuddra project as a whole, and every one of its sections separately. The company likewise contemporaneously prosecuted the surveying, planning, projecting, and estimating, of the terminal section of the same Toombuddra project through the district of Nellore, providing the necessary funds for all these matters, with the recorded sanction and approval from time to time, and to meet the views, of the Government of Madras—out of the capital which was then properly alone applicable under the supplementary contract to the section between Soonkasala and Cuddapah, the necessary establishments being submitted to and approved by that Government, who not only urged forward the prosecution of the investigations, &c., but insisted that the reservoir sites should be selected and examined, not with reference to the supply of the Bellary works solely (to which they expressed their fear that the company intended to limit itself), but to the supply of the whole Toombuddra project; and on the 17th of June 1867, having before them a resolution that had been passed by the board of directors, asserting the paramount importance of storing water for the entire Toombuddra scheme, the same Government recorded an order in the following words:—

“ The Government concur in opinion with the Board of Directors of the Madras Irrigation and Canal Company as to the importance of constructing reservoirs for providing water for irrigation under their canal, and for maintaining its navigation throughout the year; and his Excellency the Governor in Council will be prepared to enter into negotiations for the transfer to the company of the land forming the sites mentioned as existing at Luckoyally on the Buddra, Bagoli on the Toonga, and Mudduck Massoor on the Choardy, on the Government being furnished with the surveys and land plans adverted to in paragraph 3 of the consulting engineer's letter.”

On the 2nd of September 1867, having received the aid of Reports from the Collector, the Revenue Commissioner, and the Consulting Engineer, the Board of Revenue of Madras, in reply to the reference made to them by the Government, as before stated, made a Report in which, in remarkably impressive language, they earnestly recommended that the Government should afford the company every reasonable assistance in raising the necessary funds, and completing the work as rapidly as possible; and, without hesitation, also recommended that the usual guarantee should be given for that purpose, and concluded by reporting in favour of a water rate of 6 rupees per acre per crop being adopted in all calculations regarding the returns to be derived; and the Government of Madras, by an Order dated 6th September 1867, directed that the rate thus recommended should be adopted. The contents of this Report and Order will be found in Appendix 6, and are well worthy of perusal.

Thus the Upper Bellary section of the company's Toombuddra project had, at the date last named, received the approval of the Consulting Engineer of Government, of the Collector of the district, of the Revenue Commissioner, and of the Board of Revenue, whilst the investigation into the Lower Bellary project, into sites for reservoirs to be connected with the whole scheme, and into the Nellore section, were being vigorously proceeded with by the company, with the full sanction and by the wish of the local government.

In the month of March 1868, the Consulting Engineer of the Government visited the principal reservoir sites, which had up to that time been investigated and planned generally, though not in detail, by the company's engineers, and on the 17th of that month he reported at considerable length and highly favourably, both as to capacity and returns upon outlay, regarding three of those sites; and he recommended that the company should be required to continue their labours to the perfecting of their plans and estimates; and in consequence the Government, on the 24th of April 1868, ordered the matter “ to lie over till the submission of complete

“ surveys and sections of the proposed reservoirs, with full plans and estimates.”

The investigations thus required by the Government were continued by the company, the former from time to time arranging and sanctioning the establishments required for each of the four works in progress, viz., another suggested line of canal for Upper Bellary, a canal for the Lower Bellary section, reservoir sites, and canals for the Nellore district. Indeed, so anxious was that Government that the company's exertions in Bellary and upon the reservoir sites should not be interfered with, that in March 1869, when their consulting engineer expressed a fear that the company were about to remove the engineer who had superintended the operations, and to place him upon the works between Soonkasala and Cuddapah, to ensure the fulfilment of the supplementary contract, the Government declined to sanction the arrangement, except upon the understanding that the company should make satisfactory arrangements for the early completion of the Bellary and reservoir plans, &c.

About the time now referred to, the company's superintending engineer submitted to the consulting engineer of Government sketch plans and information connected with the other proposed line for Upper Bellary, and regarding the continuation of that and of the previously projected canal from the town of Bellary to Kurnool, called the Lower Bellary Projects, and the latter officer reported fully thereon to the Government, who, on the 22nd of March 1869, recorded an order in which, after expressing a conditional approval, and after stating that the Right Honourable the Governor in Council would await with interest the completion of the investigations, and that his Excellency concurred with the consulting engineer in doubts he had expressed as to the policy of combining navigation with irrigation from Bellary downwards, there occurs the following expression :—

“ The first requisite for the Bellary district is an ample supply of  
 “ water for irrigation, and, if the company can mature a project for  
 “ affording such a supply at a moderate cost, such a scheme will be  
 “ sure to obtain careful and attentive consideration from the Govern-  
 “ ment, and it cannot be brought forward too soon.”

In deference to the above order, the board of directors issued instructions that their engineers should at once proceed with the necessary surveys, and should plan a canal through the Lower Bellary district for the supply of irrigation only, and then submit the same to the Government; and accordingly sanction for the necessary establishment was procured from the latter.

The Government of Madras having transmitted to the Duke of Argyll their order of the 22nd March 1869, above quoted from, his Grace was pleased in a reply despatch, dated 12th October 1869, to express his approval of what had been done in the following words :—

“ I trust, however, that there will be no delay in completing a well-  
 “ digested scheme for an irrigation canal from the Toombuddra at  
 “ Hoosoor, and I am glad to perceive that your Excellency's Govern-  
 “ ment are impressed with the great importance of such a project, and  
 “ are prepared to give it careful and attentive consideration.”

A copy of which despatch was by the Government of Madras supplied to the company's manager, accompanied by directions that his attention should be called to certain requests made by his Grace in other parts of his Despatch, in order that the information there required might be at once supplied, which was done.

Thus supported and encouraged, the directors urged on the required operations, so that plans and estimates of the two separate schemes for Upper and Lower Bellary (prepared as to Upper Bellary in greater detail than are those deposited in Parliament by English railways), accompanied by full estimates and descriptions, were in the month of March 1870; submitted to the Government of Madras, and shortly after similar plans and estimates of the Nellore Section were also placed before the same Government.

The investigations required by Government concerning reservoir sites could not be completed so early as the other surveys, &c., but detailed plans

plans and estimates were in December last being collated for submission, and there is no doubt that these also are now in the hands of the Government.

4. From the foregoing narrative, the directors feel assured that his Grace the Secretary of State for India will not only perceive that the reference made by Lord Cranborne in December 1866 has been continuously acted upon, but will be satisfied that by means of the investigations made by the company, at the request and in accordance with the wishes of Government, it has been made manifest not only that the remaining portions of the company's entire scheme are really and urgently wanted in their localities to support and increase agriculture, and thus "avert the recurrence of the evils of pestilence and famine under which the people of that province have suffered," but that in a financial point of view the solicited guarantee may be safely (and with reference to the Kurnool section, now about to be completed, with great financial advantage) granted; and therefore they earnestly trust that his Grace will not hesitate to award to them the assistance sought by my letter of the 18th December 1866, or such other aid as to him may appear necessary and sufficient to afford to the politically important experiment, instituted by Lord Stauley, a fair trial, which it cannot possibly have until the one entire self-contained scheme, selected for the purpose by the Madras Government, shall have been constructed.

5. Beyond the paramount national considerations just adverted to, there is an additional reason of great importance why the company should, without delay, be enabled to enter immediately upon the construction of at least some of the works referred to, and it arises out of the fact that the Kurnool section of the Toombuddra Project is now fast approaching completion. Upon the construction of this section the company have in their service a chief engineer, who, besides possessing professional talents of the highest order, has been engaged upon the company's works first as an executive engineer, and then as chief engineer, from their inception, and has perfected that special experience which will be essential for the effective prosecution of the remaining portions, and the more so, inasmuch as the section now nearly constructed contains works second to none in India as regards original character and engineering difficulties to be overcome. He has also, it is believed, gained the confidence of the Madras Government and of its officers. The company has likewise in their service a deputy chief engineer, possessing very high qualifications, and equal practical experience, and whose proceedings and judgment in investigating and laying out the proposed works in Upper and Lower Bellary, and the reservoirs, has received the approval of all who have considered them, and whose local experience will add materially to the value of his services if employed upon the works still requiring construction. The company has also a staff of executive engineers of tried worth and experience, and who are all acclimatised.

6. The services of the whole of these (chief engineer, deputy chief engineer, and executive engineers), will not be required, after the 1st July next, upon the works they are now engaged upon, and they will therefore then (and some of them before) be available for employment upon the other portions of the Toombuddra Project, or upon any one of them. To permit this collection of special talent and experience to leave the company's service, and therefore to be rendered unavailable for the further operations, would be a subject for deep regret, seeing that in every point of view, as regards efficiency of construction, rapidity of progress, and economy, it is for the good of the country, the Government, and the company, that such services should be secured without delay for those extended operations. The reorganisation of a new staff would also necessitate a very heavy expenditure and loss, at least in the earlier stages of progress.

7. In conclusion, the board of directors most respectfully and earnestly trust that, looking to the really pressing claim of the districts of Bellary for protection from periodical famine, to the very special circumstances under which the company, was established, and to the proceedings taken by it in connection with the constructed and unconstructed portions of its undertaking, as well as its present position, as above described, his Grace the Duke of Argyll will extend the existing guarantee, so as to cover all such further capital as may be found to be requisite to repay at once the 600,000 l. loan made to the company, and

to complete the Toombuddra Project, the amount necessary for the latter being raised in such sums and at such times as the Secretary of State for India shall agree to.

I have, &c.  
John Westwood, Secretary.

— No. 6. —

The Secretary of State for India to the Government of Madras.

My Lord,

9 March 1871 (No. 6).

1. I HAVE had before me in Council your Excellency's Despatch, No. 29, of the 14th of November last, wherein, referring to the desire of the Madras Irrigation and Canal Company to construct an irrigating and navigable canal from the River Pennaur at Loomaishiveram, on its right bank, and to a scheme which your Government have had under consideration for irrigating a large tract of land on the left bank of the same river, you request that, in drawing up any fresh agreement with the company, care be taken distinctly to assert the right of Government to the full natural supply from the Pennaur and its affluents, leaving to the company the privilege of utilising such surplus as may not be required by Government, in addition to all such other water as they may be able to make available by their works on the Toombuddra, or by the construction of reservoirs.

2. Your Excellency need be under no apprehension of any fresh agreement being entered into with the Madras Irrigation and Canal Company, without previous communication, both with your Government and with that of India on all points involved. Meanwhile, I may observe that, unless in the improbable event of the Irrigation Company succeeding in raising additional capital without a guarantee, I consider that no extension of their works beyond Cuddapah need be sanctioned. In any case your Government would seem to be at liberty to utilise a portion of the water of the Pennaur below Cuddapah, for the irrigation of land on the north bank of the river.

I have, &c.  
Argyll.

— No 7. —

The Government of Madras to the Secretary of State for India.

My Lord Duke,

30 March 1871 (No. 6).

WE have the honour herewith to forward, for your Grace's information, a copy of the Proceedings\* of this Government on reports from the Consulting Engineer for the Madras Irrigation and Canal Company regarding the general financial position and present state and progress of the company's works, which were inspected by that officer between the 4th and 31st October 1870.

2. Your Grace will observe that, in the opinion of the Consulting Engineer, the funds at the disposal of the company will be found to be sufficient for completing the main canal and all the works on it, and that every probability is entertained of this being accomplished within the stipulated time; but Colonel Carpendale does not consider that "the canal with all distribution and other "subsidiary works will be in every respect complete and put in a thoroughly safe "and perfect working condition" by the 30th June next, or the date on which the contract will expire. We are convinced that much time and money will necessarily be required before this result can be satisfactorily attained.

3. A copy

\* Enclosures purposely omitted.

3. A copy of the Consulting Engineer's report on the present circumstances of the company's works has been laid before the Government of India.

We have, &c.

*Napier.*

*A. J. Arbuthnot.*

*J. D. Sim.*

— No. 8. —

The Secretary of State for India to the Governor General in Council.

My Lord,

4 April 1871 (No. 28).

In my Despatch to the Government of Madras, No. 6, dated 9th March, I mentioned that no apprehension need be entertained of any fresh agreement being entered into with the Madras Irrigation and Canal Company, without previous communication both with that and with your Excellency's Government; and I added that, unless in the improbable event of the Irrigation Company succeeding in raising additional capital without a guarantee, no extension of their works beyond Cuddapah, need, in my opinion, be sanctioned.

2. When thus writing, I was in no immediate expectation of being applied to by the company for any modification of the terms of their existing contract; but on the following day I received a letter, \* copy of which is enclosed herewith, wherein an extension of the company's guarantee, such as may furnish them with the means of completing what is termed by them their "original Toombuddra project," is solicited. \* See No. 5

3. I shall be glad to be placed, as early as possible, in possession of the views taken both by your Government and by that of Madras, of this application. Among other points in connection with it, on which I should wish to have the assistance of your opinion in making up my own, are the following:—

The general character, as to design and execution, of those of the company's works which are finished or approaching completion. Their suitability for irrigating the country through which they pass. The probability of much hesitation on the part of the ryots in taking the water at the prescribed rates.

4. I would also request you to consider what force there may be in the company's argument that the remunerativeness of their works cannot be fairly tested, unless they be so extended as to comprehend the whole of their original project; and, further, whether your Government would either be prepared to complete the project in the event of the company being wound up, or could arrange for its completion by State agency, in case the company should insist upon retaining possession of the portion of the project already executed by them.

I have, &c.

*Argyll.*

— No. 9. —

The Under Secretary of State for India to the Secretary of the Madras Irrigation and Canal Company.

Sir,

India Office, 17 April 1871.

I AM directed by the Duke of Argyll to acknowledge receipt of your letter of 7th ult., No. 3, relative to certain works in Upper and Lower Bellary and in Nellore, represented as being necessary to complete the Toombuddra project of the Madras Irrigation and Canal Company, and to state that his Grace has had the same under consideration in Council. See No. 5.

With regard, however, to the application, with which the letter concludes, for an extension of the company's guarantee, such as may suffice to cover all the capital required for completion of the works in question, and also for immediate repayment

repayment of the loan of 800,000 L., which has within the last five years been made to the company, the Duke of Argyll desires to defer his decision until he shall have consulted on the subject with the Governments of India and Madras.

I am, &c.

M. E. Grant Duff.

— No. 10. —

The Government of Madras to the Secretary of State for India.

My Lord Duke,

22 May 1871 (No. 9).

We have the honour to acknowledge the receipt of your Grace's Despatch of the 16th February 1871, No. 3, in which you request an expression of our opinion of the application of the directors of the Madras Irrigation and Canal Company to have reimbursed to them the amount they have expended, since the date of their Supplementary Contract, upon investigations not included therein, in searching for and investigating sites for reservoirs, for preparing plans and estimates for some such reservoirs, and on the construction of a number of additional bridges beyond those contained in the sanctioned plans of their main canal and works.

2. In support of their claim the directors state that no portion of the funds at their disposal, when the Supplementary Contract was entered into, was properly available for expenditure on other objects than the completion of their canal and works between Soonkasala and Cuddapab, in accordance with the stipulations of their contract; but that, in deference to the wishes of the Madras Government, and in consideration of the importance and value of the extra operations in question, they cheerfully undertook those operations, under the assurance that, if the moneys expressly set apart for the completion of their canal and works did not suffice for that purpose, the additional outlay would be treated as exceptional.

3. Desiring to have the views of our Consulting Engineer on the question thus submitted for our opinion, your Grace's Despatch was communicated to that officer, and we have herewith the honour to submit his reply,\* from which it will be observed that, as at the date of the Supplementary Contract being entered into, the balance of the original guaranteed capital remaining in the hands of the company was 37,160 L., while the total outlay on the investigations referred to by the directors, and in the preparation of plans and estimates, has not exceeded 17,955 L., no part of the loan granted to the company for the express purpose of completing their canal and works has been trenced upon to meet the cost of these so-called extra operations. This being the case, we see no reason to think that the outlay of which reimbursement is sought was in any way exceptional, or otherwise than a perfectly legitimate expenditure of money for a purpose to which, under the company's contract, it was rightly applicable.

4. That this was at one time the view of the Board of Directors is clearly established by the extract from their communication to their Agent in India, under date the 3rd February 1868, No. 5, which is quoted by our Consulting Engineer in his letter above referred to; and nothing has since occurred which can, in our opinion, give the board any substantial grounds on which to found the claim they have now advanced.

5. With respect to the amount spent on the provision of additional bridges, we beg to invite attention to the concluding paragraph of our Consulting Engineer's letter, and to the communication on the same subject which he quotes, and which will be found amongst the papers now transmitted. It will be gathered from those letters that, although some bridges not appearing in the plans which were sanctioned at the date of the Supplementary Contract have since been constructed, the number of crossings provided is, on the whole, less than that originally intended, and the outlay incurred not, it is believed, much in excess of the amount anticipated, while the reasonable requirements of the ryots

\* Enclosures purposely omitted.

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ryots whose lands are intersected by the canal, and whose convenience the company are bound to consider, have not even yet, it is feared, been sufficiently provided for.

6. Under these circumstances, we consider that the Irrigation Company have no claim to the concession which the directors now seek.

We have, &c.

*Napier.*

*A. J. Arbuthnot.*

*J. D. Sim.*

— No. 11. —

The Government of Madras to the Secretary of State for India.

My Lord Duke,

We have the honour to forward, for the information of your Grace in Council, the papers\* marginally noted, relating to what is expected to be the condition of the works of the Madras Irrigation and Canal Company on the 30th proximo, the date on which, agreeably to the Supplementary Agreement dated 2nd October 1866, the main canal and all its works should be in proper working order, and having reference also to the position and means of the company for working the canal after that date.

22 May 1871 (No. 10).

Letter from the Consulting Engineer for Irrigation and Canal Company, No. 131, dated 6th March 1871, recorded in Government Order, No. 1089, dated 18th April 1871.

Letter from Government of India, No. 100-I., dated 22nd March 1871, recorded in Government Order, No. 1035, dated 14th April 1871.

Letter from the Consulting Engineer for Madras Irrigation and Canal Company, No. 13, dated 21st April 1871, recorded in Government Order, No. 1339, dated 15th May 1871.

2. Our Consulting Engineer's report † on the condition of the works generally as he found them on his last tour of inspection, and his opinion that the main canal and works, as then sanctioned, would be completed by the 30th June 1871, was in due course communicated to your Grace, and nothing has since occurred to disturb the belief that the main works, as then in progress, would be so completed, so far as a work of the kind can be said to be completed before it has been fairly brought into use and fully tested by actual trial as to its fitness for carrying the depth of water for which it had been designed. We have, however, since that date received from the company's local agent an application ‡ for sanction to estimates amounting to 31,977 rupees, exclusive of cost of establishments, for improving certain waste weirs on a portion of the canal between Soonkasala and Cuddapah, to adapt them for the safe discharge of flood waters, which the breaches of August 1870 suggested the necessity for, and this application was accompanied by an admission that the balance of capital was inadequate to meet the charge, and a request that the amount might be advanced by Government to form a charge against revenue.

† No. 93, dated 17th November 1870.

No. 6 of 1871.

‡ No. 1089, dated 18th April 1871.

3. It appeared to us, from a consideration of the general question, that there could be no doubt as to the necessity for improving the surplus waterworks of the canal, and that, whatever the cost might be, the charge was properly debitable to capital, and we accordingly declined to sanction any advance to aid the company in completing their canal and works, and putting the surplus weirs in a condition to act efficiently in relieving the canal of flood waters; and, seeing that the estimates referred to relate to a limited length of the canal, and that in our Consulting Engineer's opinion the cost of similarly improving the weirs on the remaining length would amount to about 50,000 rupees more, and looking to the circumstance that the contract time is now so nearly expired that there is no reasonable hope of the company being able to carry into effect these improvements in the weirs, even if no doubt existed in regard to available funds, while the balance of capital is confessedly inadequate for the purpose, it seems expedient that we should give your Grace this timely intimation of our opinion, namely, that, unless assured by our professional officers that the weirs on the canal have, by the 30th proximo, been altered so that they may be expected to efficiently relieve the canal of flood waters, we should not consider that the canal and works have been put

\* Enclosures purposely omitted.



put in proper working order, and that they have been completed in the sense contemplated by the agreement with the company.

4. One of the enclosures is a letter from the Government of India, with an expression of opinion by that Government, that the intention and meaning of the Supplementary Agreement, regarding the completion of the works by the 30th June 1871, clearly was, that if the works were not, on the date in question, in fair operation, and earning a reasonable income from which the Government could look for a repayment of interest on the loan, if not indeed also, to some extent, repayment of the interest on guaranteed capital, the works could not be fairly said to have been completed in the sense contemplated by the agreement with the company, and to be in perfect working order to the satisfaction of the Local Government.

5. This Despatch was communicated to our Consulting Engineer, as we were desirous of being furnished with his opinion as to the probability of the works being in working order on the 1st July next, in the sense which the Government of India consider that their completeness should be judged; and that officer's reply forms the third enclosure, from which it will be seen that there is no reasonable hope of the revenue in the current year covering half the cost of maintenance, much less is there any prospect of even a small balance being available to go towards the payment of interest on the loan, or on the guaranteed capital. The Supplementary Agreement requires that our opinion on the condition of the works should be expressed after the 30th June next, and we shall have the honour of further addressing your Grace on the subject immediately after the 1st July. Meanwhile, we deem it expedient to lose no time in inviting your Grace's attention to what is understood to be the company's utter want of means for carrying on operations after the 30th proximo, as brought to notice in the fifth and following paragraphs of our Consulting Engineer's letter herewith forwarded; and we would beg to suggest to your Grace the propriety of calling on the Board of Directors of the Madras Irrigation and Canal Company for clear and distinct evidence of their ability to defray the cost of the establishment they propose maintaining in England and in India, after the 30th June; and, failing therein, to require them to give the necessary warning by telegram to the Agent, the Chief Engineer, and all other superior officers, of their intention to dispense with their services, that there may be no further fruitless expenditure of public money than may be absolutely necessary in taking over the works from the company, in the event of circumstances rendering such a course necessary and advisable.

We have, &c.  
*Napier.*  
*Fred. Haines.*  
*J. D. Sim.*

— No. 12. —

(Extract.)

The Governor General in Council to the Secretary of State for India.

My Lord Duke,

Simla, 23 May 1871 (No. 58).

Despatch to your  
 Grace (P. W.), No.  
 72 of 4th June 1870.  
 Despatch from your  
 Grace, No. 85 of  
 20th October 1870.  
 Despatch from your  
 Grace to Madras  
 Government, No. 6  
 of 9th March 1871.

See No. 7.

In continuation of the correspondence noted on the margin, we have the honour to transmit, for information, copies of a letter addressed by us to the Government of Madras (No. 100—L., dated 22nd March 1871, Proceedings, March 1871, No. 76), on receipt of a copy of its Proceedings, No. 2964, of 7th December last, and of the inspection report by the Consulting Engineer on the state of the works of the Madras Irrigation and Canal Company, which were forwarded to your Grace with Despatch from that Government, No. 6, dated the 30th March last, and to express a hope that our views in regard to the terms and intentions of the contract with the company as therein expounded will meet with your concurrence. It will be seen that we have desired the Government of Madras to lose no time in ascertaining what the intentions and means of the company are with regard to the fulfilment of the contract, and to favour us by an early date with a specific expression of its opinion as to the propriety of advising your Grace to require the surrender of the works in the event of the company

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company not being able to comply with the conditions on which the loan of 600,000 £. was granted.

2. Your Grace's Despatch, No. 28, of 4th April, intimating that the directors of the company had applied for an extension of their guarantee to enable them to complete their works, as may be perceived from its date, was received some time after the issue of this letter. It has been forwarded to the Government of Madras, in continuation, for immediate report on the several points referred therein to us for opinion. See N.

\* \* \* \* \*

We have, &c.,  
*Mayo.*  
*Napier of Magdala.*  
*John Strachey.*  
*R. Temple.*  
*J. F. Stephen.*  
*B. H. Ellis.*  
*H. W. Norman.*

## Enclosure in No. 12.

The Secretary to the Government of India to the Secretary to the Government of Madras.

Sir, Fort William, 22 March 1871 (No. 100—I.).  
 WITH reference to your endorsement No. 2964, dated 7th December 1870, forwarding a copy of the Proceedings of the Government of Madras, upon receipt of a report by the Consulting Engineer for the Irrigation and Canal Company, in which the state of that company's works at the time of his inspection is described in detail, I am directed to observe as follows.

2. The loan of 600,000 £. granted by the Secretary of State to the company, and for which they were to pay interest at 5 per cent. from the profits of the canal, was subject to the condition that, if the works were not completed and placed in perfect working order, to the satisfaction of the local Government, by the 1st July 1871, the company should, if the Secretary of State desired, give up the whole of the works to the Government, the Government paying the capital laid out on the works. The question, therefore, for consideration now is, whether the company appears to be in a position in which it can comply with the conditions, and, if not, what steps should be taken in consequence.

3. The first point raised by the Consulting Engineer, and commented on by his Excellency the Governor in Council, appears to be that, though the main canal will be finished so far as it can be said to be so before it has been subjected to trial, and tested by a full supply of water, yet the means of distributing the water has not been provided, and in no sense can it be said that the canal is in full working order.

4. It seems to his Excellency the Governor General in Council that the mere fact of all the distributing channels not being ready, or even of the main canal not having been properly tested, would not in itself have been such a failure on the part of the company as would justify the Government in requiring the surrender of the works. The essence of the stipulations, when viewed in combination, was that the Government had lent the company a certain sum of money, the interest of which was to be paid from the income of the works, and had guaranteed another sum, the interest of which should also be met from the works; and, in giving the fresh loan, the intention of the Government clearly was that, if the works were not in a condition to begin to pay some portion of the interest at least in July 1871, and generally are not in a condition which is described as "perfect working order to the satisfaction of the local Government," thereby meaning that the canals are in fair operation, and earning a reasonable income, from which the Government could look to repayment of its interest, then the Government should have the option of taking over the works, and endeavouring to repay itself. Consequently, his Excellency in Council is of opinion that the most important point to consider at the present time is the power of the company to work and maintain the canals after July 1871, and that the question put by the Madras Government as to how and by whom the money is to be provided for the purpose, is a very pertinent one.

5. While, therefore, the Government of India would not lay much stress on the want of completeness of any part of the project which would not prevent the commencement of irrigation on a moderate and reasonable scale, his Excellency in Council considers that the Government has a right to expect that the works shall *bona fide* be in fair operation at the time specified, and managed and maintained at the entire cost of the company, without any assistance from Government. The loan of 600,000 £. was specifically to be applied to new works

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works chargeable to the capital account of the company, and there was no intention of providing money for the maintenance of the work after completion. Therefore, if the Government of Madras is not satisfied that the canals are thus in working order, it will apparently be justified in expressing an opinion that the condition of the contract has not been fulfilled.

6. I am, however, to point out that, under the contract, it rests with the Government of Madras to give that opinion as to the condition of the works in July next, on which the Secretary of State will act. In this light, it seems necessary that the Government of Madras should lose no time in ascertaining what the intentions and means of the company are, and should place at an early date before the Government of India a specific expression of its opinion as to the propriety of advising the Secretary of State to require the surrender of the works in the event of the company not being able to comply with the conditions on which the loan was granted.

7. I am further to point out that the Madras Government should be in a position to address the Secretary of State on the 1st July 1871, or as soon after as practicable, so that no further time may be lost in bringing the matter to a conclusion, otherwise every day's delay causes sensible waste of money, all of which the Government virtually has to furnish.

8. In conclusion, his Excellency in Council would suggest the propriety of the Advocate General being consulted in any steps which the Government of Madras may see fit to adopt in dealing with the matters adverted to in this letter.

I have, &c.  
Colonel, R.A.,  
Secretary to the Government of India.

P.S.—Since the above orders were drafted, the accompanying copy of a Despatch from the Secretary of State has been received, confirming, it will be seen, the views of the Government of India, as expressed in para. 4, and pointing out the steps which should be taken by the Madras Government with reference to the prosecution of the distribution channels.

## — No. 13. —

The Governor General in Council to the Secretary of State for India.

My Lord Duke,

Simla, 14 June 1871 (No. 73).

WE have the honour to acknowledge the receipt of your Despatch, No. 28, dated 4th April last, communicating copy of a letter from the Secretary to the Madras Irrigation Company, in which an extension of the company's guarantee is solicited for the purpose of completing what is termed by them their "original Toombuddra project." Her Majesty's Government requests to be placed, as early as possible, in possession of the views taken by this Government, as well as by the Government of Madras, of this application, and asks for our opinion on certain points connected therewith.

2. In reply, we would observe that, until we have received a final report from the Madras Government, to whom your Grace's Despatch was forwarded without delay, we are scarcely in a position to submit a reliable opinion on the first four points; but as regards the completion of the project by State agency, we have no hesitation in saying that we are quite prepared to carry it out, in the event of our being satisfied by the Madras Government that its completion will be expedient and desirable.

We have, &c.  
Mayo.  
Napier of Magdala.  
John Strachey.  
R. Temple.  
B. H. Ellis  
J. F. Stephen.  
H. W. Norman.

## — No. 14. —

The Governor General in Council to the Secretary of State for India.

My Lord Duke,

Simla, 6 July 1871 (No. 78).

SUBSEQUENT to transmitting our Despatch (Public Works), No. 73, of the 14th ultimo, the Government of Madras reported its inability, from unavoidable causes, to furnish the final report on the Madras Irrigation Company's affairs till "some time this month;" and consequently the expression of our views on the points referred to us for opinion by your Grace, in connection with the company's application for an extension of their guarantee to complete the Toombuddra project, must unavoidably be delayed, until after the receipt from Madras of the report, which we have been given to understand that Government purposes addressing to your Grace direct. See No. 13.

We have, &c.

*Mayo.*

*Napier of Magdala.*

*John Strachey.*

*R. Temple.*

*J. F. Stephen.*

*B. H. Ellis.*

*H. W. Norman.*

## — No. 15. —

The Secretary of State for India to the Government of Madras.

My Lord,

13 July 1871 (No. 13).

1. I HAVE received your Excellency's Despatch, No. 9, of 22nd May last, replying to mine on the subject of a claim of the directors of the Madras Irrigation and Canal Company to reimbursement of a sum of about 32,000*L.*, expended by them under directions from your Government, and subsequently to the date of their Supplementary Contract, on operations extra to those contemplated by the contract. These operations were of two kinds; 1st. Search for, and investigation, of sites for reservoirs; 2nd. Construction of a number of additional bridges; and, so far as regards the second item, the fact urged by your Consulting Engineer, that the works to be completed under the contract were to be completed "in accordance with the plans submitted or approved, or to be submitted or approved," seems to be conclusive against the claim of the directors. See No. 10.

2. With respect, however, to the sum of 17,955*L.* expended in reservoir explorations, I do not perceive the force of the argument that this sum may have been drawn, not from the loan of 800,000*L.*, made to the company expressly for the purposes of their Supplementary Contract, but from the balance of their previously guaranteed capital. The company, when pledging themselves to execute certain works with the aid of the loan, naturally regarded whatever remained to them from their guaranteed capital as equally at their disposal for the same purpose; and it will not, in my opinion, be reasonable to hold them responsible if, by reason of your having caused the diversion of part of those funds to a different purpose, they are found to have been unable to fulfil their pledge.

I have, &c.

*Argyll.*

— No. 16. —

The Assistant Under Secretary of State for India to the Secretary of the Madras Irrigation Company.

Sir,

India Office, 13 July 1871.

I AM directed by the Duke of Argyll to request you to inform the directors of the Madras Irrigation and Canal Company that, from a Despatch which his Grace has recently received from the Government of Madras, that Government appear to entertain considerable doubt as to the pecuniary ability of the company to carry on operations, now that the time allowed for the operations contemplated by their Supplementary Contract has since 30th ultimo come to a close.

As this is a question in which important public interests are involved, the Duke of Argyll is anxious that all doubt with regard to it should be removed; and I am therefore directed by him to request to be informed of the precise means which the company possess of defraying the cost of the establishments which the Board propose to maintain henceforward in England and India.

I am, &amp;c.

*J. C. Melvill.*

— No. 17. —

The Government of Madras to the Secretary of State for India.

My Lord Duke,

31 July-1871 (No. 14).

Dated 26th July  
1871, No. 1961.

See No. 8.

WE have the honour to forward, for the information of your Grace in Council, copy of a Despatch to the Government of India, being a reply to the inquiry made by your Grace, under date the 4th April 1871, No. 28, regarding the present condition and future prospects of the works of the Madras Irrigation and Canal Company, and in reference to the further assistance which the company seek from the State to enable them to extend their operations.

We have, &amp;c.

*Napier.**Fredk. Haines, C. in C.**A. J. Arbuthnot.**J. D. Sim.*

Enclosure 1, in No. 17.

Order of the Government of Madras, 16th May 1871, No. 1341.

Government Order, No. 1035, 14th April 1871.  
" " No. 1089, 18th April 1871.  
" " No. 1389, 15th May 1871.  
Madras Irrigation and Canal Company's Agreement, 2nd October 1866.

THE papers as per margin will be communicated to the Government Solicitor, with a request that he will obtain the Advocate General's opinion whether, in reference to the supplementary agreement, and especially to Clause 11 thereof, the said canal and works can be called complete and in working order, so long as the weirs, or works for the discharge of surplus waters, have not been adapted on the principles referred to in Government Order, No. 1089, 18th April 1871, for the safe discharge of floods; and whether, having regard to the Despatch from the Right Honourable the Secretary of State, No. 16, 16th February 1871, printed with Government Order, No. 1035, 14th April 1871, supposing it to be admitted that the main canal and works are completed by the 30th June 1871, the fact of all the distributing channels not being ready, or the main canal not having been proved capable of carrying, without breaching, the full quantity of water for which it was designed, would be such a failure of contract on the part of the company as would justify the Government in requiring a surrender of the works; and whether, in the Advocate General's opinion, if the canal and all its works should be completed by the 30th June 1871, and it should be so admitted by the Government, but the revenue derivable from irrigation in the current year is so trifling as to be inadequate for the payment of maintenance charges, and the company are not only unable to pay anything towards the liquidation of interest due to the State for the loan of 600,000*l.* made to them, but are unable to discharge the cost of the establishment maintained for the conservancy of the

MADRAS IRRIGATION COMPANY.

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the canal without aid from Government, there will be such a failure on the part of the company as would justify the Government in requiring the surrender of the works, on the ground of their not being in proper working order, as intended by the 11th article of the supplementary contract, inasmuch as the canal would not be in fair operation and earning a reasonable income.

Enclosure 2, in No. 17.

The Acting Government Solicitor at Madras to the Secretary to Government, Public Works Department, dated Madras, 22nd May 1871, No. 209.

I HAVE the honour to acknowledge the receipt of the Order of Government, dated 16th May 1871, No. 1341, Public Works Department, together with its enclosures, requesting the Acting Advocate General's opinion on certain points having reference to the Madras Irrigation and Canal Company, Limited.

2. I submitted the matter for the consideration of the Acting Advocate General; and,
3. I now forward herewith a copy of his opinion, and return the enclosures forwarded with the Order of Government above noted.

Enclosure 3, in No. 17.

Opinion of the Acting Advocate General at Madras, 20th May 1871.

WITH reference to the first of the three questions submitted to me, I understand that Government Order, No. 1089, laid down, first, that the existing works of the canal were so imperfectly constructed that they would be in continual danger of breaching unless certain alterations were effected; and, secondly, pointed out certain principles upon which the alterations should be carried out. Assuming, as seems to be admitted by the chief engineer, that the works are in fact unsafe until altered, and assuming that they continue substantially unaltered until the 1st of July 1871, it is clear that on that date the canal and works will not be "in working order to the satisfaction of the local government," and therefore that it will be open to the Secretary of State to exercise the option of taking over the works, which is given by clause 11 of the Supplementary Agreement.

2. The question in the form in which it is put, however, seems to call for an opinion, whether it would be necessary for the company to show, not only that they had altered their works, but that they had altered them in accordance with the views expressed in Government Order, No. 1089; in other words, whether they are bound to conform to directions on matters of engineering given by the local government. I am of opinion that they are not bound to conform to any such orders, which do not emanate from the Secretary of State. The original Agreement of 1858, recited in the Agreement of 1863, provided "that the various works comprehended in the project selected for the commencement of operations by the company should be constructed conformably to plans approved by the local government." But in the Agreement of 1863 this arrangement was departed from. The right to approve of and alter plans, and to direct works, was expressly given to the Secretary of State (Sections 5, 6, 9, 10, 16), and the province of the local government was limited (Section 19) to compelling the company to construct their works fairly and substantially, in accordance with the plans approved of by the Secretary of State. The Supplementary Agreement (Section 10) preserves all the conditions of the Agreement of 1863. I think, therefore, that the local government, in deciding whether the canal and works are in working order within the meaning of Section 11 of the latter Agreement, would have to consider only the actual fitness or otherwise of the works to carry out the objects of the canal, and that it would be no sufficient ground for dissatisfaction that the fitness, if it existed, had been attained by adopting plans different from those pointed out by the local government.

3. The second question involves two queries: first, whether the fact that all the distributing channels were not ready would be a failure of contract within the meaning of Section 11. I think it would not. As I understand, these distribution channels are only required as the demand for water for irrigation purposes increases, and any expenditure upon them, until they are likely to be required, is pure waste of money. The second query is, whether "the main canal not having been proved capable of carrying, without breaching, the full quantity of water for which it was designed, would be such a failure of contract." Assuming the question to mean "whether it would be a failure of contract if the main canal were proved incapable of carrying the full quantity of water for which it was designed without breaching," I have no doubt that it would. A canal that bursts on receiving the full quantity of water for which it is designed, is as complete a failure as an engine which blows up under the pressure of steam which it was intended to bear. But, if I am asked whether it is incumbent on the company to prove affirmatively that their works will bear with safety a full supply of water, I answer that it is not. The Government must satisfy themselves upon this point in the best way they can; and, if a supply of water, sufficient

cient to test the capabilities of the work, does not exist at the time they are making the inquiry, they must form their opinion in some other way.

4. The third question refers to a state of things which seems neither to have been contemplated by, nor provided for in, the contract. I am of opinion that the clause as to the canal being in working order must be interpreted in exactly the same way as if this were an ordinary contract for the performance of certain work. In such a case it is clear the contractor would have delivered over the canal in working order, if it was according to specification, and fit for the purposes for which it was intended, although it might never realise a penny. It seems clear that the whole sum of, first, 1,000,000 £, and then of 600,000 £, was expected to be laid out in the construction of the canal, and it was assumed that the canal, when completed, would at once pay its expenses, and also interest out of its revenue, for the company could not have any other funds in their possession out of which to make such payments. Section 19 of the Agreement of 1863 requires the company to keep their works in repair, and in default of their doing so authorises the Secretary of State to repair, repaying himself out of the guaranteed interest; and, if not so paid, "then the difference shall be forthwith paid by the company to the Secretary of State." But no arrangement is made for the event of the company being unable to pay. Nor does this clause enable the Secretary of State to supply and pay for a working staff. So Sections 7, 8, 9, of the Supplemental Agreement provide for the payment of working expenses, repairs, and interest, but no provision is made for the possible, and apparently impending, contingency of the revenues of the company being unable to satisfy all or any of these charges. The only two cases in which the Secretary of State can take over the works are under Section 24 of the original Agreement, and Section 11 of the Supplemental Agreement, neither of which, in my opinion, applies to the present case. If, as seems probable, the canal, assuming it to be completed and in proper working order on the 1st of July, will prove to be an undertaking which the company has no funds to manage, and the Government has no power to take over, it seems to me that there is no remedy but a new Agreement between both parties, carried into effect by Imperial legislation.

*J. D. Mayne, Acting Advocate General.*

Enclosure 4, in No. 17.

MEMORANDUM by Colonel *J. Carpendale*, Chief Engineer, Department Public Works, late Consulting Engineer, Madras Irrigation and Canal Company.

To Government of  
India, dated 4th  
April 1871, No. 28.

I HAVE the honour to report as follows, for the consideration of Government, in reference to the Despatch from the Secretary of State noted in the margin.

2. The points which the Secretary of State requires to be reported on are:—

*First.*—The general character as to design and execution of those of the company's works which are finished or are approaching completion.

3. Setting aside the great radical defect in the general design of the Main Canal, whereby sufficient waterway has not been provided for the passage of flood waters either under the canal or by surplus weirs in its banks for the escape of storm waters entering it when full, I would consider the works generally suitable in design for the joint purpose for which the canal is intended, that is navigation combined with irrigation; but there are some exceptions, and unfortunately they are in the very places where most caution was necessary, namely, in the high walls across valleys which in many places have been substituted for the ordinary canal bank, and which are, in some cases, faulty in design and bad in execution, as shown by the sections laid bare by the breaches of August 1870. The earthen banks also of earlier construction have been proved by breaches to have been thrown up loosely, without any selection of material, or care, and method in formation, and some of the masonry structures of the same period are defective in their construction, and of bad quality as regards material. All work of late years, that is since the date of the supplementary contract, both earthwork and masonry, is much superior in quality, and the masonry especially may be called excellent; the only objection I would raise is that hydraulic mortar has not been used in the masonry works, such as locks, aqueducts, culverts, &c.

*Secondly.*—The suitability of the works for irrigating the country through which they pass.

4. If this simply means whether a reasonable area of land can be irrigated from the canal, I have to report that more land is commanded than the canal is designed to carry water for, and a very much larger quantity than the canal has yet been proved capable of carrying water for; but the query may be intended to have a much wider meaning, namely, whether the canal, as designed, is the most suitable that could be devised for irrigation in that particular locality; to which I must reply, that the Main Canal was designed for navigation as well as irrigation, which is one chief cause of the great expense that has been incurred; for the same quantity of water might have been carried, and the same extent of wet cultivation as is now expected or hoped for might have been obtained, at a much smaller expenditure, with more simple works, and with much less risk, if irrigation only had been provided for.

*Thirdly.*—The probability of much hesitation on the part of the ryots in taking the water at the prescribed rates.

5. The

5. The Collector of Kurnool in a tour through his district, towards the end of last year, made a careful inquiry on this head, with the view of eliciting the general feeling; and, writing on the 28th October 1870 to the Board of Revenue, he said:—

“The general opinion is that the charge of six rupees per acre for the water is excessive, but that it would not be too high if the water was supplied during the whole cultivation season and a crop certainly reaped. But, when it is a risk to attempt wet cultivation, owing to frequent breaches, the rate is too high. For, when a crop is lost or not brought to maturity, the remission of the water and land assessment is, in fact, no compensation for the loss which occurs.”

In the same letter he says:—“I think, generally speaking, the ryots look with favour on the canal, and expect hereafter, when it is in good working order and continues for several years, to derive great advantages and profit from wet cultivation, and that the future expectation to a certain extent compensates them for temporary losses, which in all probability they consider as the result of an experiment attended with great risks.”

“The canal has, however, breached each year for three years, and the water has been cut off; the ryots have hitherto borne their losses with wonderful equanimity which cannot be expected to last, and, should the canal breach again next year, a panic may be caused, the result of which might be serious.”

In the above remarks I entirely concur, and I think that much will depend, in regard to the future prospects of irrigation under the canal, on the result of the admission of water to the full depth in the approaching monsoon season.

6. The fourth query is, what force there may be in the company's argument, that the remunerativeness of the works cannot be fairly tested unless they be so extended as to comprehend the whole of their original project.

There is a good deal of truth in one part of this argument, but not exactly as the company put it.

7. The probability of the success of the Main Canal, from Kurnool to Cuddapah, as a line of navigation, would most undoubtedly be greatly improved by the extension of the canal to join the Eastern Coast Canal in the Nellore District, supposing it an established fact that there was any traffic at all on the line from Cuddapah to Kurnool; but as, under existing circumstances, this length of canal will be dry for six months in every year, I very much doubt any system of traffic on it being developed until, by the construction of reservoirs, the natural supply of the Toongabudra is supplemented, and water for the canal all the year round has been furnished. It is also reasonable to conclude that whatever revenue there may be from irrigation from this canal when water for one crop only is available, a greater amount would be realized if water for a second crop was provided by means of reservoirs. It is by no means necessary to this end, however, that any project in Bellary should be simultaneously entered on. It would probably be economical, in constructing one or more reservoirs, that the wants of Bellary should be kept in view as well as those of Kurnool and Cuddapah, as the cost might eventually be rateably divided, but the irrigation projects and interests would be quite distinct. The construction of one or more reservoirs is, in my opinion, the proper step to take next in connection with the Kurnool and Cuddapah Canal; but, in the event of the works coming into possession of Government, I would not advise the Government to incur any large expenditure for this purpose, until it is seen how far the stability of the canal may be depended on for two successive years.

8. Having now answered the several specific queries put by the Secretary of State, I turn to the general question raised by the board of Directors in their letter\* to his Grace, that is, their application for an extension to the existing guarantee, sufficient to repay the loan of 600,000 £ and to complete the “Toombuddra project,” on the ground that without this extension of their works the experiment will not have had a fair trial, and “because in a financial view the solicited guarantee may be safely granted,” this remark being made with reference to the Kurnool section of the project, which, it is stated, is now “about to be completed with great financial advantage.” No specific amount of capital is mentioned, but from their letter† to the Secretary of State, which forms one of the appendices, it appears, “that having given their most careful attention to the matter, aided by past experience, the directors believe that 2,500,000 £ would be sufficient to complete the “works contemplated for the Bellary district and for the necessary reservoirs;” and as in round numbers 1,600,000 £ have already been spent, this would leave 900,000 £ for the execution of the Bellary project and for the construction of reservoirs, no mention being made of the extension of the Kurnool and Cuddapah Canal through the Nellore District.

9. A project for a canal from Walsapavore on the Toombuddra to the town of Bellary, and which was called by the company a thoroughly digested and well-considered one, was laid before the Government some years ago, and disposed of in Government Order, No. 518, 21st February 1867; the cost of the work was estimated at 1,43,88,000 rupees, or 1,438,800 £.

10. The Upper Bellary project low level line was submitted to Government by the consulting engineer for the company on the 11th January 1870; the estimate amounts to 1,65,24,640 rupees, or 1,652,464 £.

\* 7th March 1871.  
See No. 5.

† 18th December 1866.



11. The plans and estimates for the Nellore scheme, sometimes called the lower portion of the Toombuddra project, were reviewed by Government in Government Order, No. 1568, of the 30th June 1870. The estimated cost for a canal for navigation and irrigation combined is 53,25,000 rupees, or 532,500 *l*. This scheme commences at Somaisweram, 48 miles from Cuddapah; the works for this intermediate link have not been estimated, but the line of country is admittedly more difficult than any other that has been investigated, and 50 lacs is as little as could be estimated as the probable amount, say, 500,000 *l*.

12. From the above figures it will be seen how greatly the company's capital, even if extended to 2,500,000 *l*, would fall short of what is required to construct the works for the Bellary and Nellore Districts, while nothing has yet been determined as to the further sum that would be necessary for the reservoirs; perhaps another half million for one reservoir; and it is marvellous that, after all the time and money that has been spent on the reservoir investigations, the company have not yet got the project for any one reservoir complete, so that an opinion could be formed as to what the cost would be of sending a suitable supply of water into the Toombuddra in the dry season, to keep up a supply in the Kurnool and Cuddapah Canal.

13. It appears to me that, if the Government wished to deprive the company of their possession, they have ample reason legally, in the circumstance that the canal has not been completed satisfactorily, inasmuch as suitable provision has not been made for the discharge of flood waters, and the canal is consequently in an unsafe condition; and it is also clear to me that the Government have good and sufficient reason legally and morally for declaring that the canal has not been completed to their satisfaction, inasmuch as on each occasion of water being let into it for the purpose for which the canal was designed, it has breached; and there is every reason to fear that it will breach again so soon as it is subjected to the test which is necessary to prove if it is capable of carrying the full depth of water.

14. I do not understand, however, that there ever was any desire on the part of either Government to deprive the company of their possession; rather, there has been every desire shown not to do so, and if there was any reasonable hope that the company could carry on the management of it without further aid from the State, and that the shareholders could derive any profit or advantage from doing so, I would advocate the company being left in undisturbed possession of their property. I do not, however, consider that the history of the construction of this canal, its present condition, or its future prospects, are such as to warrant any special consideration or indulgence being shown to the shareholders; or that they have any ground for expecting that a further sum of public money should be risked to enable them to carry on so costly an experiment. The shareholders now receive 5 per cent. on the capital, their only reason for wishing to retain possession of the canal could be the hope of getting more; they cannot get more until the revenue from the canal has cleared off all arrears of accumulated interest, and until the current revenue, besides covering the cost of maintenance and management, will meet the interest due on the loan of 600,000 *l*. and on the one million capital. After long and careful consideration of this question in all its bearings, I can hold out no prospect of the canal as it now is, but with all its works of distribution finished, ever paying these charges; and it can consequently be no benefit to the shareholders to retain possession. If they ask what advantage it would be to the Government to relieve them of their property, I answer, none directly. The property is not of a nature to be coveted, but the State has incurred a serious responsibility in the encouragement it has given to the shareholders, and it is only equitable to relieve them of the bad investment without loss to them, and then for the Government to do the best they can with the property afterwards; and indirectly there would be this advantage, the Government, having its own establishments, can work the canal and maintain it much more economically than the company can; the expense of the home board, the Madras agency, and the chief engineer and his establishment, would be entirely saved. The maintenance or conservancy establishment would be reduced by working in conjunction with the Public Works Establishment of the district through which the canal runs; and there would be a further considerable saving in the interest on any capital that might be required for future projects, as capital is now procurable to any extent at 4½ to 4¾ per cent. I would therefore advise the Government to declare, after the 30th June, that the canal and its works have not been completed to their satisfaction, but nevertheless to leave the company in undisturbed possession, if they so desire, and can carry on the management without State aid, which I would positively refuse to further extend; and, if the Company fail to keep the works in repair, as provided in paragraph 21 of the covenant of 3rd June 1863, it would be open to the Government to take possession.

8th June 1871.

*J. Carpendale, Colonel, R.E.*

## Enclosure 5, in No. 17.

## MINUTE by the Governor of Madras.

THE points which the Secretary of State has specially recommended to the notice of Government are as follows:—

- (1.) The design and construction of the canal.
- (2.) The adaptation of the canal for the purpose of irrigation in the country which it traverses.
- (3.) The probability of water being freely taken up by the ryots at the rates prescribed.
- (4.) The expediency of expanding the scheme of works to the full extent contemplated by the company.
- (5.) The power of the State to complete the system of works, should they be withdrawn from the agency of the company.

1. It will be generally admitted, now, that the design of the canal is not entirely satisfactory, and that the construction of the works is in part extremely defective. The Government are aware, both by competent advice and by actual experience, that sufficient provision has not been made either for the passage of water under the canal, or for the discharge of the maximum amount of water from the canal itself. These are defects of design, but they are defects of design which the Government have failed to discover at the proper time, and which are susceptible of easy remedy. There will be no serious difficulty in effecting additional passages for the water-courses of the country which traverse the line of the canal at a low level. There will be no difficulty whatever in providing additional waste weirs in the banks of the canal. The defects alluded to do not appear to me to be more important or conspicuous than might have been expected in a work of great extent, and of a novel character. Similar imperfections and omissions would probably be discovered at the outset in the construction of any considerable irrigation work in the country, executed by any agency at the disposal of Government. Defects of a corresponding character might, for instance, be indicated in the tank and channel works constructed recently for the increase of irrigation in the vicinity of Madras, and the supply of the city with waterworks, carried on with every advantage of executive and inspecting agency. Another defect in the design of the canal may, perhaps, be the extensive use of perpendicular masonry walls, as the retaining walls of the canal and of the reservoirs into which the canal frequently expands, in lieu of sloping earth walls, after the universal fashion of the country. But here, again, the plan of perpendicular masonry walls has been accepted by Government, and it is undoubtedly warranted by the sanction of high professional authority. As far as the design of the works is concerned, the Government have, I think, at this stage, no equitable right to complain. The design may in some particulars be erroneous, but the errors are as much those of the Government as of the company. The defects of construction or execution are probably more serious than those of design. It is a fact that up to the present time the canal has always breached somewhere when it has been partially filled. Both the masonry walls and the earth-banks of the canal are of indifferent materials, and of faulty execution in the portions of the work first constructed. To what extent these defects prevail it is difficult at present to affirm. The Secretary for the Department of Public Works, who was lately Consulting Engineer for Government, and who is intimately acquainted with the works, takes a most unfavourable view of the capacity of the upper portion of the canal to contain the water for which it is designed with safety. He anticipates repeated disasters and expensive reconstructions. The opinion of Colonel Carpendale is entitled to much consideration, and it is difficult not to share his foreboding views; but here, again, I must admit that the Government may be considered in some measure as participators in the mistakes or neglects of the company. The works of the canal were constantly open to inspection and control. The Government have constantly entertained an officer as consulting engineer for the exercise of this duty. If it be urged that this officer could not always be present during the progress of the works, it may be contended, on the other side, that the Government might have increased their inspecting agency. It is true that the consulting engineers have on various occasions severely criticised the works; but the works were, nevertheless, not pulled down, and they were permitted to be proceeded with. The Government appear to me to have failed to interfere at an earlier period with sufficient energy. I am constrained to admit that the Government are in some degree a party to the grave defects of construction, as well as to the less important errors of design. It seems to me that it is too late now to take serious exception to the execution of works carried out under the eyes of a consulting engineer seven or eight years ago. In a word, the works of the canal are neither in respect to design nor execution completed to the satisfaction of Government, but the Government are in part to blame.

2. The adaptation of the canal for the purpose of irrigating the country which it traverses must be admitted by Government. We may regret that the works have been of a far more expensive character than would have been requisite if the canal had been restricted to the use of irrigation; but the objects of navigation were admitted by Government and the Secretary of State deliberately. The canal is an extravagant one for the purpose of irrigation, but it is well adapted for irrigation in connection with its other use.

3. It may be assumed, I think, that the water would be freely taken up by the ryots at the rates prescribed, if the works should prove of a durable and trustworthy character. The ryots will take the water if they can rely on the supply. We must, however, be prepared, in the first instance, to meet with considerable hesitation, in consequence of the reiterated failure of the works, and that hesitation would be aggravated by any future accidents. Under all the circumstances, we should submit that the expansion of irrigation will be very gradual, and many years must elapse before any return can be expected in the least degree responding to the outlay that has been incurred.

4. It is very difficult to give an unqualified opinion with reference to the expediency of extending the scheme of navigation and irrigation works to the dimensions contemplated by the Secretary of State, the Government, and the company, at an earlier period.

The present canal is a navigation and irrigation canal, which can only, under the most favourable circumstances, do more than half its duty on account of a failure of water during half the year. To give a permanent supply, and to make navigation a reality, it would be necessary to undertake the construction of vast reservoirs on the head waters of the Toongabudra or its affluents. An indispensable feature in the scheme of extension is the construction of these reservoirs. The company have three under survey, known as the Luchavully, the Toonga, and the Masoor tanks. No complete surveys and estimates of any of these three works, embracing all the sources of expenditure, have been prepared up to the present moment; and when framed and presented to Government they could not command an unhesitating confidence, for the execution of these immense storage works would be a novelty in our system of public works. The English Government has not constructed any great tanks up to the present time, and the cost of works by which ancient tanks have been improved and enlarged has, in our recent experience, greatly exceeded the original estimates. I understand, however, that the engineers of the company do not anticipate that they can construct the three reservoirs referred to, excluding indemnity, for less than 1,080,000 *l*. The storage works referred to would, however, not be requisite for the navigation of the Kurnool and Nellore Canals alone; they would supply water for a second crop over the whole area of wet cultivation contemplated in the complete scheme. Besides the reservoirs alluded to above, the complete scheme of extension contemplates the construction of three systems of irrigation canals, one of which at least must be connected with navigation, inasmuch as it is a development of the existing canal. These are—

1st. The Upper Bellary scheme, under the Walliapuram anicut, which, in the form recently presented by Mr. Gordon, and termed the Hoosoor scheme, is estimated to cost 1,250,000 *l*.

2nd. The Lower Bellary scheme, of which two projects are entertained, which we may set down at 200,000 *l*.

3rd. The Nellore extension between Cuddapah and the backwater of the coast, estimated at 1,072,000 *l*.

The aggregate expenditure for reservoir and canal works, under the scheme contemplated above, would thus be 3,602,000 *l*, to which must be added the sum for which the company are now indebted to Government, namely, 600,000 *l*; making a grand total of 4,202,000 *l*, which it would be incumbent on the company to raise, under a State guarantee, should the general scheme of extension be adopted, and the execution of the works be entrusted to the company. It can hardly be doubted, however, that the expenditure on the works would far exceed these estimates. It is not at all my desire to reproach the company with the appalling errors in the original estimates, under which the existing works were sanctioned and partly constructed. I am willing to believe that mistakes of such unparalleled magnitude could not be made again. The officers of the company have gained experience; they would go in future on much safer ground; and their ability and trustworthiness are guaranteed by the excellence of their later performances. But we have no experience whatever in this country of extensive enterprises of this character, in which unforeseen difficulties are not encountered, and in which unforeseen expenditure is not incurred. I feel confident that I shall not be considered unreasonable if I add 25 per cent. to the general hypothetical estimates indicated above, and assert that the complete scheme of extension works contemplated by the company would cost at least, including the repayment of the loan, 5,000,000 *l*. The question before us, therefore, is simply this:—Should we be justified in advising the Government of India and the Secretary of State to guarantee the company in raising the sum of 5,000,000 *l*? I reply, without the slightest hesitation, that we should not be justified.

In my humble judgment, the Government would not be justified in sanctioning an extension of these works, or in incurring any expenditure whatever, until we have ascertained, by actual experience, to what extent the existing works can be rendered remunerative, having in view the character of the works themselves, and the extent to which the people of the country will avail themselves of the benefits placed at their disposal.

5. The last question suggested in the Despatch of the Secretary of State admits, I think, of an easy reply. If the extension works should be prosecuted now or hereafter, the Government can undertake the enterprise by departmental agency with greater advantages than would be at the disposal of any company, for the following reasons:—First, the funds could be procured by the Government of India on loan on easier terms; secondly, the works could

could be executed more economically by existing establishments with the temporary expansion which might be requisite; thirdly, the intervention of a foreign agency in some degree between the Government and their subjects would be avoided.

In conclusion, I beg to submit my opinion that this Government should state, in the most unequivocal terms, that it would be inexpedient to make any further advance to the existing company, or to incur any further obligation in connection with them, and that the Secretary of State should avail himself of any occasion which may offer to negotiate, on reasonable terms, for the surrender to the State of all rights and privileges which the company may possess in the existing works, having due regard to the interests of the shareholders. Taking, however, a liberal and equitable view of the position of the company in reference to the existing works and to this Government, I would not advise any attempt to claim possession of the works on the grounds of a failure on the part of the company to fulfil the conditions of their contract.

*Napier.*

Madras, 21 June 1871.

Enclosure 6, in No. 17.

MINUTE by the Honourable *A. J. Arbuthnot.*

It appears to me to be clear that the construction of the canal cannot be said to be satisfactory either in respect of execution or design, and that it will be our duty to submit an opinion to this effect to the Secretary of State. It will be for that authority to determine whether or not the company shall be called upon to surrender the canal to the Government under the terms of the contract. This, I conceive, is a point for the decision of the Home Government, and on which we are not required to offer an opinion; but, looking to the present financial position and prospects of the undertaking, it seems to me that, unless the Home Government are prepared to authorise the company to raise additional capital under a guarantee, the surrender of the works to Government is inevitable.

2. I entirely concur in Lord Napier's opinion that it is not expedient to make any further advance to the existing company, or to incur any further obligation in connection with them.

3. I do not agree with his Excellency in regarding the failure of the Government consulting engineers to prevent the errors which have been committed in the designing and execution of the work, as in any way relieving the company from the responsibilities assigned to them under the contract, or as in any way debarring the Government from demanding the surrender of the works under the terms of the contract; but, as I have said, the company will have no alternative but to surrender the work, when they learn that the Government are not prepared to advance, or to enable them to raise, additional capital, the revenues which are likely to be derived from the works for some time to come being utterly inadequate to meet the cost of their maintenance.

*A. J. Arbuthnot.*

26 June 1871.

Enclosure 7, in No. 17.

MINUTE by the Honourable *J. D. Sim.*

THE first question of the Secretary of State relates to the general character as to design and execution of the company's works. We cannot, I conceive, reply otherwise than that they are faulty, though admitting, at considerable expense, of improvement and rectification. Sufficient water-way for the escape of flood waters has not been provided, and the works are therefore exposed to risk, the embankments are unstable, and, as a fact, the canal has breached every year. The work more recently executed is of a superior description; but, until the older defects are remedied, and for this the company has not the requisite funds, the work, in design and execution, must be held faulty.

2. The second and third questions may, I think, fairly be answered in the affirmative. The canal was designed for irrigation and navigation; the combination was ill conceived and unfortunate, for the expense of irrigation has been greatly enhanced, while the returns from navigation do not, and never can, make good this additional expense; but this union of irrigation with navigation was the original design, and its lamentable results cannot now be made ground of complaint. I see no reason to apprehend that the ryots will decline to take water at the present rate of 12 s. per acre, if the supply be really assured, and the company's officers treat them with liberal consideration; but, unfortunately, hitherto the supply has been uncertain, and the ryot, to whom the failure of irrigation is the loss of a year's outlay and labour, naturally holds back. If the canal is placed in such condition that the ryots may be sure of water, the company need be under no apprehension of want of customers.

3. Finally, the argument of the company, that the remunerativeness of their works cannot be fairly tested unless they be so extended as to comprehend the whole of their original project,

project, admits of easy answer. They are perfectly free to carry out this project if they can only raise the necessary funds. But if, as seems to be the case, they cannot do this without a State guarantee of interest on their capital outlay, then other considerations come into play. There cannot be a doubt but that the State can raise the requisite funds as cheaply as, if not more cheaply than, the company, and that the officers of Government can do the work at least as well. If, then, the company desire to have the preference, they surely ought to show that some advantage will result from their employment. Unfortunately the reverse is the case; the work with which they have been entrusted has proved a ruinous failure; a million and a half sterling have been expended on it; it has in eight years since it was commenced yielded only 4,940*L.*, and the sum at its debit for capital and interest is considerably over two millions. And, what is worst of all, there is no probability of its ever proving remunerative. The cost of construction has been so enormous that it will swallow up all the income. 130,000 acres must be irrigated to pay the interest alone on the capital sunk, while the largest extent actually irrigated hitherto has been only 1,877 acres. With such results, surely the claim of the company to be entrusted with works estimated to cost 4½ millions more is, on the face of it, absurd. The company has been tried and has lamentably failed, and, in justice to the people of India, the Government, I submit, cannot and ought not to resort to their agency any further.

4. Nor does this course involve any breach of faith or want of equitable consideration. The agreement with the Government was that the company should execute a single complete work, the cost of which should be about a million sterling. The Kurnool project was selected as answering the description. The company have spent a million and a half on it; it is still unfinished, and it yields nothing. The reasonable construction of the agreement surely is that, if the company succeeded in this work, other works would be entrusted to them; and that, if they failed in this work, others would not be entrusted to them. The company, however, seem to consider that their failure not only does not prejudice their claims, but actually gives them a title to further employment. As an illustration of the manner in which the company has conducted its works, I beg reference to the consulting engineer's report of October 1869, in para. 69 of which he shows that works originally estimated to cost 493,348*L.* actually cost 1,015,552*L.*, or more than double. The estimates of the additional projects which the company desire to undertake with a State guarantee of interest amount to four millions sterling at least, and, with the Kurnool project, would entail a charge for interest of 280,000*L.* annually.

5. Under these circumstances we are, I think, bound to deprecate the grant of any further assistance in the form of loan or guarantee to the company, and to urge that, if it can be done legally, the Government should now buy out the company. The work will for very many years, if not for ever, be a losing concern, whether it belongs to the Government or to the company; but the Government can complete and work it more cheaply, as the entire home establishment and a large portion of the Indian establishment of the company can be dispensed with. It is true, as Lord Napier has remarked, that the company may urge that the Government ought to have intervened while the errors were being committed; and the plea is so far valid that certainly the Government are bound to give the company the full market value of their investment. But it must be remembered that this freedom from constant interposition is one of the advantages expected from the employment of private agency. If Government and its officers are to look after and be responsible for every detail of design and execution, they had better themselves perform the work. I cannot see anything inequitable in the Government buying out the company; the shareholders never can get more than 5 per cent. for their money; and, if the Government gives them that in another equally safe form, they cannot be losers. If there were any chance of the canal yielding more, the case would be different; but of this there is literally none. In the interests therefore of the Indian tax-payers, the Government are, I think, to bring to a conclusion, on fair and just terms, an arrangement which has worked so ill for the country, and now entails on its revenues an annual payment of 80,000*L.* without any return.

*J. D. Sim.*

July 1871.

Enclosure 8, in No. 17.

The Secretary to the Government of Madras to the Secretary to the Government of India.

Public Works Department, Fort St. George,  
26 July 1871.

Sir,

I AM directed to acknowledge the Order of the Government of India, dated Simla, 16th May 1871, No. 1611, communicating a Despatch from the Secretary of State for India regarding the Madras Irrigation and Canal Company.

2. The Despatch was communicated to Colonel J. Carpendale, R.E., late consulting engineer to Government for the company's works, with the view to his specially reporting on the several points on which his Grace required information. Colonel Carpendale's report forms one of the enclosures to this communication, and is accompanied by Minutes by his Excellency the President, and the third and fourth Members of Council.

3. From

3. From these papers it will be gathered that the design of the works is not entirely satisfactory, inasmuch as suitable provision has not been made for the escape of flood-waters; but this Government do not desire to press this point, because the works to which exception is now taken, by reason of insufficiency of capacity, were constructed with the knowledge of the Government officers, and under Government sanction, and they were at that time believed to be of ample capacity. The construction of the works is also in part extremely defective, the banks formed in earlier years are not to be depended on, and the masonry works of earlier construction are inferior, and in consequence the canal has breached every year, at one time by common breaches in the banks, at another by the blowing up of a culvert or tunnel, and again by breaches caused by floods, either in the banks, or in the masonry walls which take their place, or in both; and on this ground alone I am to say that this Government do not consider that the work has been satisfactorily completed. In connection with this part of the subject, I am to add that his Excellency in Council, having understood that the canal and its works would, in the opinion of the company's officers, be completed by the 30th June, prescribed in Government Order, No. 1,089, of 18th April 1871, the conditions on which they would be prepared to consider the canal completed in the sense contemplated by Article 11 of the contract, dated the 2nd October 1866; and, for the purpose of ascertaining the exact condition of the works on the 30th June, and how far they would meet the requirements of this Government as above referred to, the Under Secretary to Government in this department was deputed to make an inspection. Captain Scott's report will in due course be communicated to the Government of India; but I am to mention here that, while describing the canal and its works from Soonkasala to Cuddapah as finished in a general sense, excepting the works of distribution, he points out that many small items of work still remain to be done, and he distinctly states his opinion that, if the canal was filled to the full depth it is intended for, it would fail in many places; and in addition to this, I am to say that, on the plea of the full quantity of water not being required for irrigation this year, and that the Government have not pressed the matter (an argument which, in the opinion of this Government, has no cogency), the company's officers are still delaying the admission of the full depth of water into the canal, which would be the only true test of its stability. As regards the suitability of the canal for irrigating the country through which it passes, the Government are ready to admit that it is probably as well adapted as could be expected for the combined purposes of navigation and irrigation, though a much simpler and less expensive design would have answered for irrigation alone; but the quantity of land that is susceptible of irrigation is very large, and the canal having a carrying capacity of 400,000 cubic yards an hour, the advantage to the country would doubtless be very great if the canal were found capable of carrying all the available water for one season without breaching. As regards the water rate, this Government see no reason to apprehend that the ryots would be deterred from freely taking the water at the rate of 12 s. an acre, if they could have any assurance that there would be no failure in the supply, and that just in the middle of the cultivating season the water would not be entirely cut off, owing to breaches, entailing on them, not simply disappointment or loss of gain, but the loss of a year's outlay and labour.

4. The argument of the company that the value of their works in their remunerative aspect cannot be fairly judged, unless the works are extended so as to comprehend the whole of the original intention, is so far correct, that it is reasonable to suppose that the returns would be greater if there were water all the year round for navigation, and for two crops by irrigation instead of one; but his Excellency in Council is not of opinion that any further encouragement should be given to the company to enable them to extend their operations, or that any further obligations should be incurred by the State in connection with the company; and there certainly is no necessity for doing so on the score of expediency, for, if it should be decided hereafter to extend the work in Bellary and Nellore, the Government could undertake the enterprise by departmental agency with much greater advantage and more economy than could be expected of any company.

5. On the whole, this Government consider it would be most inexpedient to make any further advance to the existing company, and that, without claiming possession of the works on the ground of a failure on the part of the company to fulfil the conditions of their contract, advantage should be taken of any opportunity that may offer for obtaining a surrender by the company on fair and just terms of all their possessions, rights, and privileges.

6. The opinion of the Advocate General on the general question of completion agreeably to the 11th article of the supplementary contract, in reply to a reference made to him by the Government, under date the 16th May 1871, accompanies.

I am, &c.

J. Carpendale, Colonel, R.E.,  
Secretary to Government.

— No. 18. —

The Government of Madras to the Secretary of State for India.

\* See No. 17.  
Dated 27th July  
1871, No. 1975.

My Lord Duke, 11 August 1871 (No. 16).  
IN continuation of our Despatch, No. 14, dated 31st July 1871,\* we have the honour to forward the Report of Captain Scott, Under Secretary in this Department, on the result of the inspection which he has made of the works of the Madras Irrigation and Canal Company, in pursuance of the instruction of this Government, together with a copy of the orders passed by us thereon.

We have, &amp;c.

*Napier,*  
*Fredk. Haines,* Lieutenant General,  
Commander-in-Chief.

*A. J. Arbuthnot.*  
*J. D. Sim.*

## Enclosure 1, in No. 18.

ORDER of the Government of Madras, 26th May 1871, No. 1,443.

THE Government resolve to direct the Chief Engineer for Irrigation to proceed to Kurnool at an early date, for the purpose of making a thorough inspection of the Madras Irrigation and Canal Company's main canal and works from Soonkasala to the Cuddapah terminus, in order to his reporting whether or not they are in such a condition that they may be considered complete, with reference to the sanctioned plans, by the 30th of June.

2. For the purpose of this Report, Major Ryves may assume that the canal is of the sanctioned width and depth, and that the masonry works in their general design are in conformity with the sanctioned plans. His attention should be more particularly directed to the present condition of the banks; whether they are in proper section, properly consolidated, and suitable for use as tow-paths; whether the high walls, which in many portions take the place of banks, present an uninjured and stable appearance; if the breaches of 1870 have all been repaired as provided in the sanctioned plans; whether the masonry works have all been finished, the lock gates and sluice valves fitted, and are in working order, so far as an opinion can be formed without actually working them. In the event of water being anywhere available, the locks should be fitted and tested; whether the bridges are completed, including the approaches, and the roadways formed, and if the parapets of the third-class bridges have been lowered to allow of the yokes of ploughs clearing them when the plough reversed is being drawn across the bridge. Major Ryves will be further instructed to report whether any and what steps have been taken towards improving the surplus discharge works in conformity with Government Order, No. 1,089, dated 18th April 1871, and to what extent, in general terms, the distribution works have so far approached completion as to be available for use this season.

3. His Excellency in Council will also be glad to have Major Ryves's report as to the area to be irrigated this season, and for which water has been applied for, and can be supplied, and the revenue that may be expected in the current year, supposing the canal to be found capable of carrying water throughout the season without breaching; and he will also report on the arrangement intended by the company's officers for testing the canal agreeably to paragraph 3, Government Order, 18th April 1871, No. 1,089, so soon as a full supply of water from the Toongabudra is available.

## Enclosure 2, in No. 18.

ORDER of the Government of Madras; 26th May 1871, No. 1,444.

MAJOR Ryves being unable to proceed to Kurnool for the purpose of making the inspection of the works of the Madras Irrigation and Canal Company ordered in Government Order, No. 1,443, dated 26th May 1871, His Excellency the Governor in Council resolves to depute Captain Scott, Under Secretary to Government in this department, for the duty.

## Enclosure 3, in No. 18.

The Under Secretary to Government, Public Works Department, to the Secretary to Government, Public Works Department, dated Fort St. George, 6th July 1871.

I HAVE the honour to inform you that, in obedience to the orders of Government quoted in the margin, I inspected the main canal and works of the Madras Irrigation and Canal Company from Soonkasala to Cuddapah between the 7th and 27th June, and I beg to report as follows on the questions referred to me in my instructions.

No. 1,443, 26th  
May 1871.  
No. 1,444, 26th  
May 1871, attached.

2. An examination of the mileage notes and general remarks\* on each section appended hereto will show in detail the state of the canal at every point. It will be gathered that the earthwork in the first three sections, that is from the 1st to the 45th mile, is not altogether satisfactorily formed, and that some labour is still required to bring the banks and towpath into fair order. In the 4th and 5th sections, or up to the 75th mile, a considerable improvement is noted; while in the remaining portions of the canal, but especially in the 7th and 8th sections, so far as external appearance is concerned, there is generally nothing further to be desired. The bed of the canal is clear of obstructions, the side slopes are neatly trimmed, and the embankments are of the regulated height, of full section, with towpath formed to a proper width. Unfortunately there is almost universal absence of consolidation in the embankments throughout the whole length of the canal, so that their satisfactory appearance is to a great extent delusive. Great exertions have been made by the engineers in charge in laying fresh soil and trimming the slopes, and a very great amount of work has been done, but the banks are generally formed in bad soil, and they have been thrown up loosely and at random, and are for the most part bare of grass. When water is brought into the canal they will settle very considerably, and they will be guttered by rain, and the cost of maintaining and making them up annually will necessarily, for several seasons, be very great. In their present condition it will be necessary to use great caution, and to admit water very gradually and only to a small height during this year. It seems certain that with a full canal they would breach at many points. The walls used principally in the 2nd section as substitutes for earthen embankments have been raised to a height of 3½ feet above water level, and they appear to be in good repair. In some cases a puddle bank has been laid at the toe where especially leaky, and the rubble backing has been added to. Water passes more or less through all, and nothing but the test of a full supply in the canal can determine the question of their safety. There is no doubt that there are now many weak points, and that, until the natural process of silting up in the hollows when they are built has gone on for a long time, there will always be danger of failures taking place.

3. All the breaches which were made in the banks or walls last year have been repaired in accordance with the sanctioned plans, but the earthwork backing to the new wall closing the Hindry breach has slightly slipped since it was laid. The general unsatisfactory state of the canal at that particular point has been noted in the mileage observations appended.

4. The masonry works are, it may be said, completed, as the trifling amount of building remaining to be done in two or three instances could be finished in a very few days. The character of the work is generally rough, and some portions recently completed very much so, and, though it usually appears to be in a sound state, it is probable that frequent repairs will be necessary and the cost of maintenance considerable. All the lock gates have been hung, and the valves for the sluices are in their places, but this is not always the case with the lifting gear, and at almost every lock some small additional fittings are required, and some further adjustments are necessary to place them in proper working order. As at the time of inspection there was no water in the canal where the locks are placed, there was no means of actually filling and testing them, and no decided opinion can be pronounced as to their stability under working conditions until this has been done.

5. The approaches to the bridges and the roadways are all made up, and, except in one single instance, the parapet walls of the third-class bridges have been lowered to allow of the yokes of ploughs being drawn across them. In the case alluded to, the order for the alteration was given by the chief engineer, and accidentally overlooked.

6. Notwithstanding that throughout the length of the canal there are not a few points where there is still something to be done to bring the works even in their outward aspect to a finished state, still on the whole, and in a general sense, the canal with its appurtenances may be considered to be completed in reference to the sanctioned plans; for it is excavated throughout to its full dimensions, the banks and walls are raised to full height and section, and the masonry works are constructed and in a state to deal with the water when it is admitted.

7. The question of improving the surplus discharge works in the first four sections of the canal is reported on in the consulting engineer's letter to Government, No. 131, dated 6th March 1871, and Order thereon No. 1,089, of the 8th April 1871, approves of the reconstruction

\* These will be found later on, with Enclosure to No. 23.



struction of calingulah No. 13 in the 2nd section, and gives discretionary power to the Company's officers to decide how improvements in the other calingulahs should be carried out. In accordance with the sanction thus given, calingulah No. 13 has been rebuilt, its crest being placed at a level 5 feet above the normal bed of the canal, and planks are provided to close each bay for a further height of 3 feet. With this exception, all the surplus discharge works remain in the same condition they were in before the floods of August 1870, which demonstrated the insufficiency of the means of escape provided for flood water, having in view the insecure state of the canal walls and embankments.

The chief engineer of the Company has, however, taken certain measures tending to prevent the water from rising to an excessive height, and to ensure that breaches should occur in the most favourable localities if breaching is really inevitable. He has raised or removed the shutters at the sluices in the calingulahs, and has laid in front of the vents earthen banks to a height 6 feet above canal bed level, and at intervals (generally where the canal is in cutting to a depth of 4 feet) he has lowered the earth bank to a height of 10 feet above bed level, the intention being that, when the water rises to a height greater than 6 feet, the calingulah sluices should be opened by the breaching of the bank in front of them, and that, if any further and dangerous rising of the water should occur, the banks at the selected places should be cut and allowed to breach, while the ground would act as a natural calingulah, and retain a supply of water for irrigation. In their order above quoted Government have observed that such measures as have just been described are only admissible in the case of an incomplete canal, but not otherwise; and the fact that the Chief Engineer has considered it necessary, for the safety of the work, to adopt them, is evidence that this is in an incomplete state in respect of one of its most important parts.

8. The distribution works sanctioned by Government for the land under each section of the canal are in a more or less advanced state. All the sluices in the main canal have been built, and, though a number of them were not provided with shutters and some were without lifting gear when inspected, these deficiencies will shortly be made good. The following abstract statement shows the length of the irrigation channels sanctioned and executed in each section, with the acreage commanded, and which can, therefore, be readily supplied with water on a demand being made by the ryots:—

Number of Sections.	Irrigation Channels.		Amount of Land now Commanded.
	Sanctioned.	Executed.	
	<i>Miles.</i>	<i>Miles.</i>	<i>Acre.</i>
1st - - - - -	14·00	14·00	1,386
2nd - - - - -	14·00	14·00	1,956
3rd - - - - -	26·14	26·14	9,837
4th - - - - -	63·44	63·44	23,000
5th - - - - -	26·16	23·04	9,000
6th - - - - -	93·56	26·00	20,000
7th - - - - -	28·41	27·00	12,000
8th - - - - -	64·00		
9th - - - - -	37·60	14·60	8,000
10th - - - - -	10·00	7·87	3,788
TOTAL - - -	377·31	216·09	91,567

As a rule, it is the main distributing channels which have been excavated, and the heads of the subsidiary channels are not marked out or provided with masonry outlets, but temporary arrangements can easily be made to regulate the supply. The excavation of such channels has been checked, in accordance with the recommendation of the Consulting Engineer in his letter, No. 129, of the 17th November 1870, approved by Government, until formal application has been made by the village people.

9. I have found it impossible to obtain such definite information on the subject of the area which will probably be irrigated this year, as would enable any very reliable estimate to be made of the revenue which will be collected. The ryots are, as a rule, exceedingly unwilling to make formal application for water, and appear to be under the impression that they will commit themselves to payment if they do so, even if the supply should fail; and it is a fact that applications are not made. In some places they request the Company's Engineers to give them water, but do not apparently understand how to make their applications through the proper channel. Such a change as is involved in the habits of the people, by the introduction through a large tract of wet in lieu of dry cultivation, will only take place gradually. Special measures of encouragement will be necessary, and they must acquire that confidence in the permanence of the supply of water, which only its presence in the canal for two or three seasons without disaster can give them, before they will make to any great extent those changes in their agricultural plant and processes which will be necessary. In order to obtain some data on which to found an estimate of the area of irrigated land and prospective revenue from the canal during this season just commencing, and in

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in default of the receipt of regular applications for water, the Collectors of the Kurnool and Cuddapah Districts have caused inquiries to be made in the villages under the canal, as to the intentions of the landholders and the extent to which they propose to irrigate. This is the only way in which any estimate can be made, and it is necessarily a very vague one. I questioned the Deputy Collectors of each district as to the result of their inquiries, and these officers admitted that any returns made must be considered mere approximations, and that the ryots are not at present very ready to come forward with their demands for water. I also obtained from them such statements as they had been able to compile of the probable extent of land which would be taken up in the event of the canal holding water for a complete season. An abstract of these is given below, and an estimate of revenue based thereon.

District.	Talook.	Mileage on Canal.		Probable Cultivation.	TOTALS.
		From Mile.	To Mile.		
Kurnool	Ramalakottah	1st	22nd	Acres. 940	Acres. —
Ditto	Nundikotkur	23rd	86th	3,725	—
Ditto	Nundial	87th	109th	624	—
Ditto	Sirwell	110th	123rd	1,913	—
Ditto	Koilkootla	124th	130th	681	7,883
*Cuddapah		148th	189th	1,000	1,000
	Grand Total				8,683

Revenue.	Rs.
8,683 Acres, 1st crop, at 4 rupees	35,532
2,221 Acres, 2nd crop, at 2 rupees	4,442
Kurnool water supply	4,000
Total Estimated Revenue for 1871-72	43,974

The area irrigated last season was 1,516 acres. The increase calculated on this season is, therefore, 7,367 acres, and it is not probable that it will exceed the estimate; in fact, it is more likely to fall short of it.

10. On my arrival in Kurnool, I addressed a letter to the Company's Chief Engineer, directing his attention to the Government Order (quoted in the margin), approving of the testing of the canal, and detailing the nature of the test which should be deemed sufficient to establish the fact of its being in working order; and I requested him to inform me what arrangements he had made for carrying the wishes of Government into effect.

Government Order No. 1089, 18th April 1871.

From Mr. Latham's reply, appended to this Report (in original), it would appear as if in certain respects he had made or was making preparations to enable him to test the canal if required; while, on the other hand, other portions of his letter would lead to an inference directly the contrary.

He states, in paragraph 2, that "arrangements have been made for passing water down the canal as rapidly as possible," and in paragraph 3 that "arrangements will be complete, by the time the water is down the canal, for putting the necessary sluice-keepers and watchers for testing it to any height required;" but in the same paragraph the Chief Engineer proceeds to say that "the temporary arrangements described in paragraph 11 of the Consulting Engineer's letter attached to Government Order, No. 1089, of the 18th April 1871, have been made," i. e., that the sluice-shutters in the calingulahs had been removed, and the earthen banks, described in paragraph 7 of this Report, thrown up, so as to breach if the water in the canal rose to a greater depth than 6 feet above bed-level (the maximum test-level being 9 feet), and he concludes his answer to the question proposed to him with the information that, "in the absence of any instructions or positive order of Government or the Board to test the canal, he had not retained the staff necessary to do so." I must further remark that the admission of water into the canal on the occasion of the first fresh in the Toongabudra was by no means made with rapidity; quite the contrary. Probably Mr. Latham intended that it should always be understood that the degree of rapidity was to be only so great as was consistent with the safety of the banks, and accordingly, when there was a discharge of 1 foot of water over the Toongabudra anicut, and the depth of water in the canal could have been maintained at 8 feet, only 2 feet was allowed to flow in; increased after my arrival to 3 feet 9 inches. I consider that this caution was necessary, because of the generally unsafe condition of the embankments and walls; but it hardly seems

\* The villages are not given in the original statement, and the mileage is only approximative.

seems to me to be consistent with readiness to test the canal in the manner desired by Government.

The Chief Engineer further deprecates the applications of the test, apparently on the ground that it would alarm the ryots and injuriously affect the prospects of irrigation, and he appears to suggest that it should be postponed till the end of the season.

A careful inspection of the embankments and walls of the canal has convinced me that they would fail at many points, if subjected now to the test proposed, which is, that the canal should be kept running for 24 hours with 9 feet of water in it, or 1 foot above the present calingulah crests, and that it should carry for 30 days consecutively a full irrigation supply.

Under these circumstances, and seeing that, in the event of any disasters to the works, the loss must eventually fall on Government, but for no other reason, I think it would be advisable to postpone the testing, provided the Company's agents are willing to admit, without qualification, that the canal cannot retain the water which it was designed to carry.

11. In conclusion, I beg to state that I have received from the engineers of the Company every assistance in carrying out my inspection, and in obtaining all necessary information.

Fort St. George,  
6 July 1871.

*A. de C. Scott*, Captain, R.E.,  
Under Secretary to Government, P. W. D.

(For the mileage notes, see page 51.)

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Enclosure 4, in No. 18.

The Chief Engineer of the Madras Irrigation and Canal Company to Captain *A. de C. Scott*, R.E., Under Secretary to Government; dated Lockonsula, 16th June 1871.

*Testing Canal.*

I HAVE the honour to acknowledge receipt of your letter, Kurnool, the 11th instant, and beg to reply as follows:—

2. Arrangements have been made for passing water down the canal as rapidly as possible after the admission of water at Soonkasoola, which, owing to my illness, took place on the 3rd of June, instead of the authorised date, which is the 1st June.

3. Arrangements have been made, or are making, and will be complete by the time the water is down the canal, for putting the requisite sluice-keepers and watchers for testing the canal to any height required. Further, the temporary arrangements described in the first part of paragraph 11 of Colonel Carpendale's letter, attached to Government Order, 1089, of 18th April 1871, have been made; also the banks, where they are low, and may be breached without emptying the canal, have in convenient places been lowered to the lowest safe level, or are being so lowered, that is (see paragraph 11 of Consulting Engineer's letter, attached to Government Order, 3195, of 15th October 1867), they are being formed with a revetment to a height of 3 feet 6 inches above full water level, and the revetment is backed by an earth bank up to the same level, while the bulk of the bank in rear is reduced to 1 foot above water level. A hut is built close by, so that the bankers will see to the bank and will keep it secure. It will only be breached when it is breached by the bankers.

4. I may add that the calingulah question will be put into the hands of Mr. Browning, I hope within a month, in order that he may form working plans and estimates for calingulahs for the whole canal, on the patterns approved in Government Order, 1089, of 18th April last, and on the principles approved in Government Order, 1505, of 2nd instant (unless these be modified as I have proposed in a recent letter, written for submission to Captain Ryves before I read the last Order). These plans and estimates will be submitted to the Government and the Board this autumn as early as possible.

5. In the absence of any instructions or positive Order of Government or the Board to test the canal, I have not retained the staff necessary for testing the canal. In reply to your last paragraph, I beg to submit the following remarks on the subject of testing:—

The advantages of testing seem to me to be—

- (1.) To detect any weak places or cracks, burrows, &c., and so get them mended at once.
- (2.) To detect any errors or omissions of the engineers in the levels or measurements by which they have constructed the works.
- (3.) When testing were completed and all necessary omissions made good, it may be that the ryots would be penetrated by confidence in the canal for the future.

It appears to me that these advantages are not of much value, considering the known completeness of the works as a whole, and the loss of revenue which the experiments would probably cause, and the cost of the experiments.

7. Any errors of level or omissions in the banks are known to be such as the staff of bankers

bankers alone may easily correct, and they may also very well repair any cracks, leaks, &c., which occur in the banks while in ordinary use. The banks and many of the masonry works get stronger every year they are used, since the silt makes the earth in the banks, and at the junctions of banks with masonry, tighter and more secure yearly. Moreover, the canal was at first intended to be secure for current demand, but not to be water-tight until it had been some time in use.

8. A more important question is that of how much calingulah power is advisable. But this is not a matter to be tried by filling the canal full. Government have (Government Order, 1505, of 2nd instant) ruled that the calingulahs and sluices should suffice to discharge an inch of rain an hour. They do suffice for little over a quarter of this, but the deficiency may easily be made good before this time next year. It is manifestly prudent to wait till the calingulahs are complete, to whatever extent is agreed on, before filling the canal needlessly full.

9. The most important considerations are, however, those of staff and revenue.

10. The present conservancy staff will have full occupation on the canal, until the water is down the whole length to a depth of 5 feet or so, required for probable demands. Every available man will then need to be put on distribution for clearing out old channels, arranging field channels, seeing that the water actually flows in all directions over the country, and repairing or preventing petty damage to the distributing works. I find that the engineers will be engaged in July very much with examining and making over stores, office records of the state of the works and the finances, and such work, requiring great care and time. In August they will have to be incessantly in the field away from the canal, if there is to be any irrigation worth speaking of. All their men have to be taught and trained, and the wishes of the villagers have to be ascertained and consulted as to every field and village requiring channels; any channels not complete by the 1st September will be too late. All has to be done with a staff completely new to the work, if we except the practice got in July and the first week in August last year. As I have before said, I think caution as appropriate as for a railway first opened under a staff strange to their work; the skill required and risk run is at least as great in the case of a banker or sluice-keeper as in that of a pointsman or platelayer or crossing keeper.

11. The knowledge that the canal is under test would cause all ryots, unless they possessed wells, to wait till the test is over before they commenced sowing wet crop, and would cause all who were doubtful of the result to sow dry crop at once, before the sowing time for the first dry crop is over.

12. To wait until after the sowing and test in October would hardly be fair, unless the ryots were authoritatively forewarned that their crops would be submitted to that risk.

13. These most important objections do not apply, if the testing be carried out after the 31st December. There is generally ample water during the month of January, and there is always enough at that time for testing all the portions of canal constructed for navigation only.

14. I am not disposed to object to any test which is within the means possessed by the company, and does not in any way touch the security or interests of the ryots in irrigation.

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Enclosure 5, in No. 18.

Order of the Government of Madras, 27th July 1871, No. 1975.

THE above Report confirms the opinion which the Government have for some time held, as to what would probably be the condition of the Madras Irrigation and Canal Company's works on the 30th June 1871, namely, that, although a good deal remains to be done to bring the works in even their outward aspect to a finished state, yet, in a general sense, the main canal and works, excepting those of distribution, may be considered finished in accordance with the sanctioned plans. But the state of completion falls far short of that contemplated by the 11th Article of the supplemental agreement, dated 2nd October 1866, and of what would be understood by the expressions satisfactorily completed and placed in working order.

2. It appears that in some portions of the main canal the earthen banks have not been satisfactorily formed; that there is a general absence of consolidation throughout; and that their satisfactory appearance from neat superficial trimming and finish is delusive; that in other portions the banks are formed of bad soil, and, being loosely thrown up and at random, are further deficient in the protection that a covering of grass would afford; and that it seems certain that with a full canal the banks would breach at many points.

3. It is also observed that water in larger or smaller quantity passes through all the walls which take the place of earthen banks in certain places, and that nothing short of a full supply of water could determine the question of their stability.

4. It also appears that the chief engineer has taken measures to prevent the water in the canal rising beyond a fixed height, that height being much below the level of the canal when full, and to ensure that, if the canal should breach, it will do so in the most favourable localities. These precautions are precisely what the Government, in Government Order, No. 1089, dated 18th April 1871, prescribed as admissible only in the case of an incomplete canal, and altogether unsuitable in connection with a work that is supposed to be complete in itself; and the fact of the company's chief engineer considering it necessary to adopt such measures is, in the opinion of the Government, the strongest evidence that the company deem the undertaking deficient in its most essential particulars.

5. No definite information appears to have been obtainable as to the area that will be irrigated this year; but, from inquiries made by the collectors of Cuddapah and Kurnool, it is gathered that, in the event of the main canal carrying water throughout the season without breaching, it is possible that an extent of 8,883 acres might be irrigated, in which case the total revenue for the year would be 43,974 rupees. The Government cannot say that they have any confident expectation that this hope will be realised; and the amount is so insignificant as a return for an expenditure of capital and interest thereon aggregating more than two millions sterling, besides being less than half what is required for annual outlay on maintenance or conservancy, that they cannot acquiesce in the propriety of the company's proceedings in deferring, or, more correctly speaking, dispensing with, that test which the Government in the strongest terms prescribed the necessity for, and which has been dispensed with on the pretext that it would alarm the ryots and injuriously affect the prospects of irrigation.

6. The test which the Government approved of, and which is nothing more than the canal was designed for, and was expected to be capable of sustaining, was that a depth of nine feet of water above bed should be maintained for 24 hours, and that for 30 days consecutively the canal should carry a full irrigation supply. In Captain Scott's opinion the embankments and walls would fail at many points if subjected to such a trial, and, as the company's engineers have made provision for the canal breaching in the event of the water rising more than six feet, it must be presumed that they share the apprehensions of the Government officers who have reported on the subject.

7. Captain Scott's Report will be communicated to the Secretary of State and to the Government of India, who will at the same time be informed that the canal has not been properly completed and placed in working order to the satisfaction of this Government.

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— No. 19. —

The Governor General in Council to the Secretary of State for India.

My Lord Duke,

Simla, 23 August 1871 (No. 101).

We have been furnished by the Government of Madras with a copy of its Despatch to your Grace, No. 14, dated the 31st ultimo,\* and accompaniments, on the subject of the present condition and future prospects of the Madras Irrigation and Canal Company, and desire at present to express our concurrence with that Government in considering it impossible to contemplate any relation with the Company in regard to further works. We purpose, however, addressing your Grace further on the whole question, after ascertaining and fully considering the precise nature of the present relations between the Company and the State.

\* See No. 17.

We have, &c.

*Mayo.*  
*Napier of Magdala.*  
*John Strachey.*  
*R. Temple.*  
*J. F. Stephen.*  
*B. H. Ellis.*  
*H. W. Norman.*

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— No. 20. —

The Governor General in Council to the Secretary of State for India.

My Lord Duke,

Simla, 15 September 1871 (No. 119).

In continuation of our Despatch, Public Works, No. 101,\* of the 23rd ultimo, we desire to lay before your Grace a short review of the facts connected with the Madras Irrigation Company's operations. Those operations began in 1859, or nearly 12 years ago. The result has been an outlay of more than one and a half millions

\* See No. 19.

millions sterling, and up to the present time an income of only 4,740 *l.*, while the works themselves are considered by the engineers who know most of them, to be still very defective. The immediate causes of these results seem to have been due partly to want of skill in design, but more to faults in construction. The original project, it was supposed, would probably cost about one million sterling; and this sum was, as your Grace is aware, guaranteed by Her Majesty's Government, after a long discussion on various points of the contract, which was not finally signed until 1863.

2. After the guaranteed million had been spent, and the first part of the scheme was still incomplete, the Company applied for an extension of the guarantee; but the Government refused, offering instead to buy the undertaking. This offer the shareholders declined; and ultimately a loan of 600,000 *l.* was granted to the Company by the then Secretary of State for India, for which interest at 5 per cent. was to be paid from the profits of the canal; and on the condition that, if the works were not completed and placed in *perfect working order*, to the satisfaction of the local government, by the 1st July 1871, the Company should, if the Secretary of State so desired, surrender the whole of the works to the Government, which would pay the capital laid out on them. A further advance is now sought for by the Company to enable them to complete their original scheme.

3. It seems very doubtful whether, in their present state, the works can prove remunerative, for 130,000 acres must be irrigated to pay the interest alone on the capital expended, while the largest extent of land actually irrigated hitherto by the works has only been 1,887 acres. Works which were originally estimated to cost 493,348 *l.* are said to have actually cost 1,015,552 *l.* According to the consulting engineer's reports, serious mistakes appear to have been made in the designs; insufficient passages have been constructed for the water-courses of the canal; perpendicular masonry walls have been adopted as retaining walls, in lieu of the usual sloping earthen banks, and contrary to the universal practice of the country. But the defects of construction appear to be more serious than those of design. Up to this time the canal has never been filled, notwithstanding which it has always been breached somewhere when partial attempts have been made to fill it. The masonry walls are of indifferent materials and faulty construction, and the water supply is so uncertain that the ryots appear unwilling, even in a country where the value of irrigation is thoroughly appreciated, to take the water. The instability of the embanked portion seems to be a source of constant apprehension to the cultivators, who thus cannot help looking on these works constructed for their good with feelings of fear, if not aversion.

4. With regard to the Minutes of his Excellency the Governor of Madras and his colleagues, we hesitate to accept the view taken by his Excellency, that the Government should be considered participators in the mistakes and negligence of the Company; although we quite agree with him in the blame cast upon his Government when he says that, "though the Consulting Engineers on various occasions severely criticised the works," they nevertheless were "not pulled down, but were permitted to be proceeded with." It is true that this admits fault on the part of the Madras Government and its officers, but it in no way excuses the Company and its officers, who are primarily responsible for the proper execution of the work, and the fulfilment of their obligations. It is possible that a greater degree of responsibility devolves on Government in respect to design than to construction in these matters; but we cannot admit that the presence and supervision of Government engineers exonerates a guaranteed company, or a contractor of any kind, from responsibility with regard to the due construction of any of their works. In the case of failure we may dismiss our consulting engineers, but we must also hold the Company or the contractor fully to their engagements. This opinion is so well expressed by Mr. Arbuthnot, in the 3rd paragraph of his Minute of the 26th June last, that we need not refer to it further than to say that, although his expressions are very clear, he might have put the case even more strongly than he has done.

See Encl.  
No. 17.

5. For the objects with which the works were originally designed, they are practically useless. We consider that in strict equity the Company has no right to expect a further sum from the Government than the value of the works in  
197. E their

their present state, having regard to the liability of 600,000 *l.* to the Government, and the return which, after the necessary outlay in reconstruction and repairs, the Government is likely to obtain from it. It seems unlikely that the works in their present state would be anything like security for even the 600,000 *l.* which the Government have advanced. We apprehend there can be no difference of opinion as to the inexpediency of making any further advance to the existing Company, or incurring any further obligation with regard to them, and we fully agree in Colonel Carpendale's remark, that neither "the history of this canal, its present condition, or future prospects, are such as warrant consideration or indulgence being shown to the shareholders." It is but fair to say that Colonel Rundall, our Officiating Inspector General of Irrigation Works, from his knowledge of the country and its requirements, takes a more hopeful view of the prospects of returns than either Colonel Carpendale or Captain Scott; but it seems doubtful whether the canal, in its present state, can be used for the objects for which it was constructed. We have, however, caused inquiry to be made as to what it will cost to place the works in a state of usefulness; and until that point is known it is impossible for us to form any opinion, or to make any recommendations regarding an extension of the works.

6. Since writing our former Despatch, we have examined the original and supplementary contracts made with the Company, and, after consulting our colleague, the Honourable Mr. Stephen, we regret to say that we cannot discover that the State has any remedy for the loss to which it has been subjected by the mismanagement of the undertaking by the Company, but must continue to pay to the Company the guaranteed interest of 5 per cent. annually on their original capital of 1,000,000 *l.* until such time as the works are surrendered to Government. It appears from the wording of the contracts that Government cannot claim possession of the works on the ground of a breach of contract, and it would consequently be unadvisable to press the assumption of the works; but, as it is most inexpedient to make any further advances to the Company, advantage should be taken, as recommended by the Government of Madras, of any opportunity that may offer for negotiating for the surrender of the works to the State on the best terms that can be obtained.

We have, &c.

*Mayo.*  
*Napier of Magdala.*  
*John Strachey.*  
*R. Temple.*  
*J. F. Stephen.*  
*B. H. Ellis.*  
*H. W. Norman.*

— No. 21. —

The Government of Madras to the Secretary of State for India.

My Lord Duke,

11 October 1871 (No. 22).

\*See No. 18.  
 Dated 11th August  
 1871, No. 16.

In continuation of our Despatch, as per margin,\* we have the honour to forward the accompanying letter from the Agent of the Madras Irrigation and Canal Company, commenting on Captain Scott's Report on his inspection of the works of the Madras Irrigation and Canal Company, together with the latter officer's remarks and the Proceedings of this Government thereon.

We have, &c.

*Fredk. Haines, Major General,*  
 Commander in Chief.  
*A. J. Arbuthnot.*  
*J. D. Sim.*

## Enclosure 1, in No. 21.

The Agent and Manager of the Madras Irrigation and Canal Company to the Acting Chief Engineer for Irrigation and Under Secretary to Government; dated Madras, 4th August 1871, No. 340.

THE Order of Government, No. 1975, of the 27th July, having been communicated to me, I have the honour to request that you will do me the favour to submit to the Right Honourable the Governor in Council the following representations:—

2. It is said that the Government cannot acquiesce in the propriety of the "Company's proceedings, in deferring, or, more correctly speaking, dispensing with, that test which the Government in the strongest terms prescribed the necessity for, and which has been dispensed with on the pretext that it would alarm the ryots and injuriously affect the prospects of irrigation."

3. I beg most respectfully to assure his Excellency in Council that, on behalf of the Company, I have taken no proceedings whatever; in other words, the Company has taken no proceedings whatever.

4. It will, I imagine, be conceded that a work cannot be tried, or tested, until it is executed; and the company was required by the supplementary contract to execute the Kurnool-Caddapah Canal by the 1st July 1871.

5. Before that day Captain Scott, by order of Government, inspected the works and reported that, even in the middle of June, "the canal and its appurtenances might be considered to be completed in reference to the sanctioned plans."

6. As explained in another communication,\* I never did, nor do I now, believe it to be my duty on behalf of the Company to take the initiative in any proceedings for offering to Government proofs of the completion of the canal. I think you will find that it has always been customary upon the passing of any order by the Government which required the Agent to take any action or to afford information, it has, I think, been the invariable custom, for the Consulting Engineer to communicate to me by letter the directions or queries of the Government, and although I have in some cases anticipated such communication, yet I have never been expected to act until so advised. As an illustration, permit me to refer to your No. 107 of the 1st instant. \* No. 321 of 22nd July.

7. The test "which the Government prescribed the necessity for" is a process of a purely professional character, and one which, I imagine, demands a certain amount of care and professional skill to carry out, and I submit that I was fully justified by the nature of the case in assuming that the Government would intimate to me the time when the prescribed test should be applied, and in assuming also that they would make arrangements for being represented by some officers who would, on their behalf, watch the process.

8. I have never, on behalf of the Company, been called upon to direct the application of the test "which the Government prescribed the necessity for," and I trust that his Excellency in Council will perceive that the Company is guiltless of having knowingly or willingly taken any proceedings at variance with the views expressed by Government, much less has it been the intention of the Company to seek a "pretext" for evading any of its liabilities. I have read the correspondence which took place between Captain Scott and Mr. Latham, and I can detect in the letter written by the latter nothing but an honest, straightforward and *bona fide* desire that the ryots (although they are the special charge of the Government, not the Company), should run no risk of damage, and a perfect readiness to test the canal whenever, upon a due consideration of the attendant circumstances and of the various interests at stake, the Government should see fit to direct the operation.

9. His Excellency in Council will, I trust, concede to me that, the action (or, to speak more correctly, inaction) of the Company having been misunderstood and called in question, it is my duty, without delay, to offer such explanations as will, I hope, place the matter in its true light.

10. But there is another point in which I respectfully submit the Government have been misled. It is stated in the same paragraph 5, that because "the amount of 43,974 rupees is so insignificant," therefore "they cannot acquiesce in the propriety of the Company's proceedings in deferring that test which the Government prescribed the necessity for."

11. It will, I presume, be admitted that, if the premise is shown to be erroneous, the sequence of necessity falls to the ground. But, in arriving at the sum which forms the basis of this syllogism, a serious error has been fallen into; the water rate fixed by the Government is 6 rupees, not 4 rupees, nor 2 rupees. The amount therefore, instead of being only 43,974 rupees, should be 70,630 rupees, taking the estimates of the Revenue Officer of the Government, as shown in paragraph 9 of Captain Scott's report.

12. It does not come within my province to offer any remarks upon the professional points upon which objections are raised, but there are one or two observations, in reference to the state of the works reported on, upon which, without trenching upon professional ground, I feel it my duty to comment.



13. In paragraph 2 it is said that—

- (1.) "The earthen banks have not been satisfactorily formed;
- (2.) "That there is a general absence of consolidation; and,
- (3.) "That their satisfactory appearance from neat trimming is delusive.
- (4.) "That in other portions the banks are formed of bad soil,
- (5.) "And being loosely thrown up and at random are
- (6.) "Further deficient in the protection that a covering of grass would afford."

14. With regard to (2) consolidation, I submit that banks contracted to be *finished* by the 1st July could hardly be expected to be *consolidated* early in June, consolidation being only attainable by time. But the nearest approach to instantaneous consolidation is obtained by (3) *trimming* which, I infer from the language used by Captain Scott in paragraph 2 of his report, would tend to present the "guttering by rain" to which (5) banks loosely thrown up are liable. But, while the latter are condemned without qualification, the former are condemned as "delusive."

15. With regard to (4) *bad soil*, I presume that the only reason for using it was that nature had refused good soil on the spot, and that the estimates sanctioned by Government did not admit of the costly alternative of sending to a distance for that which would have been better. (6.)—The absence of grass, I imagine, is to be accounted for in a somewhat similar manner. I know that the encouragement of vegetation on the canal banks is a subject that has always been kept in view; but it will be remembered that climate and the vicissitudes of the seasons have to be contended with, and, when the peculiarly severe conditions of the supplemental contract are considered, and the extraordinarily short period allowed to the Company to complete a gigantic work, it is obvious that but little time could have been left for the engineers to devote to this secondary work.

16. I trust, therefore, that his Excellency in Council will bear with me if I venture to submit that, whatever may be the force and purview of the contract read in its strict liberal sense, its *spirit* can surely never have contemplated instantaneous consolidation and vegetation as indispensable or essential conditions of completion.

17. It scarcely falls within my province to go further into the essential questions raised by the order of Government. Those will be fully discussed by his Grace the Secretary of State with the directors of the Company; but it has seemed to me imperative that I should, without delay, enter on behalf of the Company this preliminary protest on minor but salient points, and I trust to the candour of his Excellency in Council to accept with indulgence and favour what I have ventured to submit.

#### Enclosure 2, in No. 21.

MEMORANDUM by Captain Scott:

Submitted to Government.

THE remarks made by the agent relative to the action of the Company's officers on the question of testing the canal do not appear to call for any remark from me.

2. The rates taken in my report as leviable for the water supplied from the canal were derived from the letter of the consulting engineer to Government, dated 21st April 1871, No. 13, which gives a statement of probable revenue for 1871-72 very similar to my own. Under the orders quoted in the margin\* this statement was forwarded to the Government of India.

The latest decision of Government,† however, on the question of the water-rate to be credited to the Company, rules that 6 rupees per acre per crop should be charged to the cultivators, and unquestionably that rate should be adopted in each estimate of revenue for the current year. I therefore lose no time in bringing to the notice of Government the correction in the amount of *possible* revenue entered in my statement, which is thereby necessitated; but it will be admitted that, in framing an estimate of this kind, the probable remissions should be taken into consideration; now this was not done in the account objected to by the agent, and as I find that, while the full demand since the season of 1865 has been 41,078 rupees, the net demand, or demand less remissions, was only 31,515 rupees, it is obvious that about one-fourth of the full assessment is generally lost. I have made the necessary deduction, and the account as corrected will stand thus:—

	Rs.
8,883 acres, 1st crop, at 6 rupees - - - - -	53,298
2,221 acres, 2nd crop, at 6 rupees - - - - -	13,326
	66,624
Deduct average remissions, 25 per cent. - - - - -	16,656
	49,968
Probable net demand - - - - -	4,000
Add Kurnool town supply - - - - -	53,968
	53,968

This

\*15th May 1871,  
No. 1339.

†1st June 1866,  
No. 1348.

This amount is less than one-third per cent. on the expenditure incurred of capital and interest thereon, and Government will probably not agree with the agent that there is now ground for modifying the terms used in the G. O. on my report, which describes the calculated revenue as an insignificant return on that expenditure.

Moreover, it must be borne in mind that the abstract of acreage to be irrigated during the present season is simply based on verbal statements made by curnums and ryots. The villagers assert in each case that if water is available they will bring into wet cultivation certain fields, but as they do not make formal applications for water there is no guarantee whatever that they will act up to their present declared intentions; and, taking into consideration a number of facts conveying concurrent testimony, I shall be much surprised if more than from one-half to two-thirds of the areas supplied by the deputy collectors is taken up for irrigation.

3. Government will no doubt at once perceive that the agent of the company misconceives the deductions which my remarks on the general condition of the canal embankments should lead to. I should hardly have imagined that the subject was so technically alluded to as to be at all unintelligible to a non-professional reader, but perhaps I had better explain that the great defect in the earthwork, at least so far as regards the great mass of it, is an entire want of method in laying it; a disregard, in fact, of the ordinary rules acknowledged by engineers as necessary to be observed in the formation of embankments to resist the pressure of water.

7. The ground on which the bank was to rest should have been cleared of vegetation and broken up and the earth laid in even layers. It was thrown at random.

8. The layers should be tamped or watered, and the better soil selected and placed next to the water. The earth was not compressed at all or watered, and there was no arrangement of soil. The outside of the banks has in most cases been sloped and trimmed and patted down neatly enough, but it can hardly be necessary to point out to anyone that that kind of thing cannot be safely substituted for the method of formation, layer by layer, under a rammer. In short, the care and precautions necessary in forming embankments in all soils, but especially necessary in soil of bad quality, have been admittedly neglected, and it will require time and the thorough saturation of the banks by water cautiously admitted into the canal, as well as large additions of earth to compensate for their sinking, to bring them into anything approaching a satisfactory state.

*A. de C. Scott, Captain, R.E.,*  
Under Secretary to Government,  
In charge of Office of the Chief Engineer for Irrigation.

#### Enclosure 3, in No. 21.

The Agent and Manager of the Madras Irrigation and Canal Company to the Acting Chief Engineer for Irrigation and Under Secretary to Government; dated Madras, 29th August 1871, No. 369.

I HAVE the honour to forward the Chief Engineer's Report for the month of July 1871.

*Chief Engineer's Report to accompany Divisional Reports for July 1871.*

The rainfall in July, and so far in August (24th), has been below the average, and the crops, which were got in unusually early in the light showers, suffering from drought, yet the Toombuddra, and especially the Kistna, have not been unusually low.

2. By about the middle of July the Conservancy Engineers had fully taken over charge, and began to carry out channels wherever there was reasonable hope of the water being taken up this or next season. In a great number of cases, probably the majority, the ryots seem to have decided against waiting for water, and took advantage of the fine cloudy weather for getting in dry crops. They are suffering for this, and, in some cases, doubtless regretting it. No doubt reports tending to produce doubt and uncertainty as to the working of the canal under uniform management during the whole season have existed; and I do not see how they should not decide ryots in favour of postponing the experiment of irrigation, until the supply should have been proved trustworthy. Notwithstanding a few trials of flooding\* which have been successfully tried by ryots, I anticipate a smaller extent of irrigation than has been estimated. It is difficult yet even to estimate the probable extent of wet cultivation. It is daily increasing, and may double.

\*About 500 odd acres.

3. I have urgently impressed on all engineers the immense importance of keeping a constant flow through all channels. A decrease of flow alarms a ryot, lest it fail altogether; whereas an increase of flow is apt to breach his little banks, and cause him trouble, if not loss. The work to be done is very extensive, each of the four engineers has an area of about half the size of Oxfordshire or Berkshire. His length of 50 miles of canal is the full length of those counties, and has irrigating channels of a few miles in length, only, until it gets near the watershed of the country, and it then irrigates right and left for a breadth of 7 to 12 miles. Hence the shape of the country in the engineer's charge is very much as if one

of those counties were reduced to half its actual breadth at every point, but the length left unaltered. Within this area the engineer is to be prepared to supply water on any field that requires it, and not only that, but if he is to get any water taken he must convince the ryots that they may rely upon his supplying the water.

4. The progress made in supplying water since the middle of July has, I consider, been very creditable, but the ryots need experience; and I was painfully amused to see the profound, as well as joyful, surprise with which they found the water actually reach their fields. Their belief that it would ever do so seems to have been very low, and their offers to irrigate may have been often rather made in bravado. Large meetings of ryots were being held near the 115th mile, on the question whether to irrigate or no. The way on which a whole village turns out to see the first field or two flooded also shows the stir and interest awakened by the presence of water in their villages.

5. No accidents have occurred; the canal banks seem to have stood well. In some straight reaches in the 9th section the wind has been blowing very strong for days in the direction of the reach, but I saw no banks cut up to an extent of more than about one-twelfth of a cubic yard per yard run, washed down half a yard. The small works by which drainage is to cross channels are being made so capacious as to prevent the breaching of channels by floods, but the process is tentative, and, in some places, works are omitted for this season.

6. It has been impossible to get returns of the number of acres actually irrigated, under 2,000, I fear.

Kurnool, 24 August 1871.

J. H. Latham,  
Chief Engineer.

Enclosure 4, in No. 21.

MEMORANDUM by Captain Scott.

WITH the above letter the Agent and Manager forwards a copy of the Chief Engineer's Report for the month of July.

2. It will be observed that that officer now estimates that the extent of land actually irrigated from the canal is under 2,000 acres, and it is to be feared that at this advanced period of the season but little more will be taken up.

3. The fact that the water has been so far retained by the works would be more satisfactory, if the announcement could be accompanied by information that the depth of water admitted was anything approaching that which represents the full supply, but there is no information whatever on this point.

A. de C. Scott, Captain, R. E.,  
Officiating Chief Engineer for Irrigation.

Enclosure 5, in No. 21.

ORDER of the Government of Madras, 26th September 1871, No. 2442.

THE Agent of the Madras Irrigation and Canal Company will be referred to the report of the Company's Chief Engineer for May, printed with General Order, No. 1897, 18th July 1871, and to that gentleman's letter to Captain Scott, dated 16th June 1871, printed with General Order, No. 1975, dated 27th idem. The error in the rates on which the calculation of possible revenue for the current year is based, and which were adopted by Captain Scott from a report by the late Consulting Engineer, is to be regretted, but the Government are not of opinion that the amount of revenue that will be realised this year will prove greater than the sum already estimated.

2. These proceedings will be communicated to the Secretary of State and to the Government of India.

Enclosure 6, in No. 21.

The Agent and Manager of the Madras Irrigation and Canal Company to the Chief Engineer for Irrigation; dated Madras, 23rd June 1871, No. 273.

I HAVE the honour to furnish you with copy of the last report I have received from the Company's Chief Engineer.

2. In paragraph 5, Mr. Latham mentions that "the screws and racks now being made to replace broken ones had not all reached" their destinations. These have all been finished and dispatched from Madras.

3. With reference to the hesitation to cultivate created among the ryots by rumours of "testing," the Government will doubtless be disposed, both in the interests of the ryots, and also with a view to revenue, to postpone any extra filling, until the crops shall have been gathered.

Chief

*Chief Engineer's Report to accompany Divisional Reports for May 1871.*

I AM happy to inform the Board that the divisional reports show that the canal was complete on the 1st instant, with some exceptions not worth mention, except as illustrating the state of completion.

1. No. 13 Calingulah, 24th mile, the repair of which was recently sanctioned, required three weeks' work to finish it. Its progress since the 1st has been satisfactory, and it is complete, except parts of the tow-path and water-cushion and the clearing away of rubbish.

2. No. 8 Culvert (about 98th mile)—Some repairs to the masonry had been postponed so long, in order for the water to dry up in the culvert, that the unusually early rains surprised it before it was finished, leaving about a fortnight's work, which will be soon done.

3. Some repairs to Bayupgoodoor Bridge in 102nd mile had been left until the Government should decide whether the bridge should be widened. It will now be put in order. The repairs merely affect a few yards of parapet.

4. One hundred cubic yards of stone require removal from the head sluice channel at Rajoli in the 143rd mile.

5. The screws and racks now being made to replace broken ones had not all reached the sites for which they are required.

6. The distributing channels are only being completed so far as it is expected they may be used next year, and the construction of these will not be carried on until the demand is finally ascertained by experience.

There is no reason to suppose that the estimate made by the deputy collector in October last, of the probable irrigation this year, will prove excessive. On this I hope to report more fully after visiting the villages this month.

I notice that in the village of Moomurri the ryots profess to be preparing 1,000 acres, against under 600 entered in the deputy collector's estimate; and I do not know of any village in which his estimate is over the present expectation.

The water was admitted on the 3rd instant, and passed over Hindry Aqueduct on the 5th. It was then checked to allow the 24th mile tank (in which the breach occurred) to fill slowly. Next morning an old leak was running under the south abutment of Hindry Aqueduct; but a careful examination has shown that the water issues perfectly clean, and without any sand. It is due to the percolation through the bed and masonry resubment of the canal below the aqueduct, and will decrease as the silt deposits on them and on the newly placed earth on the canal bed. I am taking means to hasten the process by throwing down a yard depth of earth over the whole breadth of canal for a distance (proposed) of 150 feet from the abutment.

I was prepared to go on with the filling of the canal to full water line, so soon as the water should have passed down the whole length of the canal, had Government pressed the matter. I am very glad that this was not pressed on many accounts; and I have been able to arrange for the dismissal of all the staff engaged on construction, except such as are required to wind matters up, and subordinates actually engaged on construction of sanctioned distributing channels.

The objections to *filling* the canal at once, without any economical reason, seemed to me to be the following:—

(1.) The conservancy staff are all new to their work. The bankers hardly know their stations, nor the overseers the conditions of their work, and the sluice-keepers are nervous. When the water passed over the Hindry Aqueduct, the overseer had taken all his bankers three miles away, and there was no one but a lascar watching the banks. The tindal at No. 9 Calingulah had meanwhile shut all his sluices, having quite lost his head, his orders being to keep them all open; and the signaller at Sooukasala cannot yet be trusted to answer at all the hours of day and night, as he ought to do. On the whole, however, the staff is doing very well, and this is very much due to the patience and activity of Mr. Crawford.

(2.) The consolidation of the banks and decrease of leakage improves yearly. The above reasons apply similarly to the first opening of a railway. The Government have, I believe, been very prudently content with running trains at about 18 miles an hour for the first year after opening each length; and so may a portion be content to have the canal worked at less than its full capability; for the traffic on a railway may suffer from a slow speed, but the irrigation under the canal has all the advantages the canal can possibly afford if the canal merely carry the water the land under irrigation requires.

(3.) Unmistakable indications came to my knowledge that the rumour of an expected testing of the canal was creating hesitation in the preparation of land for irrigation: the ryots complaining that they were not inclined to have unnecessary risks run with *their* crops, and threatening that they would sow dry crop for this year. This was at Moomurri.

Since my last Report the services of two more engineers have been dispensed with, namely, Messrs. Gordon and Higginson, both engineers whose permanent loss would be much to be regretted. Mr. Gordon has contributed greatly to the economical and punctual

## CORRESPONDENCE RELATING TO THE

completion of the three lower sections; and at the same time has so far completed the reservoir plans that the only plans not yet submitted, those for the Toonga site, are complete, as well as the estimates, and only require fair copying. Nothing but the distressing domestic calamity which has so recently shocked all who know him, has prevented the completion of this. Mr. Higginson deserves all the credit which the completion of his work implies; he was thoroughly master of the situation, and saw to all the details of the works and machinery.

On the 1st July the conservancy staff will be fully appointed, and will take up their charge and duties as rapidly as possible.

Kurnool, 10 June 1871.

*J. H. Latham,*  
Chief Engineer.

## Enclosure 7, in No. 21.

MEMORANDUM by the Chief Engineer.

Submitted to Government.

2. The Chief Engineer observes that Government have not insisted upon the test of filling the canal. I am not aware that Government have modified the requirements stated in Government Order, No. 1089, 18th April 1871.

3. Mr. Latham's objections to testing the canal appear to me to be reasons for that measure, even as a rehearsal and training for the new conservancy staff—the bankers who do not know their stations, and the nervous sluice-keepers—in order that they may have some notion of what will be required of them when the next natural flood fills the canal.

*J. G. Ryves, Major, R. E.,*  
Acting Chief Engineer for Irrigation.

## Enclosure 8, in No. 21.

ORDER of the Government of Madras, 18th July 1871, No. 1897.

THE Government are scarcely surprised at the disinclination of the company's officers to allow the full depth of water to enter the canal, if they anticipate that such a course would result in breaches; but they did not expect to be told that "the Chief Engineer was prepared to go on with the filling of the canal to full water line had Government pressed the matter, which he is very glad is not the case," for there is no authority whatever for this statement, or for the course adopted by the company's officers in consequence of this assumption. As correctly observed by the Chief Engineer to Government for Irrigation, the Government have not modified the requirements stated in G. O., 1089, 18th April 1871, nor has the subject been in any way brought under their consideration since that date. The Government can only attribute this continued disinclination of the company's officers to subject the canal to the only true test of its stability, to an apprehension that the works are not in all respects suited to the purposes for which they have been designed; and this reluctance on the part of the officers of the company, to encounter the risk alluded to, cannot be without weight with the Government, in passing their opinion as to the condition in which the works have been delivered at the close of the contract period.

— No. 22. —

(Extract.)

The Secretary of the Madras Irrigation and Canal Company to the Under Secretary of State for India.

8 & 9, Queen-street Place, London,  
2 November 1871 (No. 5).

Sir,

By the desire of the Directors, I forward, for the information of his Grace the Secretary of State for India in Council, a printed copy of a Memorandum written by the Chief Engineer of the Company, in reply to, and in explanation of, the statements contained in the Report made by Captain A. de C. Scott, on the 6th July 1871, and the Order of the Government of Madras, dated 27th July 1871, No. 1975.

I have &c.

*J. Westwood, Secretary.*

MADRAS IRRIGATION COMPANY.

41.

— No. 23. —

The Secretary of the Madras Irrigation and Canal Company to the Under Secretary of State for India.

8 and 9, Queen-street Place,  
London, 8 November 1871 (No. 6).

Sir,  
I HAVE the honour to enclose with this, for the information of his Grace the Secretary of State for India, a duplicate of the printed paper which accompanied my letter No. 5, to you, of the 2nd instant, upon which there has been added memoranda written by Mr. George Gordon, lately deputy chief engineer to the company.

See No. 22.

I have, &c.  
J. Westwood.

MADRAS IRRIGATION AND CANAL COMPANY.

NOTES by Mr. Gordon, late Deputy Chief Engineer of the Company, are printed in the margin; also a Memorandum at the end (page 76.)

PROCEEDINGS of the Madras Government, Public Works Department, 27th July 1871.

READ the following letter from the Under Secretary to Government, Public Works Department, to the Secretary to Government, Public Works Department, dated Fort St. George, 6th July 1871:

I have the honour to inform you that, in obedience to the Orders of Government quoted in the margin, I inspected the main canal and works of the Madras Irrigation and Canal Company, from Soonkasala to Cuddapah, between the 7th and 27th of June; and I beg to report as follows on the questions referred to me in my instructions:—

No. 1443, 26th May 1871.  
No. 1444, 26th May 1871.

2. An examination of the mileage notes and general remarks on each section appended hereto will show in detail the state of the canal at every point. It will be gathered that the earthwork in the first three sections, that is, from the 1st to the 45th mile, is not altogether satisfactorily formed, and that some labour is still required to bring the banks and towpath into fair order. In the 4th and 5th sections, or up to the 75th mile, a considerable improvement is noted; while in the remaining portions of the canal, but especially in the 7th and 8th sections, so far as external appearance is concerned, there is generally nothing further to be desired. The bed of the canal is clear of obstructions, the side slopes are neatly trimmed, and the embankments are of the regulated height, of full section, with towpath formed to a proper width. Unfortunately there is almost universal absence of consolidation in the embankments throughout the whole length of the canal, so that their satisfactory appearance is to a great extent delusive. Great exertions have been made by the engineers in charge in laying fresh soil and trimming the slopes, and a very great amount of work has been done; but the banks are generally formed in bad soil, and they have been thrown up loosely and at random, and are for the most part bare of grass. When water is brought into the canal they will settle very considerably, and they will be guttered by rain, and the cost of maintaining and making them up annually will necessarily, for several seasons, be very great. In their present condition it will be necessary to use great caution,† and to admit water very gradually, and only to a small height during this year. It seems certain that with a full canal they would breach at many points. The walls used principally in the 2nd section as substitutes for earthen embankments have been raised to a height of 3½ feet above water level, and they appear to be in good repair. In some cases a puddle-bank has been laid at the toe where especially leaky, and the rubble backing has been added to. Water passes more or less through all, and nothing but the test of a full supply in the canal can determine the question of their safety. There is no doubt that there are now many weak points, and that until the natural process of silting up in the hollows when (sic) they are built has gone on for a long time, there will always be danger of failures taking place.

\* This is the case with all earthwork, and is no proof of incompleteness. All earthworks require maintenance.—G. Gordon.

† This is the intention.

3. All the breaches which were made in the banks or walls last year have been repaired in accordance with the sanctioned plans, but the earthwork backing to the new wall closing the Hindry breach has slightly slipped since it was laid. The general unsatisfactory state of the canal at that particular point has been noted in the mileage observations appended.

4. The masonry works are, it may be said, completed, and the trifling amount of building remaining to be done in two or three instances could be finished in a very few days. The character of the work is generally rough, and some portions recently completed very much so; and, though it usually appears to be in a sound state, it is probable that frequent repairs will be necessary, and the cost of maintenance considerable. All the lock gates have been

hung, and the valves for the sluices are in their places; but this is not always the case with the lifting gear, and at almost every lock some small additional fittings are required, and some further adjustments are necessary to place them in proper working order. As at the time of inspection there was no water in the canal where the locks are placed, there was no means of actually filling and testing them, and no decided opinion can be pronounced as to their stability under working conditions until this has been done.

5. The approaches to the bridges and the roadways are all made up, and, except in one single instance, the parapet walls of the third-class bridges have been lowered to allow of the yokes of ploughs being drawn across them. In the case alluded to, the order for the alteration was given by the chief engineer, and accidentally overlooked.

6. Notwithstanding that throughout the length of the canal there are not a few points where there is still something to be done to bring the works, even in their outward aspect, to a finished state, still on the whole, and in a general sense, the canal with its appurtenances may be considered to be completed in reference to the sanctioned plans; for it is excavated throughout to its full dimension, the banks and walls are raised to full height and section, and the masonry works are constructed and in a state to deal with the water when it is admitted.

\* An afterthought.

7. The question of improving the surplus discharge works in the first four sections of the canal is reported on in the consulting engineer's letter to Government, No. 131, dated 6th March 1871, and Order thereon, No. 1089, of the 8th April 1871, approves of the re-construction of calingulah No. 13, in the 2nd section, and gives discretionary power to the company's officers to decide how improvements in the other calingulahs should be carried out. In accordance with the sanction thus given, calingulah No. 13 has been rebuilt, its crest being placed at a level 5 feet above the normal bed of the canal, and planks are provided to close each bay for a further height of 3 feet. With this exception, all the surplus discharge works remain in the same condition they were in before the floods of August 1870, which demonstrated the insufficiency of the means of escape provided for flood water, having in view the insecure state of the canal walls and embankments.

† *i.e.*, above the full height.

The chief engineer of the company has, however, taken certain measures tending to prevent the water from rising to an excessive height, and to ensure that breaches should occur in the most favourable localities if breaching is really inevitable. He has raised or removed the shutters at the sluices in the calingulahs, and has laid in front of the vents earthen banks to a height 6 feet above canal bed level, and at intervals (generally where the canal is in cutting to a depth of 4 feet) he has lowered the earth bank to a height of 10 feet above bed level, the intention being that, when the water rises to a height greater than 6 feet, the calingulah sluices should be opened by the breaching of the bank in front of them, and that, if any further and † dangerous rising of the water should occur, the banks at the selected places should be cut and allowed to breach, while the ground would act as a natural calingulah, and retain a supply of water for irrigation. In their Order above quoted, Government have observed that such measures as have just been described are only admissible in the case of an incomplete canal, but not otherwise; and the fact that the chief engineer has considered it necessary, for the safety of the work, to adopt them, is evidence that this is in an incomplete state in respect of one of its most important parts.

8. The distribution works sanctioned by Government for the land under each section of the canal are in a more or less advanced state. All the sluices in the main canal have been built, and, though a number of them were not provided with shutters, and some were without lifting gear when inspected, these deficiencies will shortly be made good. The following abstract statement shows the length of the irrigation channels sanctioned and executed in each section, with the acreage commanded, and which can, therefore, be readily supplied with water on a demand being made by the ryots:—

Number of Sections.	Irrigation Channels		Amount of Land now commanded.
	Sanctioned.	Executed.	
	<i>Miles.</i>	<i>Miles.</i>	<i>Acrea.</i>
1st - - - -	14·00	14·00	1,386
2nd - - - -	14·00	14·00	1,956
3rd - - - -	26·14	26·14	9,837
4th - - - -	63·44	63·44	25,000
5th - - - -	26·16	23·04	9,000
6th - - - -	98·56	26·00	20,000
7th - - - -	28·41	27·00	12,000
8th - - - -	64·00		
9th - - - -	37·60	14·60	8,600
10th - - - -	10·00	7·87	3,788
TOTAL - - -	377·31	216·09	91,567

As

As a rule it is the main distributing channels which have been excavated, and the heads of the subsidiary channels are not manked out or provided with masonry outlets, but temporary arrangements can easily be made to regulate the supply. The excavation of such channels has been checked in accordance with the recommendation of the consulting engineer in his letter, No. 129, of the 17th November 1870, approved by Government, until formal application has been made by the village people.

9. I have found it impossible to obtain such definite information on the subject of the area which will probably be irrigated this year as would enable any very reliable estimate to be made of the revenue which will be collected. The ryots are, as a rule, exceedingly unwilling to make formal application for water, and appear to be under the impression that they will commit themselves to payment if they do so, even if the supply should fail, and it is a fact that applications are not made. In some places they request the company's engineers to give them water, but do not apparently understand how to make their applications through the proper channel. Such a change as is involved in the habits of the people, by the introduction, through a large tract, of wet in lieu of dry cultivation, will only take place gradually. Special measures of encouragement will be necessary, and they must acquire that confidence in the permanence of the supply of water, which only its presence in the canal for two or three seasons without disaster can give them, before they will make to any great extent those changes in their agricultural plant and processes which will be necessary. In order to obtain some data on which to found an estimate of the area of irrigated land and prospective revenue from the canal during this season just commencing, and in default of the receipt of regular applications for water, the collectors of the Kurnool and Cuddapah districts have caused inquiries to be made in the villages under the canal as to the intentions of the landholders, and the extent to which they propose to irrigate. This is the only way in which any estimate can be made, and it is necessarily a very vague one. I questioned the deputy collectors of each district as to the result of their inquiries, and these officers admitted that any returns made must be considered mere approximations, and that the ryots are not at present very ready to come forward with their demands for water. I also obtained from them such statements as they had been able to compile of the probable extent of land which would be taken up in the event of the canal holding water for a complete season. An abstract of these is given below, and an estimate of revenue based thereon.

This difficulty arises from the company's officers not being allowed to deal directly with the ryots in the matter of applications.—G. G.

District.	Talook.	Mileage on Canal.		Probable Cultivation.	TOTALS.
		From Mile.	To Mile.		
Kurnool	Ramalakottah	1st	22nd	940	—
Ditto	Nundikotkur	23rd	86th	3,725	—
Ditto	Nundial	87th	109th	624	—
Ditto	Sirwell	110th	123rd	1,918	—
Ditto	Koilkoonla	124th	130th	681	7,883
*Cuddapah		148th	189th	1,000	1,000
Grand Total		-	-	-	8,883

REVENUE.		Rs.
8,883 acres, 1st crop, at 4 rupees	- - - -	35,532
2,221 „ 2nd „ at 2 „	- - - -	4,442
Kurnool water supply	- - - -	4,000
Total estimated Revenue for 1871-72		Rs. 43,974

The area irrigated last season was 1,516 acres. The increase calculated on this season is therefore 7,367 acres, and it is not probable that it will exceed the estimate; in fact, it is more likely to fall short of it.

10. On my arrival in Kurnool I addressed a letter to the company's chief engineer, directing his attention to the Government Order (quoted in the margin) approving of the testing of the canal, and detailing the nature of the test which should be deemed sufficient to establish the fact of its being in working order; and I requested him to inform me what arrangements he had made for carrying the wishes of Government into effect.

G. O. No. 1089,  
18th April 1871.

From Mr. Latham's reply, appended to this report (in original), it would appear as if, in certain respects, he had made, or was making, preparations to enable him to test the canal if required; while, on the other hand, other portions of his letter would lead to an inference directly to the contrary.

He states, in paragraph 2, that "arrangements have been made for passing water down the

\* The villages are not given in the original statement, and the mileage is only approximative.



If the water was admitted so rapidly as to rise to 8 feet at the head, the surface slope would be so great that the banks would be exposed to injury by the great velocity of the current, which would never need to occur in working the canal.—G. G.

the canal as rapidly as possible," and, in paragraph 3, that "arrangements will be complete by the time the water is down the canal, for putting the necessary sluice-keepers and watchers for testing it to any height required;" but in the same paragraph the chief engineer proceeds to say, that "the temporary arrangements described in paragraph 11 of the consulting engineer's letter attached to G. O., No. 1089, of the 18th April 1871, have been made," i.e., that the sluice-shutters in the calingulahs had been removed, and the earthen banks, described in paragraph 7 of this report, thrown up so as to breach if the water in the canal rose to a greater depth than 6 feet above bed-level (the maximum test level being 9 feet); and he concludes his answer to the question proposed to him, with the information that, "in the absence of any instructions of positive order of Government or the board to test the canal, he had not retained the staff necessary to do so." I must further remark that the admission of water into the canal on the occasion of the first fresh in the Toongabudra was by no means made with rapidity; quite the contrary. Probably Mr. Latham intended that it should always be understood that the degree of rapidity was to be only so great as was consistent with the safety of the banks, and accordingly, when there was a discharge of one foot of water over the Toongabudra anicut, and the depth of water in the canal could have been maintained at 8 feet, only 2 feet was allowed to flow in; increased, after my arrival, to 3 feet 9 inches. I consider that this caution was necessary, because of the generally unsafe condition of the embankments and walls; but it hardly seems to me to be consistent with readiness to test the canal in the manner desired by Government.

The chief engineer further deprecates the applications of the test, apparently on the ground that it would alarm the ryots and injuriously affect the prospects of irrigation, and he appears to suggest that it should be postponed till the end of the season.

A careful inspection of the embankments and walls of the canal has convinced me that they would fail at many points if subjected now to the test proposed, which is, that the canal should be kept running for 24 hours with 9 feet of water in it, or one foot above the present calingulah crests, and that it should carry for 30 days consecutively a full irrigation supply.

Under these circumstances, and seeing that, in the event of any disasters to the works, the loss must eventually fall on Government, but for no other reason, I think it would be advisable to postpone the testing, provided the company's agents are willing to admit without qualification that the canal cannot retain the water which it was designed to carry.

11. In conclusion, I beg to state that I have received from the engineers of the company every assistance in carrying out my inspection and in obtaining all necessary information.

Captain Scott then proceeds with "mileage and general remarks," but for convenience it has been thought better to pass over these for the moment, and continue the proceedings as printed by the Order of the Madras Government made on that Report, following the latter by "explanatory memoranda and general remarks" made thereon by the chief engineer of the company, and then to add the "mileage and general remarks" of Captain Scott, with the "replies" of the company's chief engineer placed in juxtaposition.

*Continuation of printed "Proceedings of the Madras Government."*

From the Chief Engineer of the Madras Irrigation and Canal Company, to Captain A. de C. Scott, R.E., Under Secretary to Government, dated Lockinsula, 16th June 1871.

*Testing Canal.*

I HAVE the honour to acknowledge the receipt of your letter, Kurnool, the 11th instant, and beg to reply as follows:—

2. Arrangements have been made for passing water down the canal as rapidly as possible after the admission of water at Soonkasoola, which, owing to my illness, took place on the 3rd of June, instead of the authorised date, which is the 1st June.

3. Arrangements have been made, or are making, and will be completed by the time the water is down the canal, for putting the requisite sluice-keepers and watchers for testing the canal to any height required. Further, the temporary arrangements described in the first part of paragraph 11 of Colonel Carpendale's letter, attached to G. O., 1089, of 18th April 1871, have been made; also the banks where they are low, and may be breached without emptying the canal, have, in convenient places, been lowered to the lowest safe level, or are being so lowered, that is (see paragraph 11 of consulting engineer's letter attached to G. O., 3195, of 15th October 1867), they are being formed with a revetment to a height of 3 feet 6 inches above the full water level; and the revetment is backed by an earth bank up to the same level; while the bulk of the bank in rear is reduced to 1 foot above water level. A hut is built close by, so that the bankers will see to the bank and will keep it secure. It will only be breached when it is breached by the bankers.

4. I may add that the calingulah question will be put into the hands of Mr. Browning, I hope, within a month, in order that he may form working plans and estimates for calingulahs for the whole canal on the patterns approved in G. O., 1089, of 18th April last, and on the principles approved in G. O., 1506, of 2nd instant (unless these be modified as I have proposed in a recent letter written for submission to Captain Ryves before I read the last order).

These

These plans and estimates will be submitted to the Government and the board this autumn as early as possible.

5. In the absence of any instructions or positive order of Government or the board to test the canal, I have not retained the staff necessary for testing the canal. In reply to your last paragraph I beg to submit the following remarks on the subject of testing:—

6. The advantages of testing seem to me to be—

- (1.) To detect any weak places or cracks, burrows, &c., and so get them mended at once.
- (2.) To detect any errors or omissions of the engineers in the levels or measurements by which they have constructed the works.
- (3.) When testing were completed and all necessary omissions made good, it may be that the ryots would be penetrated by confidence in the canal for the future.

It appears to me that these advantages are not of much value, considering the known completeness of the works as a whole, and the loss of revenue which the experiments would probably cause, and the cost of the experiments.

7. Any errors of level or omissions in the banks are known to be such as the staff of bankers alone may easily correct; and *they* may also very well repair any cracks, leaks, &c., which occur in the banks while in ordinary use. The banks and many of the masonry works get stronger every year they are used, since the silt makes the earth in the banks, and at the junction of banks with masonry, tighter and more secure yearly. Moreover, the canal was at first intended to be secure for current demand; but not to be watertight until it had been some time in use.

8. A more important question is that of how much calingulah power is advisable. But this is not a matter to be tried by filling the canal full. Government have (G. O., 1505 of 2nd instant) ruled that the calingulahs and sluices should suffice to discharge an inch of rain an hour. They do suffice for a little over a quarter of this, but the deficiency may easily be made good before this time next year. It is manifestly prudent to wait till the calingulahs are complete, to whatever extent is agreed on, before filling the canal needlessly full.

9. The *most* important considerations are, however, those of staff and revenue.

10. The present conservancy staff will have full occupation on the canal until the water is, down the whole length to a depth of 5 feet or so, required for probable demands. *Every* available man will then need to be put on distribution for clearing out old channels, arranging field channels, seeing that the water actually flows in all directions over the country, and repairing or preventing petty damage to the distributing works. I find that the engineers will be engaged in July very much with examining and making over stores, office records of the state of the works and the finances, and such work, requiring great care and time. In August they will have to be incessantly in the field away from the canal, if there is to be any irrigation worth speaking of; all their men have to be taught and trained, and the wishes of the villagers have to be ascertained and consulted as to every field and village requiring channels; any channels not complete by the 1st September will be too late. All has to be done with a staff completely new to the work, if we except the practice got in July and the first week in August last year. As I have before said, I think caution as appropriate as for a railway first opened under a staff strange to their work; the skill required and risk run is at least as great in the case of a banker or sluice-keeper as in that of a pointsman or platelayer or crossing keeper.

11. The knowledge that the canal is under test would cause all ryots, unless they possessed wells, to wait till the test is over, before they commenced sowing wet crop, and would cause all who were doubtful of the result to sow dry crop at once before the sowing time for the first dry crop is over.

12. To wait until after the sowing and test in October would hardly be fair, unless the ryots were authoritatively forewarned that their crops would be submitted to that risk.

13. These most important objections do not apply if the testing be carried out after the 31st December. There is generally ample water during the month of January, and there is always enough at that time for testing all the portions of canal constructed for navigation only.

14. I am not disposed to object to any test, which is within the means possessed by the company, and does not in any way touch the security or interests of the ryots in irrigation.

## ORDER THEREON, 27th July 1871, No. 1975.

THE above Report confirms the opinion which the Government have for some time held as to what would probably be the condition of the Madras Irrigation and Canal Company's works on the 30th June 1871, namely, that, although a good deal remains to be done to bring the works in even their outward aspect to a finished state, yet, in a general sense, the main canal and works, excepting those of distribution, may be considered finished in accordance with the sanctioned plans. But the state of completion falls far short of that contemplated by the 11th article of the supplemental agreement, dated 2nd October 1866, and of what would be understood by the expression satisfactorily completed and placed in working order.

Capt. Scott says the canal is finished, and the masonry works in a state to deal with the water when it is admitted.—G. G.

\* As sanctioned.

It is ready for all present demands, and will be consolidated by the time the full supply is needed, or long before.—G. G.

2. It appears that in some portions of the main canal the earthen banks have not been satisfactorily formed; that there is a general absence of consolidation throughout; and that their satisfactory appearance from neat superficial trimming and finish is delusive; that in other portions the banks are \*formed of bad soil, and, being loosely thrown up and at random, are further deficient in the protection that a covering of grass would afford; and that it seems certain that with a full canal the banks would breach at many points.

3. It is also observed that water in larger or smaller quantity passes through all the walls which take the place of earthen banks in certain places, and that nothing short of a full supply of water could determine the question of their stability.

4. It also appears that the chief engineer has taken measures to prevent the water in the canal rising beyond a fixed height, that height being much below the level of the canal when full, and to ensure that, if the canal should breach, it will do so in the most favourable localities. These precautions are precisely what the Government in G.O., No. 1089, dated 18th April 1871, prescribed as admissible only in the case of an incomplete canal, and altogether unsuitable in connection with a work that is supposed to be complete in itself; and the fact of the company's chief engineer considering it necessary to adopt such measures is, in the opinion of the Government, the strongest evidence that the Company deem the undertaking deficient in its most essential particulars.

5. No definite information appears to have been obtainable as to the area that will be irrigated this year; but, from inquiries made by the collectors of Cuddapah and Kurnool, it is gathered that, in the event of the main canal carrying water throughout the season without breaching, it is possible that an extent of 8,683 acres might be irrigated, in which case the total revenue for the year would be 43,974 rupees. The Government cannot say that they have any confident expectation that this hope will be realised, and the amount is so insignificant as a return for an expenditure of capital and interest thereon aggregating more than two millions sterling, besides being less than half what is required for annual outlay on maintenance or conservancy, that they cannot acquiesce in the propriety of the company's proceedings in deferring, or, more correctly speaking, dispensing with, that test which the Government in the strongest terms prescribed the necessity for, and which has been dispensed with on the pretext that it would alarm the ryots, and injuriously affect the prospects of irrigation.

6. The test which the Government approved of, and which is nothing more than the canal was designed for and was expected to be capable of sustaining, was that a depth of 9 feet of water above bed should be maintained for 24 hours, and that for 30 days consecutively the canal should carry a full irrigation supply. In Captain Scott's opinion the embankments and walls would fail at many points if subjected to such a trial, and as the company's engineers have made provision for the canal †breaching in the event of the water rising more than 6 feet, it must be presumed that they share the apprehensions of the Government officers who have reported on the subject.

The canal is in working order, for it is capable of carrying more water than will be required for some time.—G. G.

7. Captain Scott's Report will be communicated to the Secretary of State, and to the Government of India, who will at the same time be informed that the canal has not been properly completed and placed in working order to the satisfaction of this Government.

EXPLANATORY MEMORANDA by the Chief Engineer of the Madras Irrigation and Canal Company regarding the Inspection Report of Captain *A. de C. Scott*, and the Order made upon the latter by the Madras Government, on the 27th July 1871.

12 October 1871.

BEFORE I review the mileage notes and the general remarks on each section of the canal, made by Captain Scott in his report, it is expedient that I should recall to mind several special matters which, I think, must regulate any consideration of his statements and of the Order, No. 1975, passed by the Government of Madras and founded upon them.

2. When

† Not for the canal breaching, but only for the opening of the sluices, which could be closed again when the water fell, without interruption of the supply. See Capt. Scott's para. 7.—G. G.

2. When the supplemental contract was agreed to in October 1866, the design of the whole line of canal and the system of construction had been for a long time finally determined. The company had submitted to the Government plans and estimates of the earthwork along the entire extent of the canal, and these had been approved, and the greater portion of the total quantity of the work itself had been performed under the supervision of succeeding consulting engineers specially appointed by Government for watching and controlling the company's proceedings and expenditure.

3. The task, therefore, which the company took upon itself when it agreed to the second contract was, the completion of works according to designs and a system of construction which had been already established and acted upon to an extent which would not permit of the substitution of another system, except at an enormous increase of cost (making the total, say, 780,000 £ or 800,000 £ instead of 600,000 £), and accordingly that system has been worked out, and under it completion has been effected; the Government during the whole time exercising the most absolute control over plans, estimates, staff, expenditure, and construction.

4. The numerous reports embodying the various opinions of the consulting engineers, and the directions given by the Madras Government to the company, form a volume of proofs of the minute and careful manner in which supervision has been exercised without intermission, and show that the soil used in the embankments and the mode in which all the works have been constructed have been thoroughly understood and intelligently reported upon by the authorised officers from 1859 to the present time, and likewise that soil, without specially selected puddle, was used before the date of the supplementary agreement.

5. As the chief engineer of the company, I have always acted upon the belief that the essential feature of the established system of construction was, that the consolidation of all embankments should be the work of time in lieu of the much more costly plan of inserting a puddle clay core. Such a core, whether in the centre or in the slopes of the banks, had in no instance been adopted in the first approved estimates, nor did an instance of the use of such a core exist, I believe, in the Madras Presidency. Had the coring principle been intended, it would have been shown in the original estimates, but, as it was not shown, to have introduced that principle under the new contract at a necessary cost of at least 1,000 £ a mile, a loan of 800,000 £ instead of 600,000 £ would have been required, and the large extent of embankment then already executed would have had to be almost reconstructed. I may add to this, that, where small portions of the embankment were found on trial to be weak on account of the badness of the soil, I submitted estimates for clay puddle cores, but these were clearly exceptions adopted where safety could not be otherwise secured,—as, where the soil was mere gravel, or the bank stood upon gravel.

6. The authorised practice has been to form the embankments by the deposit of earth in excess (to an extent agreed upon with the consulting engineer) of the section approved by Government sufficient to allow for consolidation, and then to watch subsidence as it took place, making up and strengthening where necessary, and, as I said before, in one section of canal it was found essential that several clay cores and face walls should be inserted.

7. This was a process that could only go on with the knowledge and sanction of the consulting engineer, who periodically examined the works and reported progress to Government, at least every three months. Permanent consolidation on the 1st of July, 1871, that is, immediately upon the termination of construction, was never considered necessary to the fulfilment of the new contract, such a state of things being impossible under the authorised system. One need go no further than the reports of the consulting engineers to show this.

8. As part of the established system, water has during the present year been admitted into the canal\* in quantity enough to effect the public object for which that work was constructed, that is to irrigate every acre of land which it was believed would be prepared for irrigation. As a fact, the supply has, I am sorry to say, greatly exceeded the demand.

9. It will be in the remembrance of the board that the Madras Government, in view of the gradual extension of irrigation, wisely directed that the construction of irrigating channels should keep pace with local requirements.

10. The system of constructing the embankments of a canal, so as to leave to time and conservancy their perfect and final consolidation, is not only supported by the precedent furnished by the Krishna, Godavery, and Cauvery Canals, but is consistent with a prudent economy and the progress of demand for the water to be conveyed by the canal. The conditions of a canal are essentially different from those of a tank intended when once full to retain water through all the dry season. The canal need never be filled more than enough to supply current demands. The tank must be filled enough to supply the greatest estimated demand during the whole season. The flowing water in the canal carries a constant supply of silt along the face of the banks, and so rapidly furnishes, to a certain and very appreciable extent, a substitute for puddle where the soil of the banks is, to start with, moderately impervious. As is known in England, a coat of mud the thickness of a piece

\* According to reports lately received by the Directors, the depth of water in the canal had reached to 6 feet, that is within 2 feet of the full depth intended to be conveyed.

of paper will often stop the action of a filter bed, and requires to be skimmed off in order to keep the filter in action.

11. From the recent failure of the Red Hill Tank near Madras, owing to the percolation of the water through the banks, although puddled, no conclusion can be drawn as to what kind of bank will work best in a canal.

12. The duties of the conservancy staff (engineers, bankers, &c.) lately appointed with the sanction of Government, will be to watch the consolidation of all earthwork which the inflow of water, regulated by the demand for irrigation, may effect, to maintain the requisite height of embankment, and to remedy weakness and leakage if discovered, so as to ensure safety. This process will continue until the canal shall be called upon to give the full supply for which it was designed, and the most effective and permanent consolidation of all earthwork shall have taken place, as well as all percolation stopped, by the deposit of silt, and the addition of shingle made where experience shall show it to be necessary.

13. The absence of consolidation in the embankments remarked upon by Captain Scott, admits of the doubts expressed by him that, if the full amount of water were admitted, breaches would take place. His remarks and fears form the foundation of the Order made by the Government. But an initial absence of perfect consolidation is the natural state of things which must belong to the economical and safe system adopted. Water is not required to the full extent, and is therefore admitted gradually; and during this process, all weak points are found out and strengthened in regular course, and at the smallest amount of cost, without any undue risk either of breaches or the stoppage of irrigation.

14. To admit into our canal, constructed under this system, immediately upon its completion according to the plans and designs upon which it has been constructed, the total quantity of water it is intended to supply ultimately, would plainly be an innovation and altogether unnecessary, as being beyond the certain fulfilment of all public wants and purposes. Such a course has not been followed, nor even suggested on the Godavery, Nellore, and Cauvery Canals, so far as I have been informed by the engineers engaged on them. But I have such confidence in the solidity of the embankments, and the condition of all the masonry works, that I do not hesitate to recommend the board to direct that during the next season the following test shall be made, and more than this the present staff cannot wisely attempt at once. The upper 75 miles of canal, and the 22 miles forming the seventh section, are liable to be filled by excessive rain. Once in the 10 or 11 years over which our experience extends, a storm has occurred which would raise the water in this half (97 miles) of canal to the highest flood level, viz., a foot above the calingulah crests, in spite of the safety sluices and weirs. All the rest of the canal is completely under control, and there is no reason whatever for filling it quicker or fuller than is needed for current demands. No test is justified for this portion; but for the former portion of 97 miles, a test is desirable, and I recommend that arrangements be made for filling it at the first opportunity, and maintaining it full for a month. To suddenly fill it would, of course, be a wanton risk; but ample time for this test may be found during any working season. It is impossible to do more than fill any portion of canal; nor is there need to do so in order to show its sufficiency.

15. Captain Scott reports that, "on the whole, and in a general sense, the canal with its appurtenances may be considered to be completed in reference to the sanctioned plans, " for it is excavated throughout to its full dimensions, the banks and walls are raised to the full height and section, and the masonry works are constructed and in a state to deal with " the water when it is admitted;" and the Government in their Order use in effect the same language. This should be conclusive as to the performance by the company of its task, bearing in mind the system under which that task was to be performed; but I will add that, after Captain Scott's inspection, and previously to the 1st of July last, much work was finished off, and there really remained unexecuted on that day no portion of the contract work, unless the screwing on of some racks deserve noticing as an exception. Maintenance and conservancy alone were then required to operate. Many of the trifling matters put forth by Captain Scott, as being requisite to perfect completion, have been attended to and supplied, as I shall show when dealing with details.

16. The 4th paragraph of the Order of Government (No. 1975) has a very serious aspect, and would seem to convey the idea that the company had not, on the 30th June last, performed its part of the agreement. It is stated that the fact of my considering it necessary to adopt precautions against danger from the recurrence of such a flood as occurred in August 1870, was (in their opinion) the strongest evidence that the company deemed the undertaking deficient in its most essential particulars. This has reference to the temporary plan proposed by me, which the Government lately sanctioned, to carry off exceptionally excessive rainfalls, until a general plan for permanently improving the existing masonry calingulahs should be agreed upon between the Government and the company. The facts entirely exonerate the company from blame, and show that, so far as the construction of the present calingulahs is concerned, the contract has been completely, both in word and spirit, exhausted. The masonry calingulahs or escapes were constructed in conformity with plans approved by the Government, and were at the time considered to provide an amply sufficient means of escape. They provided for an average discharge equal to that provided by the calingulahs on the Godavery Canals and other works of the Government itself. This was the view and belief of all parties when, in August 1870, an unprecedented fall

of

of rain took place, much in excess of the discharge accommodation, and the canal consequently breached. The preparation of plans and estimates for an enlarged system of calingulahs required careful consideration, both on the part of the company and of the Government, and there was not time *even for this* before the 1st of July last, on which account I submitted a temporary plan, and this was approved by Government, as a means of protection against the recurrence of such a rainfall until the permanent should be substituted. With the sanction of Government the executive engineer has since been engaged upon the preparation of plans and estimates for enlarging the calingulahs, and these will be placed before the company's agent almost immediately, and when they shall have received approval, the construction of the works themselves will proceed, out of the company's capital.

17. The Order of Government of the 18th April last, paragraph 2, is a confirmation of what I have just stated; it says,—

“ His Excellency the Governor in Council is of opinion that there is no room for doubt as to the propriety of debiting to capital the cost of altering the surplus weirs, so as to enable them to act efficiently in relieving the canal of flood-waters. It appears to be altogether immaterial that the consulting engineer concurred with the company's officers in considering the capacity of the works as designed and carried out sufficient, and that the Government approved of the estimates.

\* This merely refers to the heads to which the cost should be debited. It is an admission that the works were constructed as intended, and sufficient as far as was known.—G. G.

“ Since the designs were prepared and approved, the data on which they were based have been shown to be erroneous, and consequently the Government and the company's officers are both agreed as to the necessity for making further provision for the discharge of surplus water, or, in other words, for doing now what was necessary in the first instance, though not then known to be requisite. It appears to be clear that the company are bound to place the canal and works in working order to the satisfaction of the Local Government, and that this requirement must be determined with reference to the known circumstances of the canal and of the country through which it runs, so far as these are understood at any time prior to the 1st of July 1871. Whatever radical alterations of existing works may be necessary to place the canal in working order must therefore be deemed a part of the construction, as distinguished from repair and maintenance, and, as such, must be a charge against capital.”

And, without entering into the question of the fund from which the expense should be taken, I admit that the Company are bound under their *original contract* to make the necessary escape enlargements from time to time to the satisfaction of the Government of Madras, but this is not a duty put upon them by the Supplementary Contract. Indeed, between the discovery of the necessity for these additional means of safety and the 1st July last, there was not even time to prepare the plans and estimates, indeed barely time to obtain an assent to the fundamental basis of the new designs, which was not settled when Government passed their Order, No. 1505, of 2nd June last, on the subject.

18. Far too much prominence has been given by Captain Scott to the condition of the tow-path along the canal. The matter in itself is of a very trivial character and hardly worth notice. All such irregularities as may be found to exist may easily be remedied and will naturally be a part of the duties of the Conservancy Staff. Perfection can only be attained when ultimate consolidation shall have taken place. At present it forms a good bridle path, better in its worst parts than the only road at Kurnool, viz., that between Kurnool and Gooty, and it is nowhere worse than a newly metalled road. As a bridle path it is upon the whole better than the road.

19. The inspection made by Captain Scott occupied from the 8th to near the end of June last; that is, it begun three weeks before the termination of the contract, and ended before the contract time expired, and the deficiencies and points of non-completion mentioned by him were most of them made good before the 1st of July, or shortly after, and others are now being prosecuted. The total amount of the cost of meeting every one of his requirements, after the 1st of July last, will not exceed 1,500 L.; and of these the majority, if not the whole, can hardly be said to be required by the Supplementary Contract. Those which have actually been supplied are struck out in red ink in the accompanying print of his Report.

20. I need not notice those portions of Captain Scott's Report or the Order of Government which touch upon the probable spread of irrigation; they have no connexion with the question whether the canal has been brought to a state of completion under the contract, and are also beyond my province.

21. I will now turn to the details of Captain Scott's Report as to the state of the works when inspected by him, which Report I think bears every evidence of having been carefully and impartially made.

22. First, I must, however, remark upon the statements Captain Scott has made in connexion with various portions of the works, viz., that the masonry is generally inferior, the banks unconsolidated, the soil inferior and liable to cut up, the canal likely to breach if suddenly filled, and that the lock gates and gear and all the shutters require in the aggregate a good deal of work to make them fit and to adjust them. The Company were bound by their contract to make all works thoroughly efficient and satisfactory to Government. But it must be considered that their contract was not to provide an efficient canal for a lump

sum furnished by themselves, and at their own cost. Economy was as desirable for the interests of Government as of the Company. Hence, if the Madras Government or their engineers expressed distinct approval of any class of work, it became my object not to incur expense in obtaining a finish in excess of what was approved. But I have endeavoured, by making full use of the staff, to improve, first, the soundness, and, secondly, the finish of all classes of work, without paying an extra price beyond what has been necessary to secure the results already examined and approved by the engineers of the Government. Government Order, No. 3045, of 19th of December 1862, paragraph 9, seems to endorse the opinion of Colonel Ludlow, Consulting Engineer, quoted in his letter, No. 76, of 29th of October 1862, to the Secretary to Government Public Works Department, paragraph 59, viz., "This large Work (the Hindry Aqueduct), as far as it is completed, appears to be well and solidly built." I accordingly ordered that masonry work should in all cases be built at least as good as that of the Hindry Aqueduct, and this condition was inserted in the most important contracts, as in that with Kunganatha Mood, contractor for the 9th section; Major Mullins, consulting engineer, and Colonel Orr, secretary to Government, Public Works Department, approved of the work in the Hindry Aqueduct when they visited it. The only question raised was the expediency of using an asphaltic lining. Again, Colonel Orr particularly called the attention of his Excellency the Governor to the No. 5 Bridge in the 15th mile as being a specimen of very suitable masonry. In the piers of the Hindry Aqueduct the courses are very variable; numerous "pinners" appear on the face. The regular stones vary from 2 inches thick, or even less, upwards; and the thickness of a course, including joints, seems to *average* 3 inches. In four cases tried in the piers first built, the following results were observed, neglecting pinners and stones under 1½ inches thick.

	18 courses in 5' 1" over all.
	17 " 4' 1" "
	20 " 4' 6" "
	20 " 5' 5" "
Total - - -	75 19' 1"

Showing an average breadth of courses of 3 inches. No. 5 Bridge is of a similar class of work, with joints occasionally 1 inch thick; but care has been taken to secure larger stones, and avoid small ones, and the courses *average* 4 inches thick, and the joints perhaps ½ inches. Good random masonry may no doubt be called "inferior masonry;" but I do not think that much of the masonry on the canal, certainly not on important works, is inferior to this, and many of the important works are, I believe, *very* good samples of *random rubble masonry*, which is all they profess to be, as described in the sanctioned estimates.

23. The banks thrown up in the last six years have not been rammed so thoroughly as would have been managed had the subordinate supervision been better; but it is a mistake to suppose that selection and ramming were neglected. Where earthwork is being carried on rapidly, I believe English inspectors are necessary to ensure a thorough selection and ramming of banks. Even if the banks be thoroughly rammed, a settlement of about 1 in 6 will take place as water is admitted into the canal. When complete, therefore, the bank is not so solid as it will be after the admission of water, and the slopes are a sixth steeper, owing to the allowance of 1 in 6 made for this settlement. Hence, unless the final slopes are to be excessive, the looser and steeper slopes of the bank when first made up are certain to be furrowed by the water, and so puddled and reduced to a final form. Suppose the water to cut into a bank to the extent of half a yard, the quantity of earth removed is very trifling, although it *looks* considerable on the bank. Probably only about 1-12th of a cube yard will be moved for every yard run of bank in ordinary cases, and will be washed down to make the final slope. When the banks have settled and turf has grown, it may be found that no shingling is required, as is the case already in the 7th section, and other places where there is no revetment, and meantime the repairs are quite within the command of the bankers. Still, where banks prove expensive to repair, it will be well to widen and shingle them, as is being done for a mile and a half above the Vaikal air aqueduct, and as has been done above the Punkal Wunkah. I should say 500 L would suffice for all such places where discovered.

24. As regards the lock gates, I anticipate that the timber will permanently shrink when seasoned by alternations of dry and wet; and it seemed likely that, even before the canal was opened, a sensible shrinking would have occurred, owing to the exposure uncovered to the heat of a dry season. They have been generally fitted to shut close against the sill, and when wet they expand, and water enters between the gate and sill. It will be easy to trim them (if they do not meantime shrink, as I expect they will) to meet within half an inch along the mitre posts, when closed against the sill at the end of next hot season. Meantime the leakage can be readily stopped, if desirable, by a rope of grass or paddy-straw, if it be required to use them. The tightness with which some few opened is generally due to their having been adjusted in the dry weather, in which case the moist weather swells the heel posts, and makes them too tight until the keys are readjusted, as I have ordered them to be.

MILEAGE NOTES on the Works of the Madras Irrigation and Canal Company, 7th to 27th June 1871, being the concluding Portion of Captain *A. de C. Scott's* Report.

EXPLANATIONS OF MEMORANDA by the Company's Chief Engineer regarding Captain *A. de C. Scott's* Mileage Notes.

I WILL take the works in order, as they are reported upon by Captain Scott.

1ST SECTION (1st to 17½ Miles).

*Head Works.*—The river was flowing over the crest of the Soonkasala anicut to a depth of 9 inches at the time the head-works were inspected, and the condition of the masonry could not be ascertained. It is stated by the engineer in charge to be in perfectly good repair, all defects having been made good during the preceding dry season. The under-slucices were open, and the stonework appeared to be in good order. The shutters, which are balanced on a vertical pivot, are rather roughly fitted, and they are consequently liable to get jammed, and are generally difficult to work. The water was flowing through the head-slucice into the canal, in which it stood at a depth of 3½ feet. The shutters of this work are raised by tackle, and the only means of lowering them is by driving them down with blows of a plank or beam. They should therefore be ringed with iron. The apron and side walls of the sluice on the canal side have been repaired, and a water cushion has been formed by building a low wall across the canal between the side walls, at a distance of about 70 feet from the cutwaters of the sluice, the intermediate space being floored with rough stone and concrete. The wall, for a length of about 10 feet on each side, where it abuts against the side walls, is raised somewhat higher than the middle portion, diminishing the outflow at the sides, and protecting the walls from scour. The arrangement appears to be effectual. The front of the sluice is tolerably free from silt.

1st Mile.—The spoil banks are roughly formed, and the tow-path is, in many places, not well defined. The engineer in charge states that the work-people have been engaged in trimming the earth-work in the next mile, and have not yet taken up the part referred to.

2nd Mile.—The self-acting shutters in the calingulah are badly fitted, and would admit floodwaters from the river into the canal. This defect was noticed in the Consulting Engineer's Inspection Report of the 17th November 1870. A culvert at 1 mile 72 chains has been abandoned and blocked up, the drainage-water being admitted into the canal instead. The earth-work and tow-path are in the same condition as in the 1st mile.

3rd Mile.—Culverts Nos. 7 and 8 and a drain beyond in this mile have been abandoned, and the canal-water is permitted to stand back on the upper side. At 2 miles 30 chains is a 2nd-class bridge, of which the approaches have been fairly formed. The earth-work generally is irregularly made up; the tow-path has been recently cut and trimmed; but for a considerable distance it is placed too low, and will be flooded when the canal is full. The side-long slopes to the path are roughly cut and at too steep an angle. There is a "masked calingulah" at 2 miles 76 chains, i. e., a wall built in the line of embankment and covered with earth formed to the ordinary section. The crest of the wall is at the level of the bed of the canal, which would therefore empty itself if the earth-works were breached or cut designedly. There would therefore be little advantage gained.

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1ST SECTION.

*Head Works.*—The shutters of the under sluices have always been closed when required, and I should say are more efficient than the ordinary plank shutters used at Nellore, &c. Captain Scott is mistaken about the head sluices, of which a sufficiency are fitted with screws, by the turning of which they are easily raised and lowered without any driving with blows; the rest do not come into use until the head against them is reduced to a mere trifle by the fall of the river.

1st Mile.—The spoil banks form no portion of the works themselves. When Captain Scott inspected this mile, the bankers were working up from the 3rd mile, and before the end of June they had put the tow-path in the 2nd and 1st miles in a proper state.

2nd Mile.—On the 3rd of June I inspected this calingulah, and gave instructions for the improvement of the shutters, which were followed out before the 30th of the same month. The necessary alterations would occupy a couple of carpenters one day. The culvert referred to was some years since abandoned, and blocked up with several others, and the admission of water into the canal substituted with the sanction of Government. This has been found to be an improvement.

3rd Mile.—Culverts Nos. 7 and 8 and the drain referred to were abandoned, if I recollect right, for they are trifling works, before the date of the supplemental contract, and their place is supplied by the new calingulah sanctioned by Government in the 2nd mile. The tow-path, which is on the edge of heavy cutting, can be easily increased in height by the bankers raking down upon it some of the adjacent soil. The cost will be the merest trifle, and will form a portion of the outlay upon conservancy. Any alteration of the masked calingulah is involved in the general question of calingulahs, to which I have already alluded as being under consideration.



The wall should be raised to 4 feet above bed-level, so as to retain some moderate supply of water.

4th Mile.—No. 1 breach made in the banks last year by flood has been efficiently repaired, the earth-work being brought up to the regular section. No. 9 culvert having been found quite insufficient to carry off the drainage-water, an inlet wall has been built across the upper end to admit the surplus into the canal. There are some irregularities in the form of the canal; for a distance of 30 chains the embankment has been thrown back from the edge of the cutting from 40 to 50 feet, leaving a berm two or three feet below the level of the canal-water when it is full, and the tow-path is led on the tops of the embankments. Traction under these circumstances would be difficult. The earth-work in this mile is better formed than it is above, and appears tolerably solid; but the tow-path requires flattening.

5th Mile.—At 4 miles 40 chains a rocky point has been left, which projects across the general alignment of the canal and embankments for a distance of 60 to 70 feet, and forms a complete obstruction to towing. The embankment, for a length of 50 feet, has been lowered to a height of 10 feet above canal bed-level, at a selected point, to breach in the event of heavy floods. The earth-work is in fair condition, and the tow-path clear.

6th Mile.—The sluice shutters of No. 1 calingulah, at 5 miles 3 chains, have been removed, and an earthen bank has been laid in front of the vents to a height of 6 feet above the bed-level, with a view to its breaching and leaving the vents open should a flood occur. A similar arrangement has been made, or is in progress, at all the calingulahs in this section, except No. 9. The water in the canal stands at present 2·85 feet deep at this point. The revetment of the canal embankment at the Yedatoor tank will be raised to the level of the top of the earth-work; it is at present four feet below it. The breaches Nos. 2 and 3 of last year in the bund of this tank at 5·45 and 5·62 have been made good. At 5·67 stands a 2nd-class bridge. The approaches are completed. The embankment of the canal is, generally, fairly consolidated, as far as can be judged from its outside appearance. There were a few leaky places, but they have recently been puddled. The tow-path is in serviceable condition.

7th Mile.—At 2 miles 27 chains, with 2 feet 9 inches of water in the canal, it was noticed that a small leak had commenced; it will receive immediate attention. At 2 miles 64 chains the embankment has been lowered, as in the 5th mile. The banks and tow-path are in the same condition as in the previous mile.

8th Mile.—The banks are in good form, and the tops in a condition for use as a tow-path.

9th Mile.—At 8 miles 17 chains the embankment has been lowered for a length of 100 feet, as described above. At 8 miles 49 chains a supplementary irrigation sluice has been built, as sanctioned in Government Order No. 3468, dated 28th October 1869. At 8 miles 60 chains there is an inlet with self-acting shutters, and, underneath, a culvert and sub-way combined, all of which are in a very leaky condition. Streams of discoloured water are gushing out of the abutment walls of the tunnel. It appears that the canal-

4th Mile.—Culvert No. 9 was built in the manner stated by Captain Scott with an inlet wall, and has never since been found insufficient nor altered in design. It was complete before the new contract was made. The small patch of ground temporarily flooded whilst this culvert is overflooded is poor and stony. I believe the inlet to be as old as the culvert, certainly it was constructed long before 1866, the year of the new contract. The tow-path (hardly worth referring to) is constructed according to plans sanctioned by Government, with a broad berm of 40 or 50 feet. It was so constructed several years before 1866. Inconvenience would, no doubt, be experienced with a tow-ropes less than 150 feet long. I have, however, directed an estimate to be made for improving this; the total should not exceed 150 l.

5th Mile.—I have also directed an estimate to be made for carrying the tow-path round the rock at 4th mile 40 chains, although a bargee could easily keep his rope clear. The cost should not exceed 50 l. This rocky point has existed for years, and has been inspected by a succession of consulting engineers, and I believe never objected to; certainly never required to be corrected by the company.

6th Mile.—The revetment referred to was raised before the 30th June.

7th Mile.—The leak referred to was stopped before the 30th June.

9th Mile.—The leakage here referred to is not so bad as it was last year, and the bankers have directions to render the tunnel tight immediately they can do so. It is reported not to be dangerous, and cattle and passengers pass through its centre arch. The cost of this additional requirement will be about 10 l.

bed above was scoured away last year, and the hole at the back of the tunnel wall was filled up with dry rubble stone instead of puddled clay. The water is thus led down to the back of the wall. Immediate remedial measures are necessary. The banks and tow-path are in fair condition.

10th and 11th Miles.—At 9 miles 1 chain and 9 miles 50 chains the banks breached last year have been substantially repaired, and they are throughout these miles in generally good form, as also the tow-path.

12th Mile.—At calingulahs Nos. 5 and 6 the apron of rough stone laid dry has been partly carried away. It will be repaired. At 11 miles 20 chains is a third class bridge, the parapet walls of which have been lowered in accordance with the orders of Government. They stand at 2 feet 3 inches above the roadway. The approaches at the upper part are at a slope of 1 in 4, and probably impracticable for bullocks with a plough. The banks are generally fairly made up, and appear to be solid outside. The tow-path is led on the top, and is in tolerably good order.

13th Mile.—The apron of calingulah No. 7 is partly washed away; a third-class bridge at 13 miles 36 chains has had its parapet walls lowered, but the approaches at the upper part are very steep (1 in 6). The embankments and tow-path are in fair condition.

14th and 15th Miles.—The banks are generally in good order; the tow-path in some places requires making up.

16th Mile.—The third-class bridge at 15 miles 21 chains has been altered in regard to its parapet walls. The approaches at the upper part are steep.

17th Mile.—The canal is in rocky cutting in this mile, and the tow-path is led along the edge; it requires clearing in some places.

*General Remarks.*—The banks and tow-path in the 1st mile require re-forming, and at many places in the section it will be found necessary, in order to insure easy towage, to trim and remove portions of the canal sides, which are irregular. The culverts for the drainage of the land on the upper side have, in several instances, been built too small, and it has been necessary to abandon them, and to admit the drainage-water into the canal. All the irrigation sluices which have been sanctioned have been constructed, but the shutters for the most part have not been provided or have been lost. It is stated, however, that they will be supplied at once. The aprons to the calingulahs are not of a nature to withstand any considerable discharge over the crests of the works, and they have given way in several instances, and notably at No. 8. Lately, instead of packing the stone protection to the banks, and pitching it at right angles to the slope, it has been thrown loosely down, and in some cases in excessive quantity. Except in the 1st and 17th mile, where the canal is for the most part in cutting, the banks are in fair form and consolidated on the outside; but, as it is admitted that the earth was originally thrown up at haphazard, without ramming or laying in layers, and as it is generally of very bad quality, little confidence can be placed in them. All

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12th Mile.—The calingulah aprons have been made upon the principle of allowing for gradual subsidence; as the stones put in sink, others are thrown on the top, and so a really permanent condition is reached. This process is going on at these two calingulahs, and also at one in the next mile. It is useless to pitch the face of such aprons (as was done at these calingulahs, according to plans approved by Government), until the rough mass has worked into a final condition. This is a mere matter of conservancy, and is provided for accordingly. The bridge and its approaches are in accordance with approved plans, and have now stood for about three years. The whole question of bridges has been most carefully at various times investigated and regulated by the Government.

13th Mile.—The remarks made in connection with the 12th mile apply to the calingulah apron and the bridge approaches in this mile.

14th and 15th Miles.—The tow-path was made up before the 30th June, and will be maintained by the bankers.

16th Mile.—The bridge and its approaches were constructed in accordance with plans approved by Government three years ago.

17th Mile.—The tow-path was cleared before the 1st of July last, except a few stones requiring breaking in order to form a smooth surface. This will cost under 10s. Roughness will continually appear after wet weather, but it will be easily corrected by the bankers.

*General Remarks on the 1st Section, that is to say the 18th Mile.*—The state of the tow-path and culverts, as also the calingulah aprons, I have already referred to. All the irrigation sluices were supplied before the 30th June. I do not know who made the admission referred to, that the earth was originally thrown up at haphazard, &c., but the embankments were designed, and mostly constructed, long before the supplemental contract was made, and every requisition of the Government in respect to them has been since complied with, so far as their consolidation admits. The bad quality of the earth in some miles, and the impossibility of getting better except at largely increased cost, has been a matter of notoriety from the very commencement of the works, and the banks have been so constructed as to receive their consolidation from time; their state and condition has been known for years to the Government. The berm objected to by Captain Scott was ordered by Colonel Rundall when consulting engineer, over nine years since, to be at least 10 feet. It has been, however, reduced to 5 feet below the Mittacondal Cutting; and I may mention that, in addition to the discontinuities in the towing-path caused by this berm, there are others which have been sanctioned by Government, as in the 26th and 28th miles, where two adjacent water-spreads are connected

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All the irrigation channels and the works sanctioned for the 1st section have been completed. They command about 1,386 acres of land.

connected by a cut through a low place in the dividing ridge between them, and the tow-path becomes merely a path along the margin of the tank for a short distance. In these cases, in practice the towing cattle would walk along the gravelly edge of the water at whatever elevation it might be, and the boat, if kept off in 5 feet water by the rudder or poles, would be about 70 or 80 feet from the cattle. I really do not see any serious inconvenience in this, nor should I call such towing path for a short distance otherwise than "easy." The tow-path might, however, be readily taken round the rocky protuberance in the 5th mile at a small expense, so as to be kept close to the sanctioned channel. The only culvert for draining land in the first three miles, which was found too small, was the 6th, for which a calingulah was sanctioned. Mr. Lowe, the divisional engineer, stopped all the small ones up in 1864, and provided for their being permanently closed. The irrigation sluices in the upper sections are small ones with openings 7" x 5" and upwards, and are treated just as open sluices in channel sides will be, *i.e.*, they have a shutter put into them by hand for use whilst the water is in the canal.

Shingling, *i.e.*, rubble thrown unpacked on to the slopes, is the only pitching which follows any slipping or settlement, and is therefore least likely to leave earth exposed just above a slight slip; it is also the only pitching which lies wholly on the bank, and does not accumulate weight on the toe, as it is raised higher and higher.

#### 2ND SECTION (18th to 32nd Mile).

18th Mile.—(*Hindry Aqueduct*.)—The side walls of the aqueduct have now been raised to a height of 9½ feet above the floor, or 18 inches above the level of the water when the canal is full; the wings and the face-walls to the embankments in continuation of the wings to 3½ feet above water-level. The earth backing has, however, not been raised, and stands at 2 feet below the tops of the wall. The abutments of the aqueduct stand at the foot of the long slope of the river bank, and the space between the back of the abutment and the tops of the banks, inclosed at the sides by face-walls and embankments, has not been filled at all. The depth of the water, when the canal is full, will vary from 8 feet at the summit of the bank to something like 25 feet behind the abutment, and even now it is considerable. Under this pressure three leaks exhibit themselves; one at the toe of the south abutment at the level of the bed of the Hindry river\*; one at the face of the west wing wall, on the same side of the river,† and the third (only observed a few days ago) at the foot of the embankment, on the west side‡. The chief engineer has commenced throwing in earth at the back of the abutment, and in front of the face-wall opposite the leak last mentioned. The silting up of the hollow now existing, by the canal-water, will eventually, no doubt, stop all leakage, and the process should be encouraged if possible. A large breach§ on the lower side of the canal, just below the aqueduct, has been repaired, as far as could be ascertained, in accordance with the design sanctioned by Government. The foundation of all the face-walls at this point rests on sand, which also underlies the embankments as far as the top of the river bank. There has been a slight slip in the earth recently placed against the wall built to close the breach,

#### 2ND SECTION.

18th Mile.—(*Hindry Aqueduct*.)—The leakage referred to will, as suggested by Captain Scott, be effectually remedied by silt. I have directed that the process shall be encouraged as much as possible. The new bank in rear of the new wall close to the breach has not settled more than was expected, and the height has been made up. I am not aware of any slip in it, and I believe the work to be sound and sufficient for its purpose.

\* Has nearly ceased.

† Has ceased.

‡ Was readily stopped.—J. H. L.

§ Of August 1870.—J. H. L.

breach, and until the space within the embankments has silted up considerably all this work will give cause for anxiety. Beyond the breach the face-wall had slipped forward for a length of 300 feet. This has been rebuilt, and the foundation is on hard soil.

19th Mile.—At 18 miles 14 chains the tow-path leaves the summit of the banks, and descends to a berm, the canal being in cutting, and up to the 1st-class bridge; at 18 miles 34 chains, the spoil encroaches on the berm, which is too narrow and encumbered with stones. The approaches of the bridge are completed. At 18 miles 79 chains stands No. 10 calingulah. A berm, 100 feet in width, is left here in front of the work; towage would be interrupted.

20th Mile.—At 19 miles 17 chains in front of No. 11 calingulah, the towage is broken as at No. 10. Again, at 19 miles 41 chains, a berm of great width is left, the tow-path being in the bank above. The spoil is thrown irregularly. At 19 miles 30 chains a core-wall extends for about 6 chains; it has not been improved as have similar walls at other places, and requires attention.

21st Mile.—The banks and tow-path are fairly formed. At 20 miles 25 chains there is a leak with about 2 feet 9 inches of water in the canal above normal bed-level. At 20 miles 72 chains there is also a small leak.

22nd Mile.—At 21 miles 23 chains the bank is leaky; at 21 miles 41 chains in front of No. 12 calingulah the towage is broken as there is rocky ground up to the crest-level for a width of at least 100 feet. The banks and tow-path are in other respects in fair order.

23rd Mile.—The banks are fairly formed and rivetted, but soft. From 22 miles 19½ chains to 22 miles 47½ chains is a wall in lieu of bank with 8 vents and shutters worked with screws. The shutters do not fit well.

24th Mile.—At the Kadrabagh Aqueduct (23 miles 12 chains) all necessary repairs have been executed except the rough stone protection in the bed of the vago at the lower side. The stone has been collected. A breach † in the retaining wall at 23 miles 60 chains at its junction with the canal embankment has been repaired. The bank has been lowered in this mile at a favourable site for a breach, in the event of an excessive flood, a precaution noticed in observations on the 1st section. The interior of the earthen bank as exposed shows very unfavourably; it is exceedingly loose and dry and formed of heaps of earth promiscuously thrown. The banks generally are trimmed to a fair section, and the tow-path is clear of obstruction.

25th Mile.—No. 13 calingulah, carried away by the flood of August 1870, has been newly reconstructed; the piers between the openings have been completed, and 20 out of 68 arches turned. It may be completed by the end of this month. The masonry is of inferior quality; the crest is at a height of 6 feet above bed-level of canal.

26th Mile.—The banks are loosely thrown up and appear to be still soft. They are fairly trimmed and tow-path formed. The walls which extend for a considerable distance, where the canal alignment crosses ravines and forms deep reservoir (*sic.*), appear to be in good repair. All that required it have recently been raised to a height of 3½ feet above

19th and 20th Miles.—Although the canal in these miles has been constructed in accordance with designs approved by Government, and I do not think the state of the tow-paths will be found inconvenient, nevertheless, to meet Captain Scott's requirements, I have ordered estimates to be prepared for remedying the alleged defects. The total cannot well exceed 70 L. I do not notice the statements regarding spoil, because, as I said before, that forms no part of the Company's Works, and can at any moment be remedied at a very trifling cost.

21st Mile.—The two small leaks referred to have received attention. Such leaks may be treated as matters of course, to be dealt with by the Conservancy Staff. They are quite harmless.

22nd Mile.—The leak at 21st mile 23 chains has been in like manner attended to; it was trifling.

23rd Mile.—The shutters will be easily made to fit at the cost of a rupee or two, after the present season.

24th Mile.—The rough stone for the apron, which was stacked for measurement by the vago's side when Captain Scott passed Kadrabagh Aqueduct, was all thrown in before the 30th of June.

Where the top of the bank had been removed to a level a foot above full water level, the bank and tow-path metal might look loose, promiscuous, and dry, but below water level the bank here has been found so tight as not to need puddling. The mass of it was constructed before 1865.

25th Mile.—The calingulah No. 13, was completed before the 30th June.

Captain Scott's observation regarding the masonry has been met by my earlier remarks. It is as good as that of the Hindry Aqueduct, and received the sanction of Government during construction.

26th Mile.—Captain Scott says the banks are loosely thrown up, and appear to be still soft. I do not know that these are more so than others, but they are of a height to allow for subsidence. Their construction was commenced in 1862, and they have been inspected frequently by the consulting engineer.

Captain

\* Of August 1870.—J. H. L.

† Of August 1870.—J. H. L.

above the canal water when full. They are backed with earth or dry rubble stone, and occasionally puddled and plastered in front where leaky. The backing or filling for tow-path is left 2 feet below the top.

27th Mile.—The lower side of the canal is formed partly by wall and partly by banks of earth. The former have been dealt with as in the previous two miles; the latter have been puddled in front when high.

28th Mile.—The canal at the Poodoor bungalow cuts through a saddle, and the tow-path has, for a short distance, not been properly formed. At 27 miles 50 chains a breach\* in a high wall has been efficiently repaired, a puddle bank with a layer of shingle being laid in front and a rubble packing behind the wall which has been rebuilt. The old wall has been left at its original height of 2 feet above full canal water-level; the new portion has been raised to 3½ feet above. The puddling and shingling have been continued along the old wall. The banks and tow-path in this mile are in tolerably good condition.

29th Mile.—Banks and tow-path as in last mile.

30th, 31st, and 32nd Miles.—At 30 miles 28 chains is a 2nd class bridge very well built, the approaches also formed. The banks are in good repair, but appear loosely laid; the tow-path is in serviceable condition, and also the revetment. The banks where high have been generally puddled in front, and are protected throughout up to 2 feet above water-line with rough stone pitched and packed or loosely thrown.

*General Remarks.*—The general impression made by an inspection of the works of the 2nd section is not a favourable one. From the peculiar manner in which the canal has been laid so as to cross ravines where the ground is frequently many feet below the normal bed-level, the embankments or walls must be subjected to the pressure of bodies of water of considerable depth when the canal is running even half full, and there is much ground for believing that the work throughout is not of particularly good quality. Where an opportunity has been afforded of examining the interior of the earth-work, as where it has been lowered to breach in case of necessity, it has been found loose and dry, and was evidently thrown up at random, nor, as a rule, are the higher embankments of such thickness as to give a margin of stability which would compensate for the bad manner in which they seem to have been formed. In general also the soil is inferior. Again, in regard to the walls, it may be said that they have given way under a charge which could hardly be considered excessive if we remember for what they were designed, and the work where exposed to view by a breach has been, it is believed, generally found of inferior quality; neither have they been strengthened to any material extent since their disastrous failure last year, seeing that the only alterations carried out have been the raising of the masonry to 3½ feet above the full water-level of the canal, and a trifling addition in some cases to the rubble backing behind, with puddling at the toe where the leakage had been excessive. All the

Captain Scott has misunderstood with regard to the walls. The new faced walls were raised to 3½ feet above water level, but none of them have been plastered or puddled in front. The old walls have not been raised except at the ends, but some of them have been plastered and puddled.

28th Mile.—This tow-path has been referred to under 1st Section, General Remarks. The old wall here, where 20 feet high, has recently had a puddle foreshore 10 feet high, and the dry rubble backing raised to 16 feet.

30th, 31st, and 32nd Miles.—I do not know how these banks appear loosely laid. There is no excessive leakage to indicate this. They were constructed some time prior to the supplementary contract, and have since been simply increased to maintain section, and have been frequently inspected by the Government consulting engineer.

*General Remarks on 2nd Section.*—In his general remarks Captain Scott argues that there is much ground for believing that the work throughout the 2nd Section is not of particularly good quality. He bases this belief on the loose and dry appearance of filling up of one bank above the highest flood water-line. As to which part of his argument I have already explained that, although the summit of the bank and tow-path metal might look promiscuous and dry, yet below water-level the banks have been found so tight as not to need puddling. Both the bank and the tow-path were constructed to near completion before the supplementary contract came into existence, and have been since strengthened according to designs approved by Government. All requirements made before the 1st of July last have been complied with.

Captain Scott also argues on the general inferiority of the soil, as to which I can only reply that the soil is certainly not good, but better could not be procured; it was used with the knowledge and sanction of Government, the commencement of that use dating so far back as 1860. Also as to the breaching of two old walls of defective design, I must remark that these have since been thoroughly repaired according to designs sanctioned by Government.

Captain Scott then proceeds to argue that the thickness of the higher embankments must be increased; that is, made of larger section than that which has been approved by the consulting engineer and sanctioned by Government; and that the walls, which in their weaker state stood the recent

None built since 1865 have given way.

\* Of August 1870.—J. H. L.

the walls leak more or less; additions have been made to them where the leakage was greatest; still it is probable that the stability of many under a full head of water is very doubtful.

The other masonry works, such as bridges, calingulahs, culverts, &c., are completed, and in good repair; but the masonry built is in many cases of an inferior kind, and, even if failures do not occur, repairs will be frequently necessary.

All the breaches made last year have been repaired. The bridges and approaches have been completed, the parapet walls of the third class bridges being lowered in accordance with the orders of Government. No steps have been taken to improve the surplus discharge works beyond lowering the thirteenth calingulah. The towpath is generally fairly formed, but there are various obstructions along the side of the canal, noticed in the mileage observations, which must be removed.

All the irrigation sluices sanctioned for this section have been completed, and also the irrigation channels comprising a length of 14 miles; these command 1,956 acres of ground.

#### 3RD SECTION (33rd to 60th Mile).

33rd Mile.—The embankments in this portion are high and somewhat slight. They are now receiving a backing of earth. They are puddled along the front face.

34th Mile.—At 33 miles 29 chains a second class bridge, sanctioned in lieu of the Sultanpoor Tunnel which was destroyed by flood, has been completed with its approaches, but these are not connected with the road which passed through the tunnel a quarter of a mile distant. The embankment and towpath are in fair order and of considerably stronger section than those in the previous mile. No. 15 calingulah is banked with earth in front of the sluices, the shutters being removed.

35th and 36th Miles.—The canal is for the most part in cutting. The spoil is somewhat roughly formed, but the towpath is clear. A berm is left between the banks on which is the path and the canal cutting; this is unnecessary and, in fact, an impediment, as it is generally below full water level. At the Ulloor aqueduct the repairs necessary in consequence of last year's flood have been completed. Beyond the aqueduct the bank is lowered for 200 feet to breach, if required.

37th Mile.—The towpath in some places is not made up on the summit of the bank which is very soft. The sides of the embankment and the shingling are left in a very rough state.

38th and 39th Miles.—From 37 miles 26 chains to 37 miles 33 chains is a corewall of the old pattern; that is to say, not puddled in front. At 27 miles 33 chains a calingulah has been built. The banks are formed of good soil, and are of strong section; but the stone revetment is pitched at too great a slope, and has fallen out in places.

trial satisfactorily, and subsequently to that trial were materially improved and strengthened (the face walls, by being raised to 3½ feet above full water level, and the solid walls, by being furnished with a foreshore puddle along the front and supported in the rear by a dry rubble slope, the surface slope of which cuts the outer face of the wall above full water level), which additions in strength have been approved by Government, will even now prove quite insufficient for security. I differ with him.

All the walls, except face walls, were completed long before the date of the supplementary contract.

#### 3RD SECTION.

33rd Mile.—The backing of earth and puddling, mentioned by Captain Scott, were completed before the 30th June.

34th Mile.—I assume that, by using the word "remove," Captain Scott desired to notify that the shutters of No. 15 calingulah were open; that being the fact here and elsewhere. There was no passable cartroad leading from the tunnel before it breached.

35th and 36th Miles.—The spoil may be somewhat roughly formed, but I have yet to learn that trimming spoil was a portion of the contract, or is necessary to the due construction of the canal in any way. However, to regulate its surface may form occupation to the bankers.

The berm complained of exists under an order made by the consulting engineer in 1861-62,\* and has never before been objected to.

37th Mile.—A towpath must, at any rate at first, be either "dry and loose," as of gravel, or "soft" and liable to be very moist in the rains; and that in this mile is the latter. It is very old, much older than the supplementary contract, and thoroughly consolidated. The roughness of the sides of the embankment and shingling arises from no defect, but from the fact that the old upright revetment sanctioned by Government is, as it gives way, being gradually changed to shingling.

38th and 39th Miles.—The core wall referred to is in cutting, and therefore has no foreshore. When the plans were submitted and approved by Government, none was suggested, as none was needed. The same remark applies to the revetment as that on the 37th mile.

\* Excepting in small works in India, I have never seen a berm omitted between a bank and its cutting; it would be bad engineering.—G. G.

40th Mile.—At 39 miles 37 chains is a 3rd class bridge; the width is 7 feet in the clear, the parapet walls have been lowered, and the approaches are completed. It is passable for loaded bandies. At 39 miles 69 chains is a retaining wall No. 11. The top is  $3\frac{1}{2}$  feet above full water level, the earth backing 2 feet lower.

41st Mile.—At 40 miles 16 chains is a masonry wall with rubble backing. The towpath in the wall is 1 foot 2 inches above full water level. A parapet wall 2 feet 4 inches high with protecting coping is built at the side of the towpath. This arrangement is objectionable as the coping would probably cut the towrope. At 40 miles 47 chains is a calingulah No. 19. The embankments are made of good soil, and are, with the towpath generally, in good form.

42nd Mile.—At 41 miles 31 chains to 41 miles 48 chains there is a wall in lieu of bank without backing, for half its length coped as in last mile; the level of the top is not accurately known, and it may require raising. In the wall is a sluice of 5 vents, the shutters are removed, and an earthen bank thrown up in front to breach when the water rises to 6 feet above bed level. The southern half of the wall is leaky, and has been backed with rubble. At 41 miles 57 chains to 41 miles 62 chains is another wall backed with rubble, it is also leaky. The banks and towpath are generally in good condition.

43rd Mile.—At 42 miles 14 chains, Mulliala village and 2nd class bridge. The approaches of the bridge are finished. The banks here are protected by stone thrown loosely down, giving a rough unfinished appearance. At 42 miles 28 chains an irrigation sluice has been built of 4 vents, closed by shutters worked by differential pulleys, and arranged with a down-haul to close them. The gear is not perfectly in order, and is under repair. The banks and towpath are in good repair.

44th Mile.—At 43 miles 34 chains is a 3rd class bridge; the approaches are completed and parapet walls lowered. The canal water stands back and forms a tank. The embankment is of bad soil and leaky, and the ryots of Madigatta, which village lies immediately under it, have, on their petition, been allotted a new site for this village. There has, however, been as yet no slip or yielding in the embankment. It is protected on the inner side with large slabs of schistose rock loosely thrown. This seems insecure, and would probably be displaced by the wash of the water in windy weather.

45th Mile.—At 44 miles 17 chains is a scouring sluice of 5 vents, the shutters worked with screws. There is an earthen bank in front to 6 feet above bed level, and it is proposed to keep the shutters up and allow the bank to breach as at other places. At 44 miles 26 chains the embankment is lowered to a level of 10 feet above the canal normal bed. The interior of the earthwork as seen in this cutting is not consolidated; it is formed of fragments of shale mixed with earth, loose, and full of interstices. At 44 miles 29 chains is a calingulah; the outfall is bad, and leads along the outer toe of the embankment. The Nagatore tank ends in this mile. It is of considerable depth; the bank seems solid and of fair soil, but it is badly protected in parts by shingling as it is called, with pieces of slatey stone thrown at random so as to cover the slope. The canal banks and towpaths are neatly made up.

41st Mile.—These parapet copings were put on as an experiment without my instructions, and I disapproved of them. They consist of stones of some value, which protect the wall, and are safest as they lie. They could all be removed in a day, to be used elsewhere.

42nd Mile.—This wall, built on fissured quartzite, according to an approved plan and section, leaks below, but does not indicate any danger. This leakage would be stopped by a small puddle-foreshore, which would cost about 10 L., and I have directed an estimate to be procured and laid before the Company's agent, that the work may be done.

43rd Mile.—This sluice now works well, with the exception perhaps of one shutter, which perhaps does not quite close, but will in time be made to do so by the Conservancy Staff.

44th Mile.—This bank was formed by raising an old Tank Bund, which leaked, but has shown no signs of insecurity. The leakage formerly was large enough to form a supply for irrigation and was so used, but it has since decreased, and is now quite insufficient for that purpose. The plan was approved by the Government, and the bank constructed under their supervision.

45th Mile.—I was assured by the assistant engineer in charge of their construction, that every care was taken to keep the best earth of the locality in the centre of the banks. They have stood very well, and are tight so far as they have been tried. I do not know how Captain Scott ascertained that the interior is bad soil.

*General Remarks.*—The earthwork of this section of the canal presents generally a better appearance than that in the second section. The embankments in the first portion, from the thirty-third to the thirty-fifth mile, where the canal skirts the hill side, which slopes rapidly, are exceptionally high, and appear to have been originally loosely thrown up; their section is slight, and the additional earth now being laid on them is simply thrown from the top without benching the old work or removing grass. It is probable that they will require considerable additions to render them safe. The lower portions of the canal in the section are frequently in cutting, and the soil is of fair quality. At certain points the banks have a rather unfinished appearance, but generally they have been trimmed, and there is a fair way on the top. Whenever the interior of the earthwork is exposed by cuttings, it seems, however, to be loose and dry, and, until they have been thoroughly saturated by the water standing against them, and have fully settled, their stability under pressure is doubtful. The revetment or stone protection to the banks varies in quality. The system adopted of shingling or spreading stones loosely on the slopes may answer in the portions of the canal where the water does not spread, but where tanks are formed it is believed to be insufficient. There are but few walls in this part of the canal, and where they have been constructed the depth of water against them will not be considerable; nevertheless they are generally leaky.

All the sanctioned masonry works have been completed; the quality of the work is the same as in the other sections; that is to say, rough and of a low class. The parapet walls of the third-class bridges have been lowered, and the approaches of all completed. The breaches in the upper banks at the Ulloor aqueduct have been repaired. The waterway of the under tunnel is insufficient, and it is proposed to lower the side-wall of the aqueducts on the upper side and to admit the water in excess of that passed through the tunnel into the canal.

The surplus discharge works of the section remain in the same condition as they were in last year; the shutters of the sluices will, however, be removed, and their place supplied by earthen banks raised to six feet above bed level, as in the other sections. All the shutters and lifting gear to the sluices in the first, second, and third sections are roughly made and fitted. The pitch of the screw for lifting the shutters of the calingulah sluices is very small, and it takes two men from 25 minutes to half an hour to raise each.

The irrigation sluices in the third section have been completed, and all the irrigation channels sanctioned.

4TH SECTION (45 Miles 33 Chains to 61 Miles 70 Chains).

46th and 47th Miles.—At 46 miles 43 chains' Nagatoor first-class bridge. The approaches are completed. The banks and towpath are in good condition.

48th and 49th Miles.—The banks appear to be solid outside and are well formed, but too much rounded at the top for a towpath. There are some bushes on the inside slope which require removal. The inner slope is shingled.

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*General Remarks on Section 3.*—The section of the embankments is in accordance with the approved plans, with earth added to meet consolidation. Stone is plentiful all along this section, and shingling can be readily added to the banks if the present is found not to stand. Hitherto it has given no trouble, which cannot be said of packed pitching. The masonry is not so rough as that of the first section or of the Hindry Aqueduct. Ulloor Aqueduct and Sultanpoor Bridge are of good coursed rubble; but to this I have already referred.

No shutters are removed further than to raise them. The lowered banks are 3 ft. 6 in. above full-water level. The side wall of the aqueducts on the upper side will be lowered, to admit the water here mentioned, so soon as the approval of Government, long since asked for, is received. The shutters of the sluices of the calingulah are country-made, but efficient.

4TH SECTION.

48th and 49th Miles.—The bankers will, as a part of their duty, level the top of the towpath, and remove the bushes which have here frequently grown to the size of a large cabbage on the inner slope of the banks. The subject is too immaterial to notice further. The towpath was convenient enough

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50th Mile.—The canal forms a water-spread. The embankment is formed of good soil and is in good form. The slope is protected by shingling. At 49 miles 68 chains stands calingulah No. 1. The apron is excellent, and has stood for six years without repair. 49 miles 48 chains, bridge No. 1-A, 2nd class. Approaches completed.

51st to 54th Miles.—The banks are generally in good shape, and appear never to have shown signs of weakness. The soil is of good quality. The cutting of the canal neatly executed.

54th Mile.—The canal forms a waterspread (Puggadial tank); the embankment is generally in good order, but has sunk in the line of a vagoo in the hollow.

55th Mile.—A subway and drainage under-tunnel, 14 feet wide, at Puggadial village. Banks in good repair.

56th and 57th Miles.—The canal spreads; the tank bank is revetted at the lower part and shingled above, the lower at a slope of  $1\frac{1}{2}$  to 1, the upper 2 to 1. The embankment has had water against it to within two feet of full supply level.

58th and 59th Miles.—Canal banks in good order. At 58 miles 4 chains is a calingulah. The shutter and gear of the sluice are badly fitted; the former flimsy. An earthen bank is thrown up in front of them.

60th and 61st Miles.—At 59 miles 13 chains is a third-class bridge. The approaches are completed, but the parapet walls have not been lowered, in accordance with the orders of Government. The canal at the end of this mile forms the Tangadanchia tank. The embankment is of full section and in good order, revetted on the slope. It breached in 1869, under, it was supposed, a full head of water, but has not given way since. About 20 chains from the termination of the spread at the lower side is a calingulah, which forms the only outlet for the surplus water of this tank. The approach is narrowed to the width of the canal. The question of widening or lowering the crest of the calingulah and improving the approaches has to be considered. At the end of sixty-first mile is a culvert and subway eight feet wide.

62nd Mile.—The canal bank in some parts is leaky and the soil indifferent. At 61 miles 70 chains the fourth section ends.

*General Remarks.*—In the fourth section generally there is a considerable improvement in the appearance of the canal embankments, partly owing to the fact that the soil is of better quality; where, however, the canal crosses valleys and depressions, and forms reservoirs, some of them of considerable depth, which is the case occasionally in the section, it is not unlikely that failures will occur. The embankments to these tanks are generally of full dimensions, and they have been kept in good repair; but there is reason to suppose that here, as at other places, they have not been carefully thrown up; they are for the most part of full width at the top, and are formed into a fair path six feet wide. The masonry works are all completed, but the lifting gear of the sluice

enough for Captain Scott to canter upon at every point.

50th to 61st Mile, inclusive.—Captain Scott's remarks upon these miles, being favourable, require no notice from me.

62nd Mile.—The leakiness spoken of is noticeably becoming smaller. The soil is the best in the locality, and was used with the sanction of Government.

*General Remarks.*—Captain Scott's general remarks upon the fourth section are upon the whole very satisfactory. The banks supposed to have not been carefully thrown up were constructed in accordance with the system adopted, and will in due course attain perfect consolidation, being in the meantime maintained to their proper height by the conservancy staff. The lifting gear and shutters are being attended to and maintained from time to time to fit and work satisfactorily. I do not know how a bank carefully thrown up "to full dimensions and kept in good repair" would look different from these. The top of the bank is nowhere lowered to less than 12 ft. 6 in. above the proper bed of canal. It is nowhere 10 feet above the bed.

shutters is sometimes very roughly put together. The shutters themselves, where of wood, are of slight construction, and the same defect in the screws of the calingulah sluice shutters is noticed in this as in the third section. The approaches of all the bridges have been completed, but the parapet wall of the third-class bridge has not been lowered.

The surplus discharge works remain in the same condition as they were in last year, but the chief engineer has taken the precaution in this and in the upper sections of raising or removing all the shutters of the calingulah sluices, and has thrown up earthen banks in front of the vents calculated to breach when the canal water rises above six feet in depth. The banks of the canal are also lowered at intervals to a level of 10 feet above that of the proper bed, with the intention of allowing it to breach at selected places, should an excessive flood occur.

All the irrigation sluices sanctioned for this section have been completed, and most of them are fitted with shutters and lifting gear. In certain cases, however, these are still in the workshop.

Sanction has been obtained for the execution of 63 miles of irrigation channels; of these, 62 miles have been completed, commanding 24,000 acres of irrigable land.

#### 5TH SECTION (61 Miles 70 Chains to 74 Miles 57 Chains).

63rd Mile.—The top of the bank in this mile is often too narrow, rounded and unsuitable for traffic; guttered also on the back slope. At the end of this mile is a 14-foot culvert in good masonry.

64th and 65th Miles.—The banks vary in condition and soil. At many places they are too narrow at the top, but are generally trimmed to a fair slope. In the 65th mile is a 6-foot culvert and an irrigation sluice, of which latter the gear has not been fitted. The Terrogopillay second-class bridge has been completed, with its approaches.

66th Mile.—The Terrogopillay aqueduct is in this mile. The masonry seems to be sound, and there are no cracks or settlement. As there was no water in this part of the canal, it could not be determined whether the work was water-tight or not; but nothing has been done to stop the leaks noticed in the inspection report of the consulting engineer, dated 17th November 1870. The double banks from the village of Terrogopillay to and beyond the aqueduct are in a hollow, formed of very bad treacherous soil, and altogether untrustworthy. The depth of water against them will be considerable, and they appear to be low. There has been a slight slip inwards, near the aqueduct on the upper side. The chief engineer will have the heights ascertained, and raise them where required. Beyond the valley crossed by the aqueduct the embankment is very narrow, and only 4 feet above the water line.

67th Mile.—The embankments are in much the same condition as in the previous mile, but the soil is better. An irrigation sluice of six vents has been built, but the gear is not fitted.

68th and 69th Miles.—The canal is partly in cutting in red gravelly soil, the sides are considerably guttered, the towpath has not been formed, and the banks are in a rough state; bushes

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#### 5TH SECTION.

63rd to 65th Miles.—The tops of these want trimming, which will be done as soon as the bankers are free from irrigating fields. It is a trivial matter, and will not occupy much of their time.

66th Mile.—The double banks referred to are made with the best soil of the locality, as sanctioned by Government. No slips have lately occurred, and the widening of the banks is complete.

67th Mile.—The necessary shutters and gear complete have been fixed and properly furnished in the irrigating sluice.

68th and 69th Miles.—Although a very trifling matter, and scarcely worth referring to, I regret to say that the towpath in this cutting was not completely trimmed when the bankers were taken off

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growing on the inside slope and top, and the summit very narrow and rounded, unfit for traffic.

70th Mile.—For some distance the banks are formed of bad soil, and have cracked considerably; they are overgrown with bushes, and the top is narrow. There is a culvert of three arches of 10 feet span. In this mile there was a gang of coolies making good the earthwork, and a conservancy staff has been engaged on the miles generally.

71st Mile.—The banks have been cleared of bushes, and the towpath has been formed for a small distance. There is an irrigation sluice, of which the gear is not fitted. The bank generally requires forming at the top.

72nd, 73rd, and 74th Miles.—The Pamulpad 2nd class bridge is completed, with its approaches. The banks and towpath are in fair order. Cum-balpallai sluices for surplus water are completed; the masonry is sound, but not of high quality. The shutters and lifting gear are very roughly put together, and the pitch of the screws very small. It would probably take two men three hours to open all the vents, of which there are six.

75th Mile.—A 1st class bridge stands in the heavy cutting in rock in this mile, which takes the canal through the watershed separating the drainage basin of the Kistna river from that of the Pen-nair. The bridge has been completed for some years, and is in good repair. The cutting is completed, and the bed and towpath of the canal are cleared of rocks. The 5th section ends at 74 miles 57 chains.

*General Remarks.*—Throughout a considerable portion of this section of the canal the soil is of good quality, and it is partly in cutting, so that the stability of the banks is beyond suspicion; but they are often overgrown with bushes, occasionally cut and guttered by rain, or cracked by the sun, and for a great part of their length narrow at the top, which is unfit for use as a towpath. At certain places noticed in the mileage observations, and especially near the Terrogopillay aqueduct, the earth of which they are formed is of a very bad kind, and it is doubtful whether they would stand at the latter place under a full supply of water. The masonry works sanctioned are all completed; and, though it cannot be said that the class of work is high, still it appears sound, and there are no signs of failure.

The approaches to the bridges have been made up, and are in good order. The surplus discharge works are in the same condition as in the other sections already noticed, and earthen banks have also been laid in front of the calingulah sluices.

All the masonry works of the irrigation sluices have been completed, but most of them have not been supplied with lifting gear for the shutters.

Government have sanctioned for this section the execution of 26 miles of irrigation channels, of which 23 miles have been completed, commanding 9,000 acres of land.

#### 6TH SECTION (74 Miles 57 Chains to 93 Miles 25 Chains).

75th Mile.—The first lock in the canal stands at the end of this mile. It regulates the level of the water in the upper and lower reaches, the depth in the latter being reduced from 9 to 6 feet. The masonry is of fair quality, but the sills to the

for distribution works. It is, however, not correct to say that it is unfit for traffic, for it is convenient enough for riding and towing.

70th Mile.—The earthwork was made good before the 30th June.

71st Mile.—The irrigating sluice and gear here and elsewhere are completely finished.

72nd, 73rd, and 74th Miles.—The shutters and gear are receiving every attention, and all inconvenience is remedied as discovered. This is the usual and obvious course.

*General Remarks on 5th Section.*—These being favourable where clear and strong, and only unfavourable where doubtful, require no remark from me.

All earthbanks will gutter with rain and crack with the sun, and the banks of this canal will in addition yearly, until a constant supply is provided, be liable to damage and breaches, occasioned by the burrows of animals. The repairs of these are the maintenance.—G. Gordon.

#### 6TH SECTION.

75th Mile.—Gates, sluices, valves, and shutters always, at first, require attention, and can only be gradually brought into close fit and perfect working order. They may all now be said to be complete.

gates are somewhat roughly built. The gates are not very well fitted, and require caulking. The sluices and valves for filling and emptying the lock chamber are in working order; the latter are of wood, revolving pattern. Below the lock the canal is reduced in width from 90 feet to 50 feet at the bed, and a sluice above the lock discharges surplus water coming down the upper reach into the Caulee. There is also a head-sluice for regulating the supply passing down the canal. The shutters of all these are worked by screws with cut thread, giving about 1 inch rise to a revolution, and they are far superior to those in the upper sections, which render the openings and closing of vents a very tedious operation.

76th, 77th, and 78th Miles.—The canal is carried over rocky ground, principally shale, the bed level generally coinciding with that of the ground. The banks are fairly trimmed, but overgrown with bushes for the first two miles. They have generally been formed with a core of rammed earth, supported on either side by shale and soil mixed; and, though reported leaky in some places, they ought to stand the moderate quantity of water which will be required to fill the canal to the proposed depth of 6 feet. Doubtless, however, there will be considerable loss of water from subsoil leakage through fissures in the rock. The tow-path is in fair order, but the earth on it is soft and loose. Two 10-foot culverts, a double culvert with two 10-foot spans, and a 1st class bridge, have been completed. The latter requires re-plastering.

79th and 80th Miles.—The canal is free from bushes, and the banks otherwise in the same state as in the previous three miles. There is a 10-foot culvert in the 80th mile, used also as a sub-way.

81st Mile.—A sluice of three vents stands at the head of the Toorcherla Irrigation Channel, which takes off in this mile. The shutters and lifting gear have not been fitted. The channel is  $5\frac{1}{2}$  miles in length with  $2\frac{1}{2}$  feet fall per mile, and at its head is 24 feet wide at the bottom, with  $3\frac{1}{2}$  feet depth of water at full supply-level. No land has yet been irrigated from it. Lock No. 2, at 80 miles 53 chains, has two 10-foot drops and an over-bridge; it is completed. The masonry appears to be of fair quality; the foundations are on rock, as also the floor of the lock chamber. The valves of the filling sluices are of iron, revolving pattern, and are in good working order. Those of the emptying sluices are also of iron, working vertically on friction rollers, the gear consisting of a double rack and pinion with a counterpoise attached to one rack. This is the pattern adopted for all emptying sluices in the locks below, and as at present fitted it is not without defects. The gear requires re-arrangement, as there are at present no stops to prevent the rack with the counterpoise working through and ungearing itself. The alteration is a trifling one, and will readily be made. It has been noted by the chief engineer. The shutter works in angle iron guides, and is not properly kept in its place. The rollers, therefore, are apt to ride on the top of the flange instead of inside it. Some additional fittings are required, and will, it is understood, be supplied. The method of attaching the guides to the masonry is a weak one. The gates are rather roughly adjusted, and require caulking.

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76th to 78th Mile.—All bushes will, as a matter of course, be removed by the Conservancy Staff at least twice each year, that being specially their work. The bridge mentioned does not need re-plastering, but if so it will be a matter connected with necessary repairs, and not construction. The cutwaters never were plastered, and certainly do not need it.

In these miles (only) Captain Scott, I am glad to find, frees himself from doubts, and seems confident that the banks are not only "fairly trimmed," but of earth properly arranged and rammed. My orders, written and printed, to select and ram the earth for all banks were clear and frequently repeated, and, I venture to hope, have been carried out in other miles besides these. I never ordered the best earth to be put on the slopes, nor on the top above watermark, and these are the places where Captain Scott seems to have generally looked for it.

81st Mile.—The shutters and lifting gear have since been fitted, but are kept open, there being no need for them at present.

At 80 miles 70 chains, Lock No. 2 A., one 10-foot drop. The filling sluices are worked with iron shutters, raised or lowered by rack and pinion without counterpoise. The shutters have rollers, and the arrangement has the defects noticed in regard to the guides of the lock above.

The emptying sluices have shutters and gear of the same pattern as No. 2, and the same remarks apply. The gates are hung, but require caulking. The masonry is of the same class as No. 2. The banks and towpath in this mile are fairly trimmed, but appear to be loose and soft.

82nd Mile.—At 81 miles 28 chains, Lock No. 3, of one 7-foot drop and 12-foot culvert for drainage, used also as subway. The shutters and gear at the emptying and filling sluices are of the same pattern as those at similar parts of Lock No. 2 A., and the same observations are applicable. The masonry is of fair quality. The gates are not caulked, and work rather stiffly; they may require some adjustment. The canal banks beyond the locks are somewhat unfinished, and grass and weeds are growing in the bed.\*

\* We cannot help weeds growing.—  
J. H. L.

83rd Mile.—The canal banks are formed in bad soil, but are of strong section, and trimmed neatly. At 82 miles 14 chains, No. 4 lock, two 10-ft. 10-in. drops and two 12-foot culverts for drainage and 2nd class passage under. The masonry is apparently of fair quality; the pointed sills are superior to those in locks above. The arrangements for working the sluices are the same as in the locks above, and require adjustment as before noted. The lock-gates are hung, and shut with a fair degree of closeness. The foundations and bottom of the lock chamber are on rock.

84th Mile.—The banks of the canal are trimmed, and the towpath formed. At 83 miles 30 chains, a double lock, with two 10-foot drops. The chamber has a concrete floor. The masonry is of fair quality, and the sills well cut. The shutters and lifting gear are the same as above, and require adjustment. The gates require caulking. They appear to be well hung.

85th Mile.—At 84 miles 44 chains, Lock No. 6, with one 13-foot drop. The foundations are on rock, which also forms the floor of the lock chamber. The machinery, &c., for the sluices and the gates is in the same condition as in the last lock. The masonry appears to be sound; the sills are well built, though the stones are rather thin. The gates are well hung, and work easily. Under the lock are three 15-foot culverts for drainage, and a passage of the 2nd class of 12 feet span.

The canal banks are formed of indifferent soil, but are fairly trimmed and of proper section.

86th and 87th Miles.—At 85 miles 34 chains, Lock No. 7, two 9-foot drops. The lock and its arrangements are in the same condition generally as in the previous one. One sill requires dressing, as it is not true. The gates should be caulked.

There is a 2nd class passage of 12-foot span under the lock.

At 86 miles 72 chains is an aqueduct with seven spans of 12 feet completed and in good order. The canal banks are trimmed and the towpath formed, but the soil is very loose.

88th and 89th Miles.—At 87 miles 12 chains is a 2nd class bridge, with two spans of 20 feet and one of 40 feet. The approaches are com-

82nd Mile.—The conservancy work referred to has been attended to.

*General Observations as to Gates.*—The mitre posts of gates should not come together by half an inch when the gates are dry. All gates will have to be similarly adjusted. All gates which fit well dry, swell so when wet as to open a gap *one inch* broad near the point of the sill between the pointing sill and the gate. The little caulking still required is being done by the bankers who watch the locks. These observations apply to all portions of the canal. Stops were fixed sufficient to prevent the counterpoise weights working through if properly hung, and the alteration required is indeed trifling. Additional fittings, so far as I know, are not absolutely required; and there are practical objections to them upon which experience alone can decide. They are being tried, and will be adopted if found convenient.

pleted. At 87 miles 62 chains, a culvert of two 12-foot spans. The canal banks are in tolerably good order, and were thrown up a considerable time ago.

90th Mile.—At 89 miles 37 chains, lock No. 8, with 2-foot drops and 2nd class over-bridge. The masonry has been completed. The gates are hung, and the valves and gear are fixed. The sill of the lower chamber at the tail-end requires a little dressing to fit the gates. The masonry is of rough quality, but appears outwardly sound. The lifting gear is precisely similar to that of the locks above, and requires adjustment and additional fittings of the same kind as noticed already. The canal banks above and below are trimmed to proper section. The approaches of the bridge have been completed. In this mile is a culvert recently built with two vents of 10 feet on inverts.

91st Mile.—At 90 miles 3 chains, No. 9 lock, two 8-foot drops. This work is completed. The upper chamber floor is in an invert, and half the lower floor is of the same construction, the other being on natural rock. The sill at the tail-end of the upper chamber requires dressing. The gates have not yet been caulked; they are hung, and swing easily. The valves and gear are in the same condition as those in the locks above. The canal banks are fairly trimmed, and the soil of average quality. At 90 miles 48 chains, lock No. 9 A., one 8-foot drop and culvert with three spans of 15 feet for drainage and under-passage. The lock sills are tolerably well built. The floor is paved on a bed of kunker. The valves and gear are fitted, but require stops and guides as in other cases. The masonry is completed, the gates hung, but not caulked.

92nd Mile.—At 91 miles 38 chains, lock No. 10, two 10-foot drops. The work is completed, as in the previous case, except that it requires fitting, as noted in others. The chamber is floored on concrete. The banks are trimmed to proper section, but soft, and they have never had any quantity of water against them. There are numerous holes and cracks to be seen.

93rd Mile.—At 92 miles 8 chains, lock No. 11, one 10-foot drop and 2nd class over-bridge. The work generally is in a complete state. The gates are hung, but not caulked. The sills are fairly built. The masonry, of the usual class, roughly built of small stones, but apparently sound. The valves and lifting gear in their places. The approaches of the bridge completed.

Lock No. 12, at 92 miles 30 chains, one 10-ft. 9-in. drop. This work is in the same condition as the last. The lower gates do not appear to close well.

*General Remarks.*—This section contains a number of important works in the shape of locks, of which there are 14, giving a fall collectively of 190 feet 5 inches from the water-shed separating the Kistna and Pennair systems of drainage to the bed of the Caulee River. The details of their construction are the same, and, except in respect to certain trifling alterations or additions noted in the mileage observations, they may be considered complete. The masonry work in the section generally cannot be considered anything but inferior; it is composed of small stones, some of them not exceeding 3 inches in thickness, and the joints within the face of the works are large, nor in the cases where the masons were seen at work did it appear that much attention was paid to bond.

82nd to 93rd Mile.—Captain Scott's observations upon these miles, and his general remarks upon the 6th section, are upon the whole very satisfactory; the trifling additions to and want of adjustment in the lock-gates, gear, &c., have been already remarked upon. I have at the commencement of this paper shown that the testing of a canal to the full depth of water immediately after construction is inconsistent with, and might be destructive of, the economic system adopted with the consent of all parties, but I am persuaded that after the present season a test may safely be adopted. The soil used throughout has, like all the rest, been the best to be had in the locality, and has been used with the full knowledge and approval of successive consulting engineers of Government. All its defects will be overcome by proper and gradual consolidation, and no risk incurred.

Until the locks are filled and tested under a full head of water for some time, it would be difficult to pronounce a decided opinion as to their stability. The gates are roughly made; but no doubt, when caulked and altered, as experience shows to be necessary, they will work satisfactorily.

So far as regards outward appearance, the canal banks are generally in a complete and satisfactory state; they are, as a rule, trimmed to a proper section, and the towpath is found (*sic*) to full width. They have, however, never been tested by the presence of water to any depth approaching that which is to fill the canal, and they appear to be loosely formed, so that it is very doubtful whether they would stand such a trial as they would be subjected to by the sudden filling of the canal.

The masonry work sanctioned for this section, including bridges with their approaches, has been completed. There are no 3rd class bridges, and no calingulahs.

As regards distribution works, 80 $\frac{1}{2}$  miles of irrigation channels and 13 miles of vagoo have been sanctioned, and 27 miles executed, commanding 12,000 acres of land.

About 50 miles of main channel are included in the 80 sanctioned.

7th SECTION (94th Mile to 116th  
Mile 69 Chains).

*Jootoor Anicut and Head-works.*—A small quantity of masonry work still requires to be built to raise the side wall of the regulating lock chamber to full level, and a little cutting to lower the bed of the canal in front of the lock. In other respects the works appear to be completed. The lock chamber is on rock foundation; the masonry is of the same character generally as in the works on the section already inspected; the lock-sills are, however, of better construction, formed of thicker stones. The gates are caulked and hung, and fit fairly. The gear for the shutters of the under and head-slucies has been fitted, and is ready for use. It does not appear, however, to work easily, and the raising and lowering of the shutters will be rather a tedious process. The shutters do not fit closely to the masonry at the head of the vents, being kept out by the iron guide, which has not been countersunk into the masonry. Some wooden fittings will be added to close the aperture. A training wall to direct the river into the canal-head and scour the silt from the front of the lock and head-slucie has been completed. The whole of the masonry appears to be in good repair, and free from cracks and signs of unequal settlement.

94th Mile.—At 93 miles 70 chains is a second class bridge of the usual pattern. The approaches have been completed; the canal is in cutting; and the slopes and tow-path are in fair order.

95th, 96th, and 97th miles.—At 95 miles 0 chains is an inlet on the upper side, with its crest about 5 feet above the country. A considerable quantity of land will be flooded by the standing water. At 95 miles 17 chains is a 2nd class bridge; at 96 miles 75 chains is an irrigation sluice of five vents, calculated to deliver 10,000 cubic yards per hour. The banks and tow-path are neatly trimmed.

98th and 99th Miles.—At 97 miles 4 chains, culvert No. 5; and 97 miles 26 chains, calingulah

7th SECTION.

*Jootoor Anicut.*—The whole of the masonry was finished before the 30th June. The cause why the gear did not work well on Captain Scott's inspection was merely the absence of a proper key. There is no difficulty now in working the gear. The shutters were closely fitted before the 30th June.

94th to 97th Mile, inclusive.—Captain Scott's remarks being satisfactory, except the observation that a considerable quantity of land would be flooded by the standing water, I need make no remark beyond the statement that all the works were constructed in accordance with approved plans.

98th to 104th Mile.—I agree with Captain Scott, that the piers of calingulah No. 6 are unnecessarily

No. 6, with a sluice of five vents fitted with English-made gear. The piers of this calingulah are unnecessarily thick, and contract the waterway. The banks beyond have been cut down to 8 feet above bed-level for a length of 350 feet, as a precautionary measure. At 97 miles 53 chains, 2nd class bridge 7 A; the approaches are completed; the masonry is roughly built. At 98 miles 19 chains, an irrigation sluice, and at 98 miles 65 chains, a syphon culvert of 8-feet span have been built. The banks and slopes are in good condition, and the tow-path has been made up.

100th and 101st Miles.—At 99 miles 26 chains, calingulah No. 9, with sluice of five vents fitted with lifting gear as at No. 6; the masonry is rough. At 99 miles 79 chains, an irrigation sluice; at 100 miles 25 chains, a 2nd class bridge completed with approaches; at 100 miles 52 chains, a culvert of two spans; at 101 miles 3 chains, an irrigation sluice completed. The canal banks and tow-path are in good order.

102nd and 103rd Miles.—At 101 miles 13 chains, culvert No. 10 A., two 5-feet vents; masonry inferior. The lower bank of the canal in the 102nd mile has recently been raised; the earth is loosely laid on, not rammed or watered. At 101 miles 51 chains is a syphon culvert of one 5-feet vent; the outlet requires to be cleared, and the ground sloped up from the sill, which is below the bed of the vagoo. At 101 miles 71 chains, Byup Coodoor, 3rd class bridge. The parapet walls are being completed. The roadway is 24 feet above the bed of the canal; the approaches are at an incline of one in six, and almost impracticable for loaded bandies. The width of the roadway is 6 feet. Carts lightly loaded can be drawn over by hand with great exertion, but the passage with bullocks is dangerous.

The banks of the canal are generally in a neat state, and the tow-path formed, but soft.

104th to 109th Miles (both inclusive).—At 103 miles 29 chains, culvert with six 5-feet openings. The outlet requires opening out, as noted in a previous case. 104 miles 15 chains, a 2nd class bridge completed with approaches. At 105 miles 4 chains, a culvert of four 5-feet openings; the outlet too much confined. 106 miles 49 chains, an aqueduct, five spans of 8 feet; the masonry of this work is inferior quality. 106 miles 58 chains, 2nd class bridge, No. 19 A., completed; masonry very rough. 106 miles 72 chains, Nundial aqueduct, 22 vents of 10 feet span; this work was very leaky, and has recently been repaired; the masonry is of the same character as in other works noticed in the section. At 107 miles 79 chains is a culvert, with three vents of 5-feet span. At 108 miles 9 chains, an irrigation sluice of nine vents. At 108 miles 69 chains, a culvert of four 5-feet vents; and at 109 miles 9 chains, a 1st class bridge at Ayaloor with approaches. All these have been completed. When additions of masonry have been recently made, or when building is going on as at Byup Coodoor, the work last built is somewhat inferior to that of an earlier date, and more hastily put together.

110th and 111th Miles.—At 110 miles 13 chains, a culvert with one 8-feet vent; at 110 miles 19 chains, an irrigation sluice; and at 110 miles 22 chains, a 2nd class bridge with approaches; all completed. The banks and tow-path have been trimmed neatly to a proper section. The canal is generally in cutting.

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unnecessarily thick, and contract the waterway. When the plans, as prepared by the divisional engineer, were submitted to the Madras Government, I pointed out the thickness, and stated that it was my intention to reduce it during construction. It seemed to me to be a draughtsman's error hardly worth mentioning, except to say that it would not be carried into the building. The Government, however, in their Order 1103, of 26th April 1870, positively ordered that the error should be adhered to; and, on my remonstrating, the consulting engineer replied that, as Government had expressly ordered it, he saw no reason to refer to them again.

It is satisfactory that, although Captain Scott says with reference to the second class bridge that the masonry is roughly built, it cannot possibly be said to be rougher than the old work in Hindry Aqueduct, approved as sample work; and it has been approved by the consulting engineer as being in accordance with the plans and estimates.

The question regarding bridges has been for a long time under the careful consideration of Government, and all have been constructed according to their wishes, and the plans approved by them. The completion of the parapet of the bridge at Byapgoodoor was deferred till the last moment, in hopes of some decision from Government being received before it was built; it is a foot thick, and was seen by Captain Scott before the coping was put on. Although it is a very trifling matter, I think that the outlet of the syphon culvert, at 10 miles 51 chains, does not require clearing. This culvert drains perhaps 10 acres. Its chief use is to carry a small irrigating stream from the old village tank above, and the villagers treat the outlet as they like, so as to raise the water to the level they need above the surface. Any silt deposited in culverts 15 and 17 in the 104th and 105th miles, is and must be periodically removed.

110th to 116th Mile, inclusive.—The report is favourable regarding these miles, and requires no reply.

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112th and 113th Miles.—At 111 miles 39 chains, a culvert with four vents of 8 feet; at 111 miles 44 chains, an irrigation sluice; at 111 miles 61 chains, a 2nd class bridge, with approaches; all completed. The banks and tow-path are in good form.

114th, 115th, and 116th Miles.—At 113 miles 40 chains, a culvert of two vents of 10 feet. The outlet requires clearing, as the sill is below the level of the bed of the vagoo. 113 miles 56 chains, Deepagoontla, 1st class bridge; completed. The upper portion of the masonry is more roughly built than the lower. The banks of the canal are neatly sloped, and appear to be of full thickness, but the inner slope has bushes growing on it which should be rooted up.

*General Remarks.*—There is little to note in this section. The masonry works, with the exception of those at Jootoor, are comparatively few and unimportant, and the canal is generally more or less in cutting. The character of the masonry is the same as in the sections above. All the works sanctioned may be considered completed. The earthwork, to outward appearance, is generally in good condition; the banks are neatly trimmed, of full section, and the tow-path formed; and, if the water is admitted with due caution, it is probable that there will be no failure. The approaches of the bridges have been made up, and the parapet walls of the third class bridge lowered. There is only one lock in the section, which is built in connection with the head works at Jootoor, and it will be fully completed by the 30th June.

The surplus discharge works have not been improved, but remain exactly in the same condition as before the floods of August 1870. The irrigation sluices are in all respects completed, and in readiness to deliver water when required. The cutting of the channel leading from the sluices has, in many cases, been suspended, in accordance with the wishes of Government, until a demand has been made by the villages for water.

In this section, 29 miles of channel have been sanctioned for execution; four miles have been cut, commanding 1,800 acres of land.

8th SECTION (116 Miles 69 Chains to 143 Miles 25 Chains).

116th Mile (continued).—At 116 miles 69 chains, a 2nd class bridge completed.

118th and 119th Miles.—At 117 miles 49 chains, a surplus calingulah with sluices for discharging surplus into the Koondaur river, a calingulah and inlet for passing irrigation supply round the lock, lock No. 1, with one 10-foot drop. All these works have been completed. The masonry is rubble coursed, some stones not exceeding three inches in thickness. The lock sills are fairly executed; the gates are hung and work easily. They are well made, much superior to those in the locks above. The valves and gear are in their places, their construction being uniform with that in locks already inspected. The racks carrying the balance weights require re-adjustment, as they reach the stop before the valve is fully open. Other fittings are required to prevent the valves, when being lowered, from swinging off the guide and riding on the flange. The lower gates do not close sufficiently, and require alteration. The canal banks are fairly trimmed and in good condition.

*General Remarks on 7th Section.*—I cannot add anything to improve Captain Scott's general remarks upon this section; they show the works to be completed and in good condition.

8th SECTION.

116th to 120th Mile, inclusive.—The few and trifling matters referred to by Captain Scott as requiring attention, have been attended to; his other remarks are favourable.

120th Mile.—At 119 miles 22 chains, lock No. 2, one 10-foot drop, and 2nd class over-bridge, completed. Calingulah and inlet. The masonry is the same as at No. 1, and the racks and valves require re-arrangement also. The gates are hung and work fairly. At 119 miles 72 chains, lock No. 3 of one 10-foot drop, also calingulah and inlet irrigation sluice of three vents, all completed. The masonry as above. The gates do not fit well, and the valves and gear require alteration as noted before. The canal banks are of good section, trimmed, and the tow-path formed.

121st and 122nd Miles.—The inside slope of the banks requires clearing of bushes. The canal bed is for a few yards too high and is being lowered. The banks are in good order.

123rd Mile.—At 122 miles 7 chains, lock No. 4, of one 10-foot drop. Calingulah and inlet, and 2nd class over-bridge, all completed. The remarks on lock No. 3 are applicable to this work. The canal banks are of good section and trimmed. At 123 miles 5 chains, lock No. 5, one drop of 11½ feet; calingulah and inlet completed. Gates hung and valves and gear in their places. The upper gates work very stiffly. The remarks as to the masonry and gear of the locks above are also applicable here.

124th and 125th Miles.—At 124 miles 4 chains, lock No. 6, of one 10-foot drop, with calingulah and inlet as before, and irrigation sluice on the right bank all completed. The gates are hung. Valves and gear require alterations as at lock No. 1. The canal banks require making. In some places coolies are at work.

At 124 miles 70 chains, lock No. 7, with one 10-foot drop; calingulah, inlet, 2nd class over-bridge, and irrigation sluice, all completed. The gates fit fairly. Valves and gear in the same condition as before noted.

126th Mile.—At 125 miles 67 chains, lock No. 8, with one 10-foot drop. Calingulah, inlet, irrigation sluice, completed. Gates hung, and valves and gear in their places. Re-adjustment required as at the other locks. The canal banks appear to be sound and of full section.

127th Mile.—At 127 miles 11 chains, lock No. 9, with one drop of 11 feet, 2nd class over-bridge, calingulah, and inlet, all completed. The gates work stiffly. The valves and gear require re-arrangement. The canal banks and tow-path are in good order.

129th, 130th, and 131st Miles.—At 128 miles 35 chains, lock No. 10, with one 10-foot drop, and two irrigation sluices, completed. The gates work easily. In other respects this work is in the same condition as No. 9 lock.

At 130 miles 50 chains, lock No. 10A, with one 8-foot drop and 2nd class over-bridge. The works and approaches are completed and the gates hung. The valves and gear require re-adjustment and some fittings, as noted at the other locks.

132nd and 133rd Miles.—At 131 miles 64 chains, is an irrigation sluice with shutters complete, and at 131 miles 29 chains a culvert. The canals continue in good condition.

134th, 135th, and 136th Miles.—At 133 miles chains, lock No. 11, with one 12½ feet drop and 2nd class over-bridge; all masonry completed. The lifting gear of the shutters has been finally fitted. The foundation is on rock.

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131st and 132nd Miles.—The banks and bed were finished before the 30th June.

133rd to 135th Mile.—The banks were completely trimmed and the coolies removed before the end of June.

126th to 133rd Mile.—The remarks on these miles are favourable and show completion. The stiffness in working the gates, due to the swelling of the heel-posts by the water, has been corrected. The keys of the anchor straps are designed with a power of double adjustment, so as to admit of correction with the utmost ease and expedition.

134th to 144th Mile.—All the banks and slopes have been trimmed. The previous observations regarding shutters and gear apply here also. The rough bank below lock 12 should hardly be called canal bank. It is spoil.

I 3

The inner slope of the canal bank for some small distance has not been trimmed,\* but for the greater portion of this mileage the earthwork is in good order.

At 135 miles 47 chains is a 2nd class bridge, with approaches completed. The masonry is of better quality than usual.

137th and 138th Miles.—At 137 miles 1 chain is a 2nd class bridge, with approaches, completed.

At 137 miles 69 chains, lock No. 12, with one 13-foot drop. The gates are well made and fit fairly. The masonry is of better quality than has yet been observed in the locks. The lifting gear for the valves is in place, but not perfectly fitted. The canal banks immediately below the lock are in somewhat rough condition, but throughout the greater part of this distance they have been neatly trimmed. The canal is generally more or less in cutting, and they are of strong section.

139th and 140th Miles.—At 138 miles 49 chains, lock No. 13, with one 12½-foot drop. Foundations on rock, the masonry is equal in quality to that in No. 12. There is one over-bridge with approaches, and an irrigation sluice also connected with an inlet below the lock; all the masonry and earthwork is completed, and the gates are hung, but the lifting gear requires to be properly fitted. The canal banks are in good order.

141st and 142nd Miles.—At 141 miles 70 chains, lock No. 14, with one 12½-foot drop. The masonry is rough and not so good as in the two immediately above. There is an over-bridge of the 2nd class with approaches. The lifting gear to the sluice valves has not been permanently fitted. In other respects these works are completed. The canal bank and towpath are in good order, but loose and without grass.

143rd and 144th Miles.—At 143 miles 53 chains, lock No. 15, with a drop of 12½-feet. This work is completed, and the valves and gear are in their places. The gates are hung. The canal banks are neatly trimmed, and the towpath formed.

*General Remarks.*—There are 16 locks on this part of the canal, giving collectively a fall of 173 ft. 6 in. to the bed of the Koondaur river. The masonry of all is completed, and appears sound, though not of a high class. The gates have all been hung and are in working order, but it is, of course, not improbable that some slight defects will show themselves when water is let in. The valves and lifting gear of all the sluices are in their places, but it cannot be said that they are in proper adjustment, and some additional fittings are required to prevent the former from swaying off the bed of the guides. It should be remarked that the masonry in the 12th, 13th, and 15th locks is superior to that in other works in the section, all of which are completed.

The canal banks are throughout, or with very trifling exceptions, in excellent order; they have been neatly trimmed and the towpath formed and rammed. They present a very neat appearance, but unfortunately they are but little consolidated, and they must settle very considerably before they can be considered safe. The approaches of

*General Remarks on Section 8.*—These are very satisfactory, and show good completion.

\* I do not know whether spoil is referred to or true bank, and I forget whether this was trimmed by the 20th Jun I suppose it was, but, as I said, I did not think want of trimming worth notice in detail. The banks are as good as the worst places as the Great Indian Peninsula Railway banks, but of course ought to be, and are as a rule, kept better than railway banks.—J. H. L.

all the bridges are finished. Except at the head of the section, there are no calingulahs for the discharge of surplus water. The canal is in a succession of still water reaches, that is to say, the bed has no fall between the locks. Water required for irrigation, which it is proposed to supply to a limited extent, is passed round each lock by means of a small calingulah above and an inlet below, connected by a channel.

Sanction has been obtained for the excavation of 64 miles of irrigation channel, of which 23 miles are nearly completed, commanding 10,200 acres of land.

9th SECTION (143 Miles 25 Chains to 178 Miles 40 Chains).

144th Mile (continued).—At 143 miles 77 chains is a culvert, No. 2, of three 5-foot openings. The banks are neatly shaped, but soft.

145th Mile.—At 144 miles 63 chains, 2nd class bridge and approaches completed in fair masonry.

146th Mile.—At 145 miles 52 chains, culvert No. 4; at 145 miles 62 chains, lock No. 16, anicut across the Koondaur river, head sluice, under sluices, and supply branch of canal, constituting Rajoly head works.

The anicut is now perfectly sound, but the action of the river has been to tear up the rocky bed immediately below it, heaping up the fragments some 20 feet lower down. At present the result is the formation of a water cushion below the anicut crest, and it is possible that this will prevent the dislodgment of the rock from being carried so far as to endanger the foundations of the work which are exposed. On the other hand, repairs may become necessary. The only work remaining to be done is the raising of the masonry of the under sluices 18 inches, and this will be completed in a few days. The lock is in readiness for use. The canal at the sluice is in cutting in very bad soil, and it has been necessary torevet the slopes with rough stone for a distance of three-quarters of a mile.

147th and 148th Miles.—Near the head works the drainage water is led into the canal by means of small inlets. The earthwork and tow-path are in a rough state.

At 147 miles 35 chains is a culvert of two spans of 12 feet. At 147 miles 70 chains, Velala, 2nd class bridge, with approaches completed. The outer slope of the canal cutting is fairly trimmed; but the tow-path is not formed, and the soil is so bad that in rainy weather it would be almost impossible to make way. Above the bridge, the lower bank of the canal has been cut down to a level of 2 feet above water, to breach in case of flood.

149th Mile.—Canal partly in cutting; banks rough on the top, but fairly trimmed on the inside. At 148 miles 32 chains is a culvert.

150th, 151st, 152nd Miles.—The soil of which the canal banks are composed is of the worst possible kind, and they are not consolidated. At 151 miles 64 chains the Vaikalair aqueduct carries the canal across the river of that name. This work appears to be in good order, but the banks near it are dangerous; they are said to have breached last year. As they have had water

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9th SECTION.

146th Mile.—The under sluices of the Rajoly anicut are complete. No danger nor need of repair has occurred to the anicut from the breaking up of rock. The foundation is on the most solid beds. I make this remark merely to satisfy as to the future. Captain Scott's report shows that the work has been finished, and is in good working condition.

147th and 148th Miles.—The earthwork and tow-path have been under the bankers' hands since Captain Scott's inspection.

149th to 150th Mile.—The only remark required from me is that the soil used was the best in its locality (it was so used with the approval of Government), and will consolidate with time permanently. The embankments, however, are so small, that a breach would be but a slight expense.

against them, probably they have improved. They are fairly trimmed.

153rd, 154th, 155th, and 156th Miles.—The following masonry works are noticed. At 153 miles 1 chain a 1st class bridge on the Cuddapah road with approaches completed. The masonry of the usual kind. At 153 miles 26 chains an aqueduct, with five spans of 8 feet, in good order. At 153 miles 22 chains a culvert with two 5-foot vents. At 155 miles 30 chains a 2nd class bridge and irrigation sluice. At 155 miles 77 chains there is a small culvert passing the water of an irrigation channel under the canal. The masonry is very leaky. At 156 miles 6 chains a culvert of three vents of 12-foot span. All these works are completed. The banks of the canal are in far better condition in this part of the section than near the head works. The soil is gravelly, or mixed with kunkur, and the earthwork is neatly trimmed.

Because the soil is better.—G.G.

157th, 158th, and 159th Miles.—At 156 miles 77 chains an irrigation sluice, the shutter not fitted. At 156 miles 78 chains a culvert. At 157 miles 26 chains an irrigation sluice. At 157 miles 40 chains a 2nd class bridge. At 158 miles 8 chains a culvert. The banks are neatly trimmed and sloped; the canal is mostly in cutting.

160th Mile.—At 160 miles 21 chains an irrigation culvert. At 160 miles 26 chains Dhoor aqueduct, with two 20-foot span, one used as a subway. The masonry appears sound, though roughly put together. The banks on either side are formed of bad soil, and they are not consolidated. They would hardly stand against a full head of water.

160th Mile.—When (after Captain Scott's inspection) I saw the Dhoor aqueduct, water had been flowing over it for some weeks, and the banks were remarkably tight, owing to the improvements made last year.

161st and 162nd Miles.—The canal is mostly in cutting, and the banks are fairly trimmed. At 161 miles 40 chains there is a 1st class bridge, with approaches completed.

163rd to 167th Miles (inclusive).—The banks and side cuttings of the canal are neatly sloped, and present a good appearance; but the soil is of bad quality generally. In the 167th mile they were breached for two years successively, and the earthwork has been puddled and strengthened at the weak point. The following completed masonry works were noticed. At 162 miles 17 chains Dhoor irrigation sluice. At 162 miles 27 chains a culvert of one 12-foot span used as an under passage. At 162 miles 30 chains a calingulah and scouring sluice with two vents. At 163 miles 12 chains an irrigation sluice of two vents. At 165 miles 25 chains Beempad irrigation sluice. 165 miles 40 chains a culvert and subway of three spans of 12 feet. In the roadway there was more than a foot of water. At 166 miles 32 chains a culvert of four vents, each 9-foot span.

168th Mile.—The canal was breached last year by the Chintagoonta tank surplus water. The channel has now been diverted by a cut to the Bainapilly aqueduct. At 167 miles 16 chains is an irrigation sluice, with shutters and gear completed.

169th to 171st Miles (inclusive).—The canal is generally more or less in cutting in fair soil. At the beginning of the 171st mile the banks are narrow at the top and too much rounded, otherwise they are in neat condition. Masonry works, as enumerated below, have been finished. At 168 miles 48 chains Bainapilly aqueduct, with eight openings of 15 feet. At 169 miles 23 chains Pee-

chapaud tank supply channel, culvert two vents of 9 feet. At 169 miles 55 chains Peechapaud aqueduct, with seven spans of 15 feet. The wing walls are said to be somewhat leaky. At 169 miles 65 chains a calingūlah 160 feet in length. All the masonry is sound, though roughly built.

172nd Mile.—At 171 miles 30 chains Yaitoor irrigation sluice of 10 vents is incomplete; the lifting-gear stands have not all been built in. There is about three days' work to do. Also Maidkoor irrigation sluice, at 171 miles 41 chains, requires an addition of about  $1\frac{1}{2}$  feet of masonry at the top; a couple of days' work would complete it. At 171 miles 60 chains stands the 1st lock in the section. There is one drop of  $8\frac{1}{2}$  feet. The masonry is completed, the gates are hung, and the valves and gear of the sluices are in their places; but it is evident that the latter especially have been hastily put together, and they are by no means fully adjusted. The vents will be fitted with guiding stones or blocks to force the valves when they are about to close into their proper places, and prevent them from swaying on to the projecting flange of the iron groove in which the rollers should work. In fact, the same arrangements should be made as have been proposed for the works in the upper sections, and the racks with balance weights require arrangement. The gates are well made, and appear to fit fairly. The masonry is rough, but there are no settlements or cracks to be seen; the mortar, however, appears to have been a good deal washed out of the joints, so much so that in some places repointing is required; this would lead to the inference that the lime used was not very good. The banks of the canal are in good order.

173rd and 174th Miles.—At 172 miles 15 chains lock No. 2 with one  $8\frac{1}{2}$  feet drop. The racks belonging to the lifting gear of the emptying sluice valves have not yet been fitted. In other respects the condition of this work is generally the same as that of No. 1 lock. At 172 miles 61 chains lock No. 3 with one 10 feet drop. The upper gate on the east side will have to be re-hung and the anchor refixed. When swung, the masonry holding the anchor was torn away from its bed. The condition of the work is the same as No. 1 lock. The gates work very stiffly. The canal banks and towpath are in proper order. At 173 miles 32 chains is a culvert with two spans of five feet.

175th Mile.—At 174 miles 3 chains lock No. 4, one 12 feet drop. The masonry is completed, and is of better quality than that at Nos. 1, 2, and 3. The gates are hung, but the upper pair do not fit properly, and, though the valves are placed in the guides, the gear for lifting them has not all been fixed. At 174 miles 75 chains lock No. 5 of one 10 feet drop. Masonry as at No. 4. The upper gates do not close well, and the gear for the valves requires adjustment. The banks and towpath are properly formed.

176th to 178th Miles.—At 175 miles 26 chains culvert with one 6 feet vent. At 176 miles 70 chains lock No. 6, one 10 feet drop. Masonry completed. The gates have been hung and work fairly. The valves are placed, but the lifting gear requires some more fitting. There is one over-bridge of the 2nd class with approaches completed.

178th Mile.—At 177 miles 34 chains, lock No. 7, one  $8\frac{1}{2}$  feet drop, masonry completed and  
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161st to 178th Mile.—I need not notice the remarks as to these miles, because they report  
K satisfactory

appears sound. The gates are hung, but neither pair close properly. The lifting gear to the lower valves has not yet been fixed, but it is on the ground. The canal banks have been sloped and trimmed to a proper section.

*General Remarks.*—In the first mile below the Rajoly head works the earthwork is hardly in as finished a state as it might be; but throughout the remainder of the section the embankments are in fair form and of full dimensions, the canal bed is clear and the slopes neatly trimmed. The soil is, however, in many parts of exceedingly bad quality, and not at all consolidated, and the banks will settle very considerably when water is admitted against them. There are not a

There are a few places where a sudden filling would be dangerous. — G. G.

few places where it seems almost certain that breaches would be made, if a full supply were allowed to flow in. Great caution and watchfulness will be needed in working the irrigation supply in this section, until all settlement has ceased. The top of the bank is only 3 feet above full water. All the masonry work has been completed, except in some trifling instances, involving a few days' labour. The lock gates have been hung, and the sluice valves are in their places, but it cannot be said that all work in connexion with these appurtenances is finished; on the contrary, there is hardly a single lock at which there is not something more to do in adjusting lifting gear, valves, or gates, and in some cases the gear has not been put up; certainly the work to be done is, in each particular case, trifling in extent, but in the aggregate it amounts to something not inconsiderable. The bridge approaches have all been made up. In this, as in all the other sections, there has been no attempt to enlarge or improve the surplus discharge works. All the irrigation sluices in the canal banks have been built, and the fittings still required for some of these may easily be supplied in a few days.

None is needed in this section.— G. G.

As regards the irrigation channels, Government have sanctioned projects involving the cutting of 37 miles 60 chains of primary channel, of which 14 miles 60 chains have been completed, commanding 8,600 acres.

#### 10TH SECTION (179th to 189th Miles).

179th and 180th Miles.—At 178 miles 52 chains lock No. 8, one 10 feet drop, and 2nd class over-bridge. The masonry all completed, and the gates hung, but the lifting gear is not fitted. The canal banks are very neatly trimmed, but they are soft. The high flood bank to the Pennair river commences at the lock on the west side of the canal.

182nd Mile.—At 181 miles 10 chains stands the Pennair tail lock, giving access to the river above the anicut. The masonry of this work has been completed, except that part which is required to bed the wooden frames carrying the stands of the lifting gear. The gates are hung and fit fairly. The valves are placed, but the lifting gear is not fixed, and, in fact, some of it only arrived from Madras on the day on which the inspection was made. The quality of the masonry is good. The flood bank connecting the lock with the anicut wing-wall is completed, and in good order. The whole of the anicut with the under-sluices is in a complete state and good repair, and the quality of the work is very good. The head-sluices are also completed in every respect, and so is the head lock, with the single exception of

satisfactory completion, the stiffness in working the gear, shutters, &c., being matters to be remedied by the Conservancy Staff.

*General Remarks on 9th Section.*—Owing to the late arrival of parts of the machinery made in Madras to replace breakages or as extras, some of the lifting racks in the 9th Section were not in place and complete by the end of June. They were all delivered about that date, and required only bolting on. No drainage water flows in this canal, except a very small quantity in the first two miles—and for this the surplus discharge works are already more than sufficient.

#### 10TH SECTION.

179th to 180th Mile.—All the trifling requirements of Captain Scott have been supplied, and as his remarks are favourable (except as to the question of consolidation, which I have dealt with at the commencement of this paper), I need not further refer to them.

some fittings required for the lifting gear of the upper-sluice valves.\* There are no flood banks below the anicut, but they would seem to be necessary, for the afflux caused by the anicut would probably not equal 18 inches in a high flood, and the water below would only be lower by that quantity, which would leave the flood level considerably above the top of the existing canal bank on the east side.

182nd and 183rd Miles.—The canal is in cutting. The slopes are neatly cut. The water throughout the canal from the head-sluice on the Pennair to the Cuddapah terminus was on the average 1 ft. 6 in. deep.

184th Mile.—The banks are trimmed, and appear to be of proper dimensions, but they breached in two successive years with a small head of water. They have been puddled at the places in question. At 183 miles 51 chains is an aqueduct, with seven spans of 30 feet, crossing the Punkal wunkah. The work is completed, and there appeared to be no leakage worthy of notice.

185th Mile.—The small quantity of water now in the canal has had a considerable effect in the banks. In many places they are undercut by the wash, and they will require to be revetted.

186th Mile.—At 185 miles 48 chains a culvert, with one 10 feet vent, and at 185 miles 55 chains a second, with two 10 feet vents. At 186 miles 30 chains a 2nd class bridge and approaches, and an irrigation sluice. All these are completed.

187th Mile.—At 186 miles 69 chains an aqueduct of four spans of 10 feet; the masonry is of average quality. The face walls leak, but not to any serious extent. At the junction of the wing-wall with the earthwork, the earth has been cut away by the scour, and it is being revetted to prevent a breach.

188th and 189th Miles.—The canal banks are cut by the water. They would hardly stand the wash caused by boats without considerable injury and frequent repairs. At 188 miles 8 chains, one 10 feet culvert and irrigation sluice (Mundla Pilly), completed. Also tail sluice, with three vents of 4 feet square. The gear for the shutters is not yet fixed.

*General Remarks.*—The earthwork in the last section of the canal is very much in the same condition as in the portions above. The banks have been neatly trimmed, and they appear to be of proper height and section, but there is little appearance of consolidation, and it seems very unlikely that they would throughout stand against a full head of water. There is very little appearance of grass which would protect the slopes, and those inside the canal are altogether too steep to be permanently maintained without revetment of some kind. They seem to yield at once to the lap of the water and fall in. All the masonry works will be completed by the end of the present month, as the quantity remaining to be done is very trifling. The lock-gates are hung and work tolerably well, and the valves of the sluices are placed, but there is still some gear to be fitted. All the bridge approaches are made up. There are no surplus discharge works, properly so called, in the section. The irrigation sluices are all completed and fitted with shutters.

Nine miles 57 chains of irrigation channel have been sanctioned for execution, and seven miles 70 chains have been completed, commanding 3,788 acres.

Fort St. George,  
6 July 1871.

A. de C. Scott, Captain, R.E.,  
Under Secretary to Government,  
Public Works Department.

\*The anicut will not raise the level of the flood water below it, so that no flood banks are required for the protection of the land between the canal and the river, while the spoil bank sufficiently protects the canal itself from the river floods.—G. Gordon.



26. I have now reviewed Captain Scott's mileage and general remarks, and I must express my gratification at the result of his inspection. The Main Canal is 190 miles in length, and these contain works of some importance in an engineering view; but so satisfactorily and completely have they been constructed (according to the system adopted), that, setting aside conjectures which I have not discussed, since they are irrelevant to the question, no defect worth consideration was discovered, after a careful inspection by an officer specially appointed for that purpose (those noticed being such insignificant matters, as stiffness and want of adjustment in the working of lifting gear, shutters, and lock-gates, with slight irregularities in the tow-path, and the like), whilst all the additions stated to be necessary or advisable were so inconsiderable, that they have been since supplied, or are being so, and the entire cost will not exceed, as I believe, 1,500*l.* Every requisition made by the Government of Madras before the 30th June was complied with; those mentioned in Captain Scott's Report were not, as the date of the Order of Government (27th July 1871) will show, made known until one month afterwards.

27. The two questions as to consolidation and the construction of additional calingulah accommodation, do not affect the question of completion under the terms of the supplementary contract, and are in the hands of the Board, who will, I doubt not, issue all necessary instructions regarding them.

Little Eaton, Derby.

*J. H. Latham*, Chief Engineer.

MEMORANDUM.

CAPTAIN SCOTT'S Report is, I think, on the whole, favourable, for he states generally that the works are finished according to the sanctioned plans, and in a state to deal with the water when it is admitted.

Although the constantly recurring remarks as to the "inferior" quality of the masonry, and that the banks are not consolidated (he should have said not *yet* consolidated), give an unfavourable complexion to the Report, Mr. Latham's reply shows that they do not imply non-completion. A very high class of masonry would have been unsuitable and extravagant. The banks will consolidate and they have *not*, as far as my observation in the last two years I was on the works enables me to report, been thrown up at random. A gang of men was always employed ramming the earth; employed by the company, and not by the contractors.

Other unfavourable remarks of Captain Scott's, which I have marked P, are less criticisms of the work than strictures on the opinions of the various consulting engineers of Government, as expressed in their approval and sanction from time to time. No amount of finish could have insured the canal being completed "to the satisfaction of Government," to which expression no limit is fixed. If, as in the matter of the calingulahs, a work is not allowed to be complete until every possible improvement has been made, it would *never* be finished.

The Government Order seems to me to go beyond Captain Scott's Report. The canal is in working order if it can supply the water required.

London, 8 November 1871.

*G. Gordon.*

— No. 24. —

The Assistant Under Secretary of State for India to the Secretary of the Madras Irrigation Company.

Sir,

India Office, 7th November 1871.

See No. 16.

I AM directed by the Secretary of State for India in Council to draw your attention to Mr. Melvill's letter of the 13th of July last, and to request that he may be favoured with an early reply to the inquiry therein contained, as to the pecuniary resources of the Madras Irrigation and Canal Company.

I am, &c.

*James C. Melvill.*

— No. 25. —

The Secretary of the Madras Irrigation and Canal Company to the Under Secretary of State for India.

8 and 9, Queen-street-place, London.

21 November 1871 (No. 7).

Sir,

By the desire of the directors of this company, I have the honour to acknowledge the receipt of your letters of the 7th instant, and the 13th of July last, and, in reply to the former, to state, for the information of his Grace the Secretary

See Nos. 24 and 26.

tary of State for India, that the fund remaining in the hands of the company on the 1st of July last, when the works which form the subject of the supplementary contract were completed in accordance with the terms of that deed, consisted of a small balance of capital augmented by receipts from other sources.

Portions of this fund have since been, and are now being applied to the construction of irrigation channels, postponed at the instance and with the approval of the Government of Madras; in the construction of additional bridges and other buildings not included in the original contract, directed subsequently to the 1st July by the same Government to be executed by the company under the terms of that contract;—also, in carrying out, in addition to the original design, certain additions and improvements lately suggested by the acting consulting engineer; and in the preparation of plans and estimates required by Government for enlarged calingulah accommodation, recommended as expedient from the experience of past seasons, which works will likewise have to be constructed under the provisions of the original contract.

In addition to providing for the foregoing works, the fund referred to will be sufficient to provide for any temporary deficiency in the revenue from the works, to meet the charges of conservancy staff for keeping the section between Soonkasala and Cuddapah in working order, as approved by the Madras Government.

The directors have requested me to add, for the information of his Grace the Secretary of State, what they are assured he will be most gratified to learn, that the ryots have shown, during the past season, a cheerful readiness to avail themselves of irrigation from the company's works, which has been supplied to them without difficulty or obstruction of any kind to the fullest extent required, and that there is every reason to anticipate a very general application for water next year, to an extent more than sufficient to cover all charges of maintenance.

It is, however, right that I should add that, besides the fund referred to, there will be available for the same purposes, if necessary, the amount expended by the company under the circumstances explained in my letter to you of the 23rd of January last. See No. 1.

I have, &c.

*J. Westwood, Secretary.*

— No. 26. —

The Secretary of the Madras Irrigation and Canal Company to the Under Secretary of State for India.

8 and 9, Queen-street-place, London,  
29 November 1871 (No. 8).

Sir,

THE directors of this company have requested me to express to his Grace the Secretary of State for India, their grateful appreciation of his kindness in authorising Mr. Thornton to read at their last board meeting the Despatch under date 15th September last, from the Government of India, regarding the important works executed by them between Soonkasala and Cuddapah, in the Madras Presidency. In that Despatch the Supreme Government state their unfavourable opinion in respect to the design, construction, usefulness, and value of those works, which the directors consider is not borne out by the facts of the case, founded upon Reports and Minutes made by Members and Officers of the Madras Government, and Officers of the Government of India, of which they have heard for the first time. As these records are calculated seriously to affect not only the professional characters of the chief, deputy chief, and executive engineers engaged in the construction of the works, but reflect blame also upon the manner in which the managing body of the company have performed the important trust committed to them, the directors most respectfully and earnestly solicit that his Grace the Duke of Argyll will further favour them by issuing instructions that they shall be supplied with a copy of the Despatch referred to, and of the several Reports and Minutes upon which it is based, or which may be connected with it, in order that they may have an opportunity

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of

See No. 20

of placing before him, as they are convinced they can, an effectual, complete, and satisfactory answer and explanation.

I have, &c.  
*J. Westwood*, Secretary.

— No. 27. —

The Governor General in Council to the Secretary of State for India.

My Lord Duke, Fort William, 6 December 1871 (No. 151.).

IN continuation of the concluding portion of paragraph 5 of our Despatch, Public Works, No. 119, dated the 15th September last, we have the honour to inform your Grace that the Government of Madras has recently reported to us that, in order to ascertain the locality of all weak points in the embankments and walls prior to forming an estimate of the cost of putting the Madras Irrigation and Canal Company's main canal in a thoroughly safe and efficient state by rectifying all existing defects, it is absolutely necessary to subject the canal to the test of carrying a full supply of water, but that the company's engineers are disinclined to run the risk of subjecting the work to this test; so that it must necessarily be deferred until the works are either surrendered to the State, or the board of directors express their willingness to meet the wish of Government.

We have, &c.  
*Mayo.*  
*John Strachey.*  
*R. Temple.*  
*J. F. Stephen.*  
*B. H. Ellis.*  
*H. W. Norman.*

— No. 28. —

The Government of Madras to the Secretary of State for India.

My Lord Duke, 18 December 1871 (No. 29).

IN accordance with the instructions of the Government of India, we have the honour to forward, for the information of your Grace, the revenue account of the Madras Irrigation and Canal Company for the half year ending 30th June 1871.

2. It will be observed that the available balance of revenue at the end of the half year in question was Rs. 12,080. 4. 5.

We have, &c.  
*Napier.*  
*Fred. Haines*, Lieutenant General,  
Commander in Chief.  
*J. D. Sim.*



— No. 29. —

The Under Secretary of State for India to the Secretary of the Madras  
Irrigation Company.

Sir,

India Office, 9 January 1872.

I AM directed by the Secretary of State for India in Council to acquaint you, for the information of the Directors of the Madras Irrigation and Canal Company, that communications have been recently received from the Governments of India and Madras, which represent the affairs of the company as in an exceedingly unsatisfactory condition.

According to these documents, although more than a million and a half sterling has been expended on the Company's works during the twelve years which have elapsed since their construction was commenced, "they are practically useless for the objects for which they were originally designed," and are not deemed to be "anything like security for the 600,000 *l.* which the Government have advanced upon them.

"It seems doubtful whether, in their present state, the works can prove remunerative, for 130,000 acres must be irrigated to pay the interest alone on the capital expended, while the largest extent of land actually irrigated hitherto by the works has only been 1,887 acres. Works which were originally estimated to cost 493,348 *l.* are said to have actually cost 1,015,552 *l.* Serious mistakes appear to have been made in the designs; insufficient passages have been constructed for the watercourses of the canal; perpendicular masonry walls have been adopted as retaining walls, in lieu of the usual sloping earthen banks, and contrary to the universal practice of the country. But the defects of construction appear to be more serious than those of design. Up to this time, the canal has never been filled; notwithstanding which it has always been breached somewhere, when partial attempts have been made to fill it. The masonry walls are of indifferent materials and faulty construction, and the water supply is so uncertain that the ryots appear unwilling, even in a country where the value of irrigation is thoroughly appreciated, to take the water. The instability of the embanked portion seems to be a source of constant apprehension to the cultivators," who, having seen the canal breached every year for three years, "cannot help looking on these works, constructed for their good, with feelings of fear, if not aversion."

*See No. 20.**See Enclosures in No. 17.*

Copy of the Despatch from the Government of India, from which the greater part of the foregoing passage is extracted, and also copies of minutes by the Governor of Madras, and by members of his Council, and of a Report by the Consulting Engineer to the Madras Government, in all of which similar views are expressed, are enclosed herewith.

The practical conclusion to which his Grace, in common with the Governments of India and Madras, has come, is that no public advantage whatever, but, on the contrary, very serious disadvantage, has accrued from the recourse which, for so many years continuously, has been had to the co-operation of the company in the construction of irrigation works; and he sees no reason for supposing that anything would be gained by either the Government or the people of India from further perseverance in the same course. He desires it, therefore, to be distinctly understood, that in any future operations which may be contemplated by the company, they must rely entirely on the resources which they can independently command, for that no further pecuniary aid in any shape will be afforded by the Government.

At the same time it must be his Grace's duty to secure to the State the repayment of its advances to the company (600,000 *l.*), as the instalments fall due.

I am, &amp;c.

*Herman Merivale.*

— No. 30. —

The Secretary of the Madras Irrigation and Canal Company to the Under-Secretary of State for India.

Sir,

8 & 9, Queen Street Place, London,  
29 February 1872 (No. 1).

I HAVE the honour to acknowledge the receipt of your letter of the 9th ultimo, *See No. 29.* and of the documents thereto appended.

The Directors of this Company desire me, in reply, to assure his Grace the Secretary of State for India, that they have read with astonishment the statements contained in the papers forwarded by the Governor General of India in Council, with his Despatch of the 15th of September last, reflecting seriously upon the design, construction and value of the canal and works between Soonkasala and Cuddapah, completed on the 1st of July last, and which, if well-founded, would justify the decision communicated by your concluding paragraphs. *See No. 20.* But, as the facts within the knowledge of the Directors evidence a state of things of an entirely opposite character, they are persuaded that, when these shall be known by his Grace, he will be convinced that the great experimental enterprise entrusted to the company has been so conducted, and is, upon its own merits, such, as to entitle it to his most cordial support and encouragement.

Accompanying this letter you will receive printed copies of memoranda written by the chief engineer, the late deputy chief engineer, and the late senior executive engineer of the company; and to their contents as affording a satisfactory reply to the statements now under review, the serious attention of the Secretary of State for India is earnestly desired. The directors, however, feel that, besides those professional statements, confirmed as they have been by the experience of the past season, there are circumstances and considerations of equal, if not higher importance, which could not be dealt with by the writers of those papers; and, therefore, to place these also before the Duke of Argyll, that he may be able to view the matter in connection with all its attendant facts, is the object of this communication.

A detailed answer to the Official Papers now furnished by you is indispensable, but it is thought essential that the following overlying circumstances should be brought in the first instance to the notice of his Grace.

First. The Minutes recorded by his Excellency the Governor of Madras, and the Honourable Messrs. Arbuthnot and Sim, and also the Official Memorandum by Colonel Carpendale, were written *before the commencement of the irrigating season of 1871*, and before water had passed down the whole length of the Main Canal for the first time after its completion; consequently, the writers of those papers, as also the signatories to the Despatch of the Government of India of the 15th of September last (which was founded on the opinions and fears expressed by the former), were not in possession of the important experience of that season, which has shown that the doubts expressed regarding the stability of the banks were groundless; that the stated uselessness of the canal was based upon inaccurate information; and that the alleged mistrust and aversion of the native cultivators, if these feelings ever existed, disappeared altogether before the actual flow of water in the canals, and the unchecked supply for irrigation. It is now known that, during the last six months of 1871, water uninterruptedly flowed through the entire length of the Main Canal, to a depth at one time within two feet of the full designed capacity; also, that the consolidation of the banks has proceeded satisfactorily, and in accordance with the system upon which they were made; that the cultivators came forward and used the canal water to a greater extent than was anticipated by the company's local engineers; that every demand made for water was immediately met; that tanks in the neighbourhood of Cuddapah, and at the extreme end of the canal, belonging to the Government, and which had during the season run dry, were supplied from the Company's Canal; that, in accordance with previous experience connected with other works of irrigation in Southern India, the native cultivators of the contiguous lands, having gained confidence by the proved stability of the banks, are now in all directions making preparation for the growth of wet crops during the coming season (*i.e.*, between June and January next), and that there are sufficient grounds to justify an expectation

pectation that an area of from 40,000 to 100,000 acres will then be irrigated by the company's water; the returns from the lowest of these numbers being more than enough to cover all working expenses.

It may be useful to add here, that in the lately irrigated districts of Orissa, where the benefits of irrigation were not perfectly understood, the progress of irrigation has been as follows:—During the year 1868–69 the gross revenue from the works was, as stated by the Governor General (in a letter dated 20th September 1869, published in the "Calcutta Gazette" of 4th October 1869), 441 *l.* only. During 1869–70, according to officially published returns, the total income from tolls upon traffic and from irrigation amounted to 5,235 *l.*, and although it is believed that at least one-half of this sum arose from tolls, if the whole be credited to irrigation only, it would represent barely 21,000 acres irrigated. In 1870–71 the acreage actually irrigated, according to statements in the public press, amounted to 160,000; and it was expected that in the season 1871–72 the total area watered would be 260,000 acres. If this progress be adopted as a criterion of what will take place in the country traversed by the Company's canal, where, as stated in the Governor General's Despatch, the value of irrigation is thoroughly appreciated, it will appear that during the year 1873 (if not during 1872) the 130,000 acres required, according to the same Despatch, to pay interest on the capital expended on the Company's works, will be exceeded.

Second. The combination of navigation with irrigation, now for the first time officially charged as an error in the design of the Company's canal, is a matter with which the Company had nothing whatever to do, and for which it is in no way responsible. If this combination be an error, it is one for which the Government are exclusively answerable, for the Company from the outset has simply acted the part assigned to it by the Secretary of State for India, and to which it was bound by its contract with him. In a Despatch dated 12th January 1859, Lord Stanley (now the Earl of Derby), as Secretary of State for India, requested the Madras Government to select a project for construction by the Company, adding, "It is desirable that if possible the project should be adapted to purposes of navigation as well as of irrigation." In obedience to these instructions that Government selected "the Toombuddra project," and distinctly pointed out that navigation was to form an essential feature. Upon this the Secretary of State for India (then Sir Charles Wood) offered that project to the Company, who accepted it, and entered upon its construction. Pending these matters, and subsequently, various discussions took place between the Secretary of State for India and the Company as to the appropriation of the profits from navigation, and it was ultimately agreed that the same should belong to the Company solely, subject to the contribution presently stated. In 1863, after a general design of the canal and many detailed plans of the works, all exhibiting the combination of navigation with irrigation, had been submitted to and approved by the Government, the original contract between the Secretary of State and the Company was executed, and this not only distinctly enforces the provision of navigation, but contains stipulations giving the right of priority of transport to the Government for military purposes, and renders the profits from traffic liable to contribute, if necessary, to the liquidation of each half year's guaranteed interest.

The original contract was followed by an Act of Parliament (amending the Company's Act of Incorporation) passed in the same year, and therein the intended combination of navigation with irrigation is distinctly recited. The very numerous printed records of the Proceedings and Orders of the Government of Madras in connection with the Company, from 1859 to the present time, also teem with recognitions of this combination without objection being raised; and, when the Company desired to reduce the size of their locks, the Government of Madras declined to give an assent thereto, their consulting engineer reporting thus: "The probable traffic on the canal must at present be a matter of mere conjecture. If the navigation be good, if by the construction of reservoirs it be kept open throughout, or for five-sixths of, the year, if the Company eventually continue their canal from Cuddapah to the coast, there would be hardly any limit to the traffic which such a means of communication would create, and be capable of accommodating." It is a fact also, that 39½ miles of the main canal have been constructed *exclusively for navigation*, according to plans approved by the Government.

The directors have been from the first, and still are, convinced that the combination

bination of navigation with irrigation was a wise measure, calculated to be of great public advantage; and that it would have been a serious error, both in a financial and a public view, had the project been confined to irrigation only.

It is fair to add that the addition of navigation adopted in the original design of the Toombuddra project has been effected in the Soonkasala and Cuddapah section, not with reference to that section by itself, but because it was designed to form part of a scheme intended to terminate on the coast, and to be in operation during the entire year by the aid of a reservoir.

Third. When the arrangement established by the supplemental contract of 1866 was entered into, the design and substitution of stone walls for earthen banks, the design of the flood escapes, and the mode adopted in the construction of the banks, in all of which it is alleged there were errors and defects for which the Company is now responsible, were perfectly known to, and had been copiously discussed by, the Government of Madras and its consulting and chief engineers, as shown by the printed records of the proceedings of the former. By the provisions of that supplementary deed, the relations previously existing between the Government and the Company were intentionally placed upon a new footing, and it became impossible for the latter to alter the designs already approved, and wholly or partially executed, or to reconstruct the existing works; for it was stipulated that those works should be *completed*, by the expenditure of a fixed sum and before a given day, *in accordance with the plans approved by the Government*; wherefore it is respectfully submitted that the only question which should now regulate the treatment henceforth to be accorded by the Government to the Company is, has the duty imposed by the supplementary contract been fairly performed? This question has been satisfactorily answered: First, by the Minute of Lord Napier, which states, "The officers of the company have gained experience; they would go in future on much safer ground, and their ability and trustworthiness are guaranteed by the excellence of their later performances," meaning from the date of the Supplementary Contract of 1866. Secondly, by the official memorandum penned by Colonel Carpendale, which says, "All work of late years, that is, since the date of the supplementary contract, both earthwork and masonry, is much superior in quality, and the masonry especially may be called excellent; the only objection † I would raise is, that hydraulic mortar has not been used in the masonry works, such as locks, aqueducts, &c." Thirdly, by the circumstance that Captain Scott, an engineer officer of the Madras Government, who, under special instructions from the latter, made a minute and careful inspection of the whole section one month before the expiration of the contract, reported that the works had been in substance completed, and did not point out or recommend any other than trifling defects, alterations, or additions, the cost of the whole of which was about 1,200*L.* only. Captain Scott certainly expressed fears of future breaches in the banks, should the canal be tested by being at once filled to its full designed capacity; but such a test would have been inconsistent with the system adopted in the construction of the embankments, as explained in the chief engineer's memorandum, a copy of which was forwarded to you on the 2nd of November last. And, fourthly, the canal has, during the past season, been shown to be in perfect working order, seeing that it satisfactorily supplied all the demands of the local community, that supply being the object for which it was made; and, when the calingulabs, originally designed, in the opinion of the Government, no less than in that of the Company's engineers, to provide for all probable floods, but which experience has since shown should be made available for a greater discharge, have been enlarged accordingly, as in the accompanying memoranda described, and shall be brought into operation (as they will be before the coming season), the directors are assured, by their chief engineer and others, that breaches in the banks from full water or floods will be effectually guarded against. Moreover, it is important to add, that the original estimate

of

\* In a letter addressed by the Under Secretary of State for India to me on the 8th March 1866, and forming part of the negotiation which preceded the supplementary contract, the following passage, confirmatory of the above, occurs:—"Earl de Grey cannot but regret such disappointing results (that is, the then inability of the Canal to yield revenue), to whatever cause they are attributable. He admits that the enterprise in which the Company has embarked, is one of a character comparatively novel to English capitalists, attended with many difficulties which might not easily have been foreseen; but the costly experience of the past may reasonably be expected to afford safe guidance for the future, if the immediate difficulties in which the Com. any now find themselves can be surmounted."

† This objection has been satisfactorily explained in the Memorandum of the Chief and Deputy Chief Engineer of the Company.



of the Company's chief engineer of the cost of completing under the supplementary contract has not only not been exceeded, but many works not included in that deed, such as additional bridges, and costly investigations into the other portions of the full scheme, including sites for reservoirs, all carried on at the express request of Government, have been executed out of the loan of 600,000 £.

When the supplementary contract was made, it was reasonably expected by the directors and shareholders that all the Company would have to do to insure a continuation of Governmental support, would be to fulfil to the best of its power the covenants there entered into; and, using the words written by the Hon. Mr. Sim, in his Minute: "The reasonable conclusion of the agreement surely is, that, if the Company succeeded in this work, other work would be entrusted to them, and, if they failed in this work, others would not be entrusted to them." The Company has *beyond question* faithfully performed its engagements, and the objections now made are to designs previously settled, approved, and acted upon, and to work done at an earlier period (that is some seven or eight years since), under a system then in universal action throughout the country, and which was adopted and sanctioned by Government, all defects and weak parts having been since remedied and strengthened.

Fourth. By the supplementary contract, the Secretary of State agreed to lend to the company funds to *complete* the construction of the canal and works *as previously designed*, but the transaction was not treated by him as a loan to be repaid by the company, for he insisted upon retaining the same power of control over the expenditure of that sum, and over the proceedings of the company, as he before possessed in respect to the capital upon which he had given a guarantee of interest, and that power of control was rigidly enforced; every plan and every estimate of original or amending work was submitted to, and deliberately investigated by, engineer officers, specially appointed by Government; almost daily communications were maintained between these officers, and the manager and chief engineer of the company, and material alterations were made in some of the submitted plans and estimates; all expenditure was minutely controlled by the Government; explanations regarding the most trifling amounts were continually called for, and sums actually paid were disallowed. The number of the professional staff and of other employes, and all salaries to be paid to them, as also all increases of salary, were fixed by the Government; and, in some instances, both staff and salaries were reduced below those proposed by the company's chief engineer. Indeed it cannot be said that the company were free agents in the matter. The works themselves were inspected at least every three months during progress, by the most able and experienced of the engineer officers of the Government, and on these occasions elaborate reports were made to the latter, in which defects were pointed out, and requisitions made regarding alterations and additions, all of which the company were from time to time called upon to carry out.

The directors would here most respectfully submit that the repayment of money thus expended upon a work of permanent public utility, and under the direct control of Government, may reasonably and fairly be postponed by the Secretary of State for India, until a sufficient time shall have elapsed after the opening of the canal to allow for the realization of full returns; and they make these remarks with the greater confidence, because in my letter to you of the 14th May 1866, when the loan was first proposed to be for a period of five years, they urged that it should not be made payable until at least 10 years after each advance, adding, "The directors would observe that a much longer period than five years from the present time may reasonably be expected to elapse, before a fair development of the capabilities or the productive character of the works to be constructed can be prudently effected; and, as the ability to raise capital to liquidate the whole of the intended loan or debentures may depend upon such full development, 10 years from the day of loan is in their judgment and belief the shortest period within which that liquidation should be rendered compulsory."

Fifth. The canal and works as now constructed form an incomplete project, which, as fairly stated by Lord Napier in paragraph 4 of his Minute, "can only under the most favourable circumstances do more than half its duty, on account of a failure of water during half the year."

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An indispensable feature of the original design was the construction of storage reservoirs to supplement the river supply, and a terminus on the coast, or other connection with Madras; and these are still essential to develop the section constructed; for, until they shall be provided, and until vessels are placed upon the canal, the extent of profits originally contemplated cannot be realised. Whatever may be the return upon outlay which this incomplete work shall produce, the additional expenditure required to construct a reservoir will (as all competent to speak with the authority of experience declare) yield additional profit sufficient to pay a fair per-centage on cost of construction over and above that now available, seeing it will provide the power of irrigating for a second crop the same number of acres, and navigation during an equal period with the existing works, constructed at a cost three times as much. The canal, without a supply of water for six months in the year, is assuredly no guide for judging what its capabilities and value would be, were this deficiency rectified and the canal brought into full use.

Sixth. This Company is now the only joint stock association in existence connected with works of irrigation in India. It was, after mature deliberation, wisely instituted by the present Earl of Derby, as "an experiment" to ascertain whether such works could be successfully carried out by means of a private company with English capital, and whether the latter could be made use of in aid of the efforts of Government in the same direction. It has passed through those difficulties and impediments which inevitably attend all enterprises of magnitude and novelty sought to be established by what at the time is viewed by many as a foreign agency; its non-productive period (so far as its present works are concerned) has elapsed, and that of returns commenced; and, although its operations have been restricted to one section only, which cannot, as it is, be more than half employed, success sufficient to decide the experiment in favour of private enterprise is now within view, and will be attained, provided the Company shall be simply permitted to pursue its course, and receive from Government that encouragement which the directors respectfully submit they may justly claim.

The foregoing important facts having been pointed out, it remains that the charges brought against the Company and its works should be spoken to in detail, as they appear in the papers appended to your letter.

It is true, as stated in the opening paragraph of the Despatch of the 15th September last, that the operations of the Company commenced in 1859, and that 12 years have since elapsed; but a perusal of the printed Proceedings of the Government of Madras will show that many delays have been interposed, that all working operations were twice stopped by order of the Government, and the professional staff dispersed; and, calculating only the months in which work was practicable, the progress made will bear favourable comparison with that of other works of the kind in India, especially taking into consideration the difficult character of the country, the large extent of rocky cutting required, the novelty of the work, and the difficulties connected with the procuring and price of labour in such extended operations.

It is likewise true that, up to the date of the same Despatch, the income from the canal had reached only 4,740 L.; but this limitation of revenue arose, not from want of skill in the design or faults in the construction of the works, but from the stipulations of the supplementary contract, which bound the Company to complete the canal and works within a given time, and compelled it to apply all its powers, as sanctioned by the Government, to the contemporaneous construction of the entire length of main canal and works, leaving until the last the provision of irrigation channels. The small income referred to was in fact derived from a slip of land contiguous to the first section of the canal, situated 30 miles above the first favourable spread of land for cultivation, and the acreage irrigated actually formed five-sixths of the total area commanded, whilst much of the small residue consisted of soud (or reh) land, which cannot be cultivated until by a series of periodical floodings it has been cleansed of the soda it contains. It was impossible to do more until the works had been made available for the lower country.

The statement that it was supposed the original project would probably cost about 1,000,000 L. is accurate; but the Directors would add that this estimate was made by officers of Government, and that the Company had no voice whatever in the matter, but was left to accept or reject the work so estimated. Sub-

sequently to its acceptance, the discovery was made that the complete project would cost far more than 1,000,000 *l.*, which discovery is recited in the original contract as a reason for the power thereby given to the Company to raise additional capital.

In reply to the observations in the second paragraph of the same Despatch, that, "after the guaranteed million had been spent, and the first part of the scheme " was still incomplete, the Company applied for an extension of the guarantee, " but the Government refused, offering to buy the undertaking," &c., the Directors have to explain that these observations were made under a misapprehension of the facts. Shortly before the Company's guaranteed capital of 1,000,000 *l.* had been expended, the Directors, having unabated confidence in the value and success of their undertaking, were anxious to prosecute it to completion by means of *unguaranteed* capital; but, finding in the altered state of the money market that the stipulations of the original contract (by which subscribers to unguaranteed capital could only participate in profits from irrigation after the current interest upon the 1,000,000 *l.* should have been satisfied, and then only to 5 per cent. until the arrears of interest due to the Secretary of State should be liquidated), created an obstacle to the raising of capital of that description, they, by my letter to you of the 28th September 1865, expressed to the Secretary of State for India their wish to procure independent resources, and proposed that he should agree to a modification of the impeding stipulations; but he objected to the proposal, and voluntarily offered to extend his guarantee upon certain terms, which offer was declined by the Company; whereupon another was made by his Lordship, viz., to purchase the undertaking or to lend to the Company a sum of 600,000 *l.* This proffered purchase was not approved by the shareholders, but the loan was accepted, upon the terms set forth in the supplementary contract.

The doubt expressed in the third paragraph of the same Despatch, whether the works can prove remunerative, because 130,000 acres must be irrigated to pay the interest alone on the capital expended, should be satisfactorily removed by a reference to the extent of irrigation supplied during the first season after opening, and a comparison with the progress made in the less favourable case of the Orissa works, from which it would appear reasonable to expect that in 1873 the required 130,000 acres will be exceeded.

The limited quantity of land irrigated prior to July 1871, mentioned in the same third paragraph, has been already explained, and shown to be a proof of the readiness of the people to take water when made available for their use.

In the same third paragraph two "serious mistakes" are alleged to have been made in the designs: of these, one, viz., the insufficiency of the waterways, has, in the memorandum of the chief engineer, as well as in the printed proceedings of the Madras Government, been shown to be one of those requirements which in works of the kind can only be efficiently supplied through experience of exceptional rainfalls.\* In the present instance, the defect was, to the surprise of the engineers of both Government and Company, discovered by the occurrence of a storm at Kurnool of unprecedented force (which may not occur again, and which also displayed the insufficiency of all the public bridges

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\* The original design of the water ways (calingulahs and sluices) now discovered to be insufficient, was calculated to pass off half an inch of rain per hour. By the rain gauge kept by the Company at Kurnool, which was read and recorded by the Engineer in charge of Head Quarters there, during the years 1862 to 1871 inclusive, and checked for some years by the Superintendent of Revenue Survey, and since 1 January 1868 by the Government Observatory at Kurnool (the records of 1868, a year when rain was so scarce as to cause a famine, being alone incomplete), the following results were given:—

Within this period of 10 years, in one month only (September 1862) did a total of 13.77 inches of rain fall; the heaviest fall in any 24 hours being 4 inches, on the night of the 24th of that month. In two other months only did as much as a total of 7 inches fall, viz. 7.73 inches in August 1865, and 7.38 inches in August 1868.

Since the establishment of the Government Observatory in 1868, excepting in the storm of 7th August 1870 above referred to, more than 2 inches fell in 24 hours three times only, viz. 30th August 1868, 29th September 1868, and 10th October 1869, and 3 inches have never fallen in 24 hours during that time. The results thus shown represent fairly the general state of the locality as to rainfall during all previous time, so far as is known.

In the night of 7th August 1870, however, the exceptional storm occurred, and 12.009 inches fell at Kurnool between half-past ten p.m. and half-past ten the next morning; and not only were the banks of the Company's Canal breached by it, but every bridge built by Government in the neighbourhood was found insufficient to pass the flood, and consequently the approaches were, without exception, more or less destroyed by it; in some cases the water, after the demolition of the approach, forming a volume broader by at least one quarter of a mile.

The design complained of was sufficient to carry off a rainfall half as much again as the heaviest registered between 1862 and 1870, and therefore, except that of August 1870, the severest known in the country; the calingulahs, as now being enlarged, are calculated to pass (*irrespective of the sluices*) a flood equal to that of August 1870.

in the same district), and *is now being remedied at a cost of 6,000 l.*; a trifling outlay when viewed as connected with a canal of large capacity, 190 miles in length, costing 1,600,000 l.; and especially when it is remembered that Colonel Carpendale has styled this insufficiency "the great radical defect of design," and that in the other papers it is held out as a main cause for withholding support from the Company in future. The other alleged error, viz., that masonry walls were substituted for earth-banks, refers, as above and in the accompanying memoranda by Messrs. Latham and Gordon explained, to walls constructed before the date of the supplementary contract.

The original designs of these walls are shown in the plan accompanying this letter, and as so shown were carefully examined by the consulting engineer of the Government for the time being, and were approved by him as well suited to the circumstances of the section of the canal in which they were introduced.

After operations had been recommenced under the supplementary contract, these stone walls were considerably strengthened, by the direction of the Company's chief engineer, by the addition of a wide embankment, and in some instances of a spoil bank of large dimensions, in the rear, and a footing of puddle in front; and were then considered by the consulting engineer of Government, as they are now by the chief and executive engineers of the Company, amply safe and efficient for all possible purposes. These additions are also shown on the same plan.

The opinions expressed in paragraph 5 of the despatch in question, that "For the objects with which the works were originally designed they are perfectly useless," and "It seems unlikely that the works in their present state would be anything like security for even the 600,000 l. which the Government have advanced," were evidently formed upon inaccurate data, and were not entertained by Lord Napier or by Colonel Carpendale, as may be seen by a perusal of the minute of the former and the memorandum of the latter. The experience gained during the last irrigating season must, the directors feel assured, have effectually changed these views of the Governor General and the members of his Council. They would also remark that the Tuombuddra project had been, before its selection for construction by the Company, advocated by the most eminent of the engineer officers of the Madras Government from so far back as 1815; and its merit, as a work of public utility, combining navigation with irrigation, had been many times investigated by some of those engineers under the orders of Government. When offered to the Company, it was recommended by the Madras Government thus: "The general information before us, derived from the investigations of various officers, is quite sufficient to enable us to arrive at a decision that, &c., \* \* \* and that it holds out very encouraging prospects of a pecuniary return, while in respect to public benefit it is second to none in the country." Its original design, when selected by Government, was that since adopted in the section now completed, with the exception pointed out by the chief engineer, viz., the substitution of a navigable canal for the rendering the Koondair River navigable. The then chief engineer of the company was assisted in laying out the more detailed plan by Colonel F. H. Rundall, who was then acting as consulting engineer to the Government of Madras, he having been selected for that post (as stated by that Government) as the best engineer officer in their service, and who has since been promoted, and is now the officiating Inspector General of Irrigation Works throughout India.

The detailed plans and estimates of the works as they were carried out were closely investigated by the several succeeding consulting and chief engineers of Government, viz., Colonel Rundall, Colonel Ludlow, Colonel J. Bell, Colonel Horsley, Colonel Orr, and Major Mullins, before the execution of the supplementary contract, all of these being officers of experience.

The directors are unaware of a single opinion having been pronounced to the effect that the canal and works are useless for the objects for which they were designed; and, if such an opinion has been given, it has, by the experience of the last season, been most conclusively refuted; moreover, the directors respectfully submit it is impossible that so much special professional skill and experience as has been brought to bear upon the works on the part both of the company and the Government, and such close supervision as has been exercised over expenditure, could result in the failure represented.

The directors, in submitting the foregoing narrative and explanation to the Secretary of State for India, respectfully express their sincere conviction that their undertaking has so far been a great success, and that it will confer immense

benefits upon the country; at the same time they feel it their duty to represent, as emphatically as possible, that it is essential that a reservoir to store flood waters, and a short railway to connect the canal with the Madras Railway at Cuddapah, should be constructed without delay, and also that steamboats and other vessels should be provided to carry on navigation. Until these essential adjuncts are made available, the work now constructed can only, so to speak, be half useful for the objects for which it was designed; to provide these important additions, the directors were in hopes that the Secretary of State for India would be willing to afford them the facility of raising the necessary capital by a guarantee of interest, but, if he will not entertain this proposal, they are desirous to meet his wishes by raising unguaranteed capital for effecting those objects; they have satisfied themselves, however, that it is impossible to do so under the unfavourable conditions to which they are bound by their contract, which place the company as to the power to offer inducements to subscribers for further capital, in an exceptionally disadvantageous position.

Were the impediments now referred to removed, the company might be able to carry on its operations without any pecuniary aid from Government, and therefore the directors respectfully solicit the assent of the Secretary of State for India to such modifications of the contract, as, whilst not in any way prejudicing but improving his interests, will enable the company to offer to the public terms sufficient under existing circumstances to induce capitalists to subscribe the necessary funds; and they are prepared to state, for consideration by his Grace, their views regarding the nature and extent of the required alterations.

I have, &c.

John Westwood,  
Secretary.

Enclosure 1, in No. 30.

MEMORANDUM by the Company's Chief Engineer on the Letter of the Under Secretary of State for India, dated India Office, 9th January 1872, and on the Documents accompanying it, regarding the Works constructed by the Madras Irrigation and Canal Company.

I APPREHEND that the most important of the communications referred to in paragraph 1 of Mr. Merivale's letter, and which I am called upon principally to notice, are those written by Lord Napier and by Colonel Carpendale, both of whom have actually inspected the works of the Canal and communicated on the spot with the Revenue Officers and ryots. The Canal, however, was very far from complete when last visited by Colonel Carpendale in October 1870, whilst Lord Napier's inspection took place in 1867; and it is to be noted as a matter of some importance that the Memorandum of the former was written on the 8th, and the Minute of the latter on the 21st June 1871; that is, at the very commencement of the last irrigating season, and therefore before the results of that season—which are of the highest value in judging of the Company's works—had been attained. The Despatch from the Government of India is open to the same observation.

The writers just named refer to errors in the design of the Company's Canal and to faults in its construction, all of which are stated to have been committed before the date of the Supplementary Contract, whilst the work executed subsequently to the date of that deed is described in terms of commendation, and as satisfactory. Bearing in mind, therefore, the date of my acting as Chief Engineer of the Company (December 1865), it will be apparent that my observations are in no wise personally defensive.

The Despatch from the Government of India contains remarks regarding the state, fitness, and value of the Company's works, which are of a much stronger character than any made by either Lord Napier or Colonel Carpendale, and these I will touch upon as I proceed.

*As to Alleged Errors in Design.*

1. *Combination of Navigation with Irrigation.*—The general design of the Canal to combine navigation with irrigation was originally fixed by the Madras Government on the (never since retracted) opinion of the most experienced engineers in the Presidency, and the Company had nothing to do but simply to accept the work so designed and to execute it in that shape.\*

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\* The contract with the Secretary of State expressly recites as follows:—“And whereas, with a view to carry the said arrangement into effect, the Government of Madras, under the orders of the Secretary of State in Council, selected and recommended, as the work or project to be constructed by the Company under the said arrangement, a certain work or scheme of works for providing irrigation and means of water transport, &c., which work or scheme of works was described in a Memorandum dated 18th May 1858, drawn up by the order of the said Government of Madras by their Commandant of Engineers, and has since been known between the parties as the Toombuddra Project.”

This decision of the Madras Government was, in an engineering, in a commercial, and in a public view, wise, and can only be objected to upon the assumption that the means of transport provided will never be made use of by the community, even though vessels be provided by the Company; an assumption which is, I venture to assert, opposed to all experience in all parts of the world, and especially in India.

By the combination of navigation with irrigation in the design of the Company's canal, the two are made to assist each other; thus, the supplying of irrigation to the land will render it necessary that the canal should be kept in a navigable state, and in this respect it differs from the Ganges Canal, which, by affording irrigation, stops navigation.

In this latter canal, if all the land it commands above be supplied, water may fail to suffice for navigating its lower part. In the case of the Company's canal, sufficient land is not commanded by the upper portions of each of its sections, and in each of these the far greater part of the whole distribution is taken off just above the first lock, and thus *insures* navigation down to the still-water portion, and a supply for lockage and evaporation below.

The combination of navigation with irrigation, now, as I believe, for the first time objected to by a consulting engineer of the Madras Government, is, in my opinion, and in that of many other engineers of great practical experience, a substantial public good; it certainly is not an engineering error, and the Government by whose authority it was determined, and who bound the Company to carry it out, conferred a great boon upon the community; and it is a fact that not only do the most successful canals in the Madras Presidency combine navigation with irrigation, but the leading characteristic of the extensive and important Orissa and Behar projects, now being carried on under the orders of the Government of India, is this same combination.

2. *The Substitution of Stone Walls for Earthen Embankments.*—No doubt the usual practice in making banks in the Madras Presidency, with so few exceptions that it might be called universal, has been to make them of simple unpuddled earth, protected where necessary by rubble or masonry revetment, often nearly vertical. This rule has been followed in the case of the Company's canal; but, wherever the simple earth of the locality proved too gravelly, or too salt, to hold water safely, and the expense of bringing better from a distance was known to be too great, puddle has been employed, or a nearly vertical masonry wall built to prevent percolation of water through the bank behind it, which plan was adopted after submission to, and with the well-considered assent of, the consulting engineer of the Government and of the Government itself.

It was after the adoption, and almost completion, of the highest masonry walls in banks, that the Government and the Company made the supplementary contract; and it seems to me that Lord Napier and Colonel Carpendale are just, in their opinion that no blame attaches to the shareholders if they fulfilled this contract, as it is admitted they have done.

Modifications of details, in the form of puddle banks and of walls, have certainly been made since the signing of the supplementary contract; but these are all admitted to be improvements, and have certainly added strength, whilst removing all ground for objections to the walls in question.

No doubt, in the use of masonry for forming the inner face of canal banks, the Madras Presidency is behind the age.

Setting aside the masonry reservoir bands in Spain—where they are the usual practice, as in the dam at Alicante, 134½ feet high; and in France, as in the dam at Furens, which is 164 feet high—I may instance the Henares Canal, in Spain, lined with masonry, and the Cavour Canal, in Italy, lined, where necessary, with brickwork.

3. *Insufficiency of the Waste Weirs in the upper part of the Canal.*—I have, in my explanatory Memorandum of the 12th of October last, fully explained this matter. The error of design, if it can be so called, was committed equally by the engineers of the Madras Government with those of the Company; but, in fact, no one was to blame. The weirs and waterways were designed (and were considered by the Consulting Engineer of Government, and correctly so, according to the then existing data) as being fully sufficient to provide against the largest rainfall then supposed possible. The storm of August 1870, against all previous experience, however, exceeded these calculations, and was the only known storm for which the weirs would not have been ample. Last year, as usual, the sluices sufficed to prevent flood water rising within several feet of the crest of the waste weirs. During the present year the capacity of these escape works will be enlarged by the Company, according to a principle approved by the Madras Government, and will be made (at the slight cost of about 7,000 L.) so as to provide even for a repetition of a rainfall so extraordinary as that of August 1870; and then, by the trifling outlay named, that which is termed by Colonel Carpendale "*the great radical defect in the general design of the main canal*" will disappear. The Government of Madras, in their order, quoted in my previous Memorandum, properly exonerate the Company from blame regarding the original design of these waterways.

*As to alleged Faults in Construction, and Statement that Breaches have occurred whenever Water has been admitted.*

1. *Alleged Faults in Construction.*—I have, in my Memorandum of the 12th October last, shown, as I submit, conclusively, that the embankments of the Company's canal have been constructed (with the exception of the strengthening walls to which I have already referred)

referred) in accordance with the mode universally adopted throughout the Madras Presidency, and with the concurrent approval of the Government; and I have there shown that they only require that consolidation which it was intended time should, and which it will, effect, to make them perfectly secure, and also that the masonry works are good and sound. I need not, therefore, repeat what I have there said, or go into detail again.

I will, however, with reference to Colonel Carpendale's remark that in the masonry works hydraulic lime has not been used, observe that the lime used throughout the canal is that known as Kunkar lime. Except in one portion of the canal it will not set hard in water, but in all cases if once set hard it will remain hard in water. The lime is, therefore, of the kind called *partially hydraulic* at worst; and is used everywhere for public works, road bridges, road dams (as Irish bridges are officially styled), and privately for plastering the inside of indigo vats, for roofs, &c., and stands satisfactorily in all cases if properly used, as it has been on the canal.

2. *Alleged Breaches.*—The bare statement that breaches have occurred whenever water has been admitted into the canal, and the fear expressed that breaches will continue to happen, is calculated to produce a wrong impression, both as regards past facts, and the actual stability of the canal embankments as they now stand.

The canal is unlike any other in India; it traverses an undulating country, passing through deep natural indentations or valleys, necessitating embankments of many miles in extent, and of a height greater than any other canal before constructed in that country; in many localities the soil was found to be of a very inferior description, and in others altogether bad, so that the engineer had to make the most of these unsatisfactory materials, or to incur an expense not practicable or to be thought of. Slips of earthwork and breaches during construction, and until consolidation should be attained, were a natural result, and formed part of the process and cost of completion; other causes beyond control, and not connected with construction, were also contemporaneously at work, and operating in the same direction: for instance, the canal banks, for want of reservoirs to maintain the supply of water between the 1st of January and early in June, became dry, and animals burrowed deep into them; and, when water was admitted, it, by the aid of the holes so made, forced its way through, and caused breaches. In a Report to the Madras Government made by him in November 1870, Colonel Carpendale refers to this subject in these words: "The canal being dry for more than half the year, is one cause (of additional expense of maintenance), for there can be no doubt that vermin do burrow in the banks, and make holes that sometimes lead to breaches." In the same report Colonel Carpendale relates the following: "The formation of the banks in this section (the 10th) has been well done, and the Executive Engineer expects he will have a saving on this item. I passed up this section in a boat, in the first week of October, to inspect the Adamapully Anicut, when there was but five feet of water in the canal. The banks appeared quite sound, yet in the night of the 6th a breach occurred in the bank near the Punkal Wunkah Aqueduct, and all the water ran out. The supposition was that vermin had burrowed in the banks when dry; the breach was repaired, and water readmitted before my arrival again at Adamapully at the end of the month, when on the night of the 29th a similar breach occurred close to where the old one had been. There is reason to believe that the canal at this place traverses what was at some former period the bed of the Punkal Wunkah, and that quicksand, some depth below the ground surface, is put in motion when the water in the canal percolates to it, which entails the sinking of the banks; a careful examination into this matter will be made when repairing the present breach, and it may be found necessary to dig a trench along the toe of the bank to be filled with clay puddle. The banks near the breach seem well made and sound, and grass had grown over them satisfactorily." Allowance should, therefore, in all fairness, have been made for these uncontrollable circumstances.

It is true that breaches *have* occurred from the insufficiency of the works constructed before the recommencement of work in November 1866; but, with the exception of those caused by the storm of August 1870, they were chiefly of slight importance, and were remedied at a small expense; at the same time, by these breaches, defects in construction and all weak points were discovered and satisfactorily remedied; indeed, about eight miles of bank were in consequence protected successfully by masonry or puddle. Not only were the parts of the banks, in which on trial the soil proved dangerous, thus made sound and secure, but all other parts known or supposed to be similarly constructed, though never proved to be defective, were likewise protected; and all embankments, except those portions which were then actually breached, stood the very severe test of the unprecedented storm of 1870 successfully; so that now the only known danger attaching to the use of the canal is that inseparable from such a work being left unfilled and dry half the year. Against such danger masonry is the most obvious security. I would here add the fact that a constant flow of water was maintained throughout the canal during the whole of the last season (which at one time reached in the upper sections within two feet of the full depth designed), and every demand for irrigation was promptly supplied without any impeding accident or breach. The intended increased calingulal, or waterway, accommodation will render breaches (humanly speaking) impossible. I need not in this portion of the present Paper further refer to the breaches caused by the storm of 1870, because they arose from a well-ascertained and admitted special and wholly unexpected cause, and should in no way be brought forward as an accusation to the prejudice of the mode of design or the actual construction adopted.

*As to the stated Practical Uselessness of the Works for the objects for which they were designed, and the smallness of Irrigation afforded by them.*

1. *Uselessness, &c., of the Works.*—I do not find any statement in the Papers under review which justifies the assertion made in the Despatch of the Government of India that the works are practically useless for their designed purposes; but, on the contrary, I read in the minutes of Lord Napier and Colonel Carpendale statements positively affirming their sufficiency for those objects; and I cannot bring myself to believe that any engineer of experience will be found who would pass a different judgment. The fact that during the past season of 1871 the canal has been found capable of effecting all that it was intended to perform, without complaint or stoppage, has so far disproved this assertion, and I entertain no doubt whatever that the results of this year will finally and satisfactorily dispose of all doubt upon the subject.

It seems to me that the repetition in the Papers under review of the fact that "The largest extent of land actually irrigated hitherto by the works has been 1,887 acres," as an argument that the ryots cannot be expected to take the water when they can get it, is not only misplaced, but that, coupled with subsequent events, it really forms a strong argument in favour of the Company and its works, but condemnatory of the terms of the Supplementary Contract, which bound the Company, under penalty of extinction, to finish the whole of the 190 miles of canal at once—that is, by a given day; and that the Revenue Officers, as well as the shareholders, may well regret that expenditure was not so applied as to produce revenue continuously as it was made.

Up to 1870 the only portion of the canal which the necessary prosecution of the works, with a due regard to the fulfilment of their contract, permitted the Company to open for irrigation, were the 1st, and sometimes a part of the 2nd section. The total area of irrigable land commanded in the 1st section is 1,386 acres, and in the 2nd section 1,956 acres, of which less than half was under the opened part of the canal; and yet 1,887 acres, that is, five-sixths of the land available, were actually irrigated; a proof that the native cultivators were ready to avail themselves of irrigation when placed within their reach.

On the 8th April 1870, the Madras Government sanctioned a conservancy staff for opening, during the then approaching season, the first 75 miles of canal. Unfortunately, in August of that year, the unprecedented rainfall before mentioned breached the canal, by which the prospects of extended revenue for that year were annihilated. During 1871, however, the irrigation supplied has exceeded all expectations; and, in addition to the direct supply of water to 10,000 acres from the canal itself, the Government tanks of the neighbourhood, which had run dry, have been filled from the Company's canal, and the crops dependent upon them have been saved from failure.

As a natural consequence of this satisfactory position, the Resident Engineers report that there is hardly a village under the canal in which some trial has not been made of irrigation, that the quality of the crops yielded surpasses that of crops cultivated under the Government tanks, and that earnest and very extensive preparations are being made for wet cultivation during the present year. Could any work of irrigation have a better prospect?

I will not say more about the alleged fear of the cultivators, and their aversion to the Company's works, than that the facts previously stated prove the contrary; and, further, that I presume the knowledge comes to the Government of India through the reports of the subordinate Revenue authorities. The very fact (known to me) that hundreds of ryots consulted the Tahsildars as to whether they should irrigate or not, indicates that even before the assuring experience of last season their fears did not extend to aversion; but the very proper refusal of those officers to guarantee the continued safety of the canal and a sure supply of water to the land, could not but have a depressing effect on the obvious ardour of the simple and ignorant, who would consider the Tahsildar's opinion, or refusal to give an opinion, as conveying the most favourable view of the canal, which they, as the collector reports, persist in considering to be a Government work. Neither Lord Napier nor Colonel Carpendale, who speak with a knowledge of the locality, seem to have noticed this alleged aversion, and I never heard of it; and, judging from the papers under review, that aversion is apparent at Simla, but not in Madras. Successive distances seem to render the view taken of the canal less and less enchanting.

*As to the alleged Excess of Cost over Estimate.*

It is said, in the Despatch from the Government of India, as against the Company, that works originally estimated at half a million have actually cost a million. This, doubtless, refers to estimates made before the final contract with the Company, and therefore does not apply to prove the inefficiency of the Company. In justice to Colonel Orr, who is, I presume, the officer referred to, and who acted on behalf of the Government, it should be borne in mind that, when he submitted his estimate of 590,000 *l.* to the Madras Government in 1861, after inspecting the proposed line of canal (and after Colonel Cotton, acting for the Company, had submitted an estimate corresponding, except in one particular, to which I shall presently refer), prices and wages in the less populous parts of the district traversed by it were about half of what they have averaged since that date; and in justice to the Company it should be stated that it has worked more economically, at any rate since the supplementary contract, than any other department, so far as I know, for similar quantities of work, and has during that time saved much on the rates sanctioned by Government: it has also, by an expenditure within the contract, completed not only the contract works, but many additions, accessories, and improvements since introduced.



When Colonel Orr's estimate, mentioned by the Government of India, was made, the design was to make the Koondair River navigable below Nundial, at a cost of 80,000 £ only. Instead of this, a canal of 85 miles length has been substituted at a cost of 217,800 £, to the great improvement of the navigation.

In concluding this portion of my Memorandum, I must state that the estimate of the Company's then Chief Engineer (Colonel Cotton), made, as I have said, previous to Colonel Orr's inspection, differed from Colonel Orr's estimate in one item only, that of locks, of which Colonel Orr reckoned that 60 would be required at a cost of 180,000 £, against Colonel Cotton's estimate of 40 at a cost of 40,000 £. The actual number constructed and found ample is 41, and the cost about 70,000 £ only. As to rates, both of the officers named had the same means of judging; both inspected the trial pits in the 4th, 5th, and other sections. In those sections all the trial earthwork had been executed at 15 cubic yards the rupee; whereas the abolition of all pressed labour, the rise in the price of provisions due to influx of workmen, and the partial diversion of agricultural labourers to canal work, caused rates to rise to double that amount, while the canal was under construction.

*As to the actual Cost of the Canal and Works.*

Upon the whole, and especially when it is considered that the project itself was an experiment, no such a work having been before undertaken in India, and that the Company was a new and untried agency, and was not left to carry out the work in its own way and upon its own responsibility, I am clearly of opinion that the cost incurred has been moderate. To those who remember the failure of the Ganges Canal to supply water during the famine year of 1859 (five years after it was opened), and again in 1863, and its insufficiency of water for navigation, it will not seem an unfavourable indication that (omitting management) 190 miles of the Company's canal (in a difficult country, and the first of its kind) have cost 1,015,552 £, against 2,006,000 £ spent on the construction of the 520 miles of Ganges Canal up to 1863, irrespective of maintenance and repairs, especially when it is borne in mind that in 1864 this latter work was admitted by its designer to be defective, and that in 1868 a committee of engineers, appointed by the Government to report on its condition, stated that 1,250,000 £ was wanted to remodel it. But even the first-sight appearance of expensiveness of the Company's canal, by a comparison of figures only, disappears when it is compared with neighbouring efficient works of a similar kind. For instance, the Company's Soonkasala Anicut, 4,500 feet long, raises the summer level of the Toombuddra River 14 feet, and cost 48,150 £. The Besworah Anicut, on the Kisina River below, 3,750 feet long, raises the summer water 14 feet, and cost 70,000 £. The Company's Adinamayapilly Anicut, on the Pennair, 2,510 feet long, raises the summer water level 10 feet, and cost 38,000 £, including plant. The Dowlishwaram Anicuts, on the Godavery, together 11,866½ feet long, raise the summer water about 8 feet, and, built partially, I am informed, by pressed labour years before, and certainly at a time when rates were considerably lower than those which prevailed during the Company's operations, cost about 100,000 £. The main cause of the expense incurred by the Company is the difficult nature of the ground in the first 30 miles, which made the cost more than 10,000 £ a mile. The first 75 miles of canal, including the above 30, cost 8,066 £ a mile on the average, and the remaining 115, 2,900 £ a mile. The rise in the rates also added materially to the total outlay. There seems to me to be no ground whatever for depreciating the Company's canal on account of its cost.

*As to the Efficiency and Financial Success of the Works constructed.*

Upon these points we have the following evidence: First, the universal evidence of Indian revenue officers, before the Company borrowed funds from the Government, and before a desire was said to exist for its transfer into other hands, that the cultivators would take the water if they were supplied with it. Secondly, the similar evidence borne by Indian revenue officers now, with the single proviso that the cultivators must be quite sure of the continuation of the supply annually, a proviso which the experience of every existing tank and every existing canal proves ungrounded. Thirdly, the eagerness shown by the ryots of every village under the canal to try the water, though they were not encouraged, and were doubtful whether they would incur displeasure by so doing, and the actual irrigation of 10,000 acres during last season, although the season's sowing was over before water was running down the subsidiary channels.

In conclusion, I, as the chief engineer of the Company, beg to record my opinion that the banks, walls, and works of the canal are in an efficient condition; and that, with a well-drilled staff of bankers to watch the filling, and after due adaptation of the water passages to meet the requirements of a storm like that of 1870, no contingency of wind or weather of which we have had experience up to date will interfere with the safe and constant supply of water by the canal during every irrigating season. Were the navigation opened by boats doing 100 miles a day, my opinion is that the immediate traffic, irrespective of the carriage of the surplus produce caused by the irrigation supplied, cannot be estimated at less than 5 £ a mile a week.

I cannot, however, completely close this Paper, without expressing my satisfaction at the statements made by Lord Napier and Colonel Carpendale, affirming the absolute necessity for the construction of reservoirs. Without these all-important adjuncts the canal, as now constructed, will be of less than half its proper value to the country, and will prove less than half as productive of profit upon outlay. The result of an outlay of say 500,000 £ upon a reservoir, will be that the canal and distributary channels already constructed will

be

be made use of, both for irrigation and navigation, for 12 months, instead of, as at present, six months only. If no reservoir be constructed, the canal will have to produce, during its six months' working, a return upon the capital of 1,600,000 £ already expended by the Company, whilst the cost of repairs and maintenance will be increased by the exposure to the sun of the embankments, whilst dry for the remaining six months. On the other hand, if a reservoir be constructed, the returns upon its cost (say, as above, 500,000 £) will be at least equal to those upon the 1,600,000 £, whilst the cost of maintenance will be lessened. These facts show how exceedingly advantageous, in a financial point of view, the outlay of additional capital must prove for the Company.

John Herbert Latham,  
Chief Engineer.

20 January 1872.

Enclosure 2, in No. 30.

MEMORANDUM by Mr. Gordon, late Deputy Chief Engineer of the Madras Irrigation and Canal Company, on the Letter from the Under Secretary of State for India, of 9th of January 1872, and the Documents thereto annexed.

LORD NAPIER, in his Minute, states that the "objects of navigation were admitted by Government and the Secretary of State deliberately," and that "the canal is well adapted for irrigation in connection with its other use," and the Government engineers, including Colonel Carpendale, have admitted the present design to be at least "generally suitable." If, therefore, the combination of irrigation with navigation be a defect of the canal, it is one which would have existed had the work been constructed by any other agency than that of the Company, and should accordingly not be brought forward as a reason against the Company being assisted to extend their operations.

What Colonel Carpendale calls the "great radical defect," viz., the insufficiency of the canal to pass extraordinary flood waters when full without breaching the banks, is also one which I think would probably have existed in any other design; for I have been informed by Government engineers that, in designing escape works for tanks, &c., it is impracticable to make them equal to the discharge of the extraordinary floods which occasionally, though very rarely, occur, and that those are provided for by inducing them to breach the works at points where least damage will be done, and where it will be most quickly repaired. This plan the chief engineer in his memorandum states to have been adopted, temporarily, in these works also since the experience of 1870, while the intended permanent discharge works are calculated to a higher co-efficient than that now adopted for the Ganges Canal.

It appears to me that the Government of India have misunderstood the remarks of Colonel Carpendale, with regard to the employment of masonry walls, where the canal crosses deep valleys. These remarks can, I think, be meant to apply only to some of the walls of earlier construction, as none of those constructed since 1865 have given way, and Colonel Carpendale characterises the masonry of these as excellent. The defects in the earlier constructed walls have been remedied, and I think most engineers would consider the later ones better and safer works than earthen banks of the materials available. The ordinary banks made of earth in the manner usual in the country were always expected to take years to consolidate. It should be remembered that there is no clay wherewith to make proper "puddle" in that part of the country.

Paragraph  
Despatch.

Although the mortar used in the masonry walls will not set under water, it gets extremely hard under water after setting in the air, as is shown by some spare concrete left at the Soonkasala Anicut, which has stood a fall of water on it of upwards of 15 feet for eight or nine years. It is made with the same lime as the mortar.

The statement in paragraph 5 of the Despatch of the Government of India, that "the works are practically useless for the objects with which they were designed," does not seem to be borne out either by the opinions expressed by Lord Napier, Colonel Carpendale, and the Honourable Mr. Sim, or by the facts that all the water that was applied for was successfully supplied last season, that is, the first after completion of the works, and that, in addition to this, water was supplied to Government tanks of which the natural supply had failed. At the same time, there can be no doubt that the usefulness of the works would be immensely extended, and their profitableness, in a pecuniary sense, rendered certain, by the storage of sufficient water to yield a second crop to the whole or even part of the land which will eventually be irrigated by the canal. A full supply would not be necessary for maintaining the navigation. Storage of water always formed an important part of the Company's scheme, and is still, as Lord Napier truly observes, an indispensable feature in it. Three large reservoirs have been surveyed and carefully estimated, and all the information which the Company can afford has been given. In one case, a complete land survey on a large scale was also given, and sent to Government some time after the 1st September 1870. The valuation of the land to be submerged is the only information not given, and that the Company cannot supply. It is quite true that the execution of these large storage works would be a novelty in the Madras system of public works; but that Government has not rejected other works on the plea of novelty and uncertainty of cost, as is shown by the construction of the magnificent anicuts across the Godavery and Kistnah, and in later times by the experiment of constructing a high dam near Ootacamund by a method which was, I believe, quite new in British India. Colonel Carpendale, in paragraph 7 of his Minute, advocates the construction of reservoirs. The estimated cost of storage works is so favourable

able that, even if the Government's mistrust of the estimates were well founded, and the *least* favourable estimate were *doubled*, so as to make a reservoir for the Kurnool works cost, as Colonel Carpendale suggests, half a million, it would still be a profitable addition to the works. But it can hardly be doubted that that is the most unfavourable view that could possibly be taken. Were it not for the want of information on public works in India, and the hesitation to embark on them, caused by the disfavour with which private enterprise is viewed by the Indian Government, unguaranteed capital would soon be forthcoming for the construction of reservoirs.

With regard to the excess of cost over the *original* estimates, I can only confirm what the chief engineer has so clearly stated under that head in his full and satisfactory Memorandum, and add that my estimates of the Bellary Irrigation Canal, amounting to one and a quarter millions, were based on the experience of the Kurnool works, which have been executed since 1865, and that the rates are, for reasons I have elsewhere given, somewhat in excess of those found sufficient for those works.

I have, &c.

G. Gordon,  
Late Deputy Chief Engineer,  
Madras Irrigation and Canal Company.

London, 5 February 1872.

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Enclosure 3, in No. 30.

MEMORANDUM by Mr. Dodson, late Executive Engineer of the Madras Irrigation and Canal Company, upon the Letter of the Under Secretary of State for India, of the 9th January 1872, and the Documents attached to it.

It is evident that the chief object of all these Memorandums addressed to the Secretary of State for India, on the present condition and future prospects of the Madras Irrigation Canal is to show that the works are faulty in design, and so inefficiently constructed that they are not trustworthy. Also, that if the works should stand the test of full water, yet they are so constructed as not to be efficient either for the purposes of irrigation or navigation. The question of the original design has been fully answered by our chief engineer, Mr. Latham, who has also successfully met all the other charges; but, having been for eight years one of the company's executive engineers, and from time to time in charge of all the works of the first 90 miles of this canal, I feel justified in making some remarks on their supposed insufficiency and uselessness as now completed.

The only proof brought forward by any of the writers of these Memorandums, that the works of the canal are not constructed properly, is that several breaches have occurred during the time they were in progress, especially those in the year 1870.

Having inspected all these breaches soon after they were made, and being well acquainted with all the circumstances which caused them, I am convinced that most of them would not have taken place, had the canal been provided with a sufficient amount of waste weirs, or calingulahs; some of the smaller breaches no doubt were caused by the water finding its way through the banks at holes made by vermin; but all the large breaches of 1867 and 1870 were, I am convinced, caused by the water in the canal rising during sudden heavy storms far more rapidly than the existing waste weirs could carry off, and, therefore, topping the banks generally where they joined some one of the masonry walls. That sufficient waste weirs were not provided has been shown by Mr. Latham not to be a matter for blaming any one, and the Government of Madras have so acknowledged. When the proposed additions to these calingulahs have been constructed, I am of opinion no breaches of any importance will occur again, even if heavy storm floods, such as that of 1870, should flow into the canal when full.

In Memorandum 4, the Honourable Mr. Sim remarks that, "if the canal is placed in such a condition that the ryots may be sure of water, the Company need be under no apprehension of want of customers." This is encouraging to the shareholders, and his anticipation is already partly fulfilled; for during 1871, when for the first time water was admitted all along the canal, no breaches took place, and the confidence of the ryots in the stability of the works was restored, while their knowledge of the advantages of wet over dry cultivation was greatly increased, and in consequence the amount of irrigation under the canal rose from 1,887 acres to 10,000 acres; and, from the private information I have received from the engineers now in charge of conservancy, I am convinced that next season near 100,000 acres will be irrigated, and then the remarks made by Mr. Sim further on in his Memorandum, that "the works with which they (the Company) have been entrusted have proved a ruinous failure," and that "the Company has been tried, and has lamentably failed," will prove to be not only premature, but also lamentably erroneous.

In conclusion, I may state my conviction that, when the proposed storage reservoirs have been constructed so as to secure a supply of water for second crops of rice and for sugar, and when navigation has been established, and the canal connected with the railway at Cuddapah, the success of the canal, both as a source of profit to the shareholders, and a cause of wealth and general prosperity to the country through which it passes, will very soon be most fully established.

I have, &c.

A. J. Dodson,  
Late Executive Engineer,  
Madras Irrigation and Canal Company.

London, 6 February 1872.

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— No. 31. —

The Secretary of the Madras Irrigation and Canal Company to the Under Secretary of State for India.

Madras Irrigation and Canal Company,  
8 and 9, Queen-street Place, London, E.C.,  
29 February 1872 (No. 2).

Sir,

WITH reference to the last two paragraphs of your letter of the 9th ultimo, I have received instructions from the directors of this company to assure his Grace the Secretary of State for India that, from the passing of "The Madras Irrigation and Canal Act, 1866," which specially authorised the loan of 600,000 £, they have steadily proposed to raise funds, at the proper time, to pay off the debentures given as security for its repayment, by issuing bonds, mortgages, or debentures under the express authority given to them by the 6th section of that Act; and upon the receipt of your communication they proceeded to put their resolve into force, and for their guidance sought advice as to the proper mode of procedure, when to their surprise it was suggested that it is not certain whether, under the existing powers conferred upon them by the Act of Parliament, they can issue fresh debentures in substitution of, and placing the holders in the same position of priority as that of the Secretary of State for India in virtue of, those now held by him. See No. 29.

Under these circumstances, in order to remove any difficulty, such as that which has been suggested, and to enable the company to issue securities unquestionably free from doubt, the directors propose to apply for a short supplementary Act, which, with the concurrence of his Grace, may be obtained this Session, and will enable them to raise funds to provide for the discharge of the debentures as they fall due, and thus meet his requirements, as expressed in your letter. In anticipation of his Grace's confirmation of this action on their part, the directors have instructed their Parliamentary Agents to take the necessary steps for that purpose, in order that if possible such an Act may be passed before the falling due of the first debenture.

I have, &amp;c.

*John Westwood*, Secretary.

— No. 32. —

The Government of Madras to the Secretary of State for India.

My Lord Duke,

12 March 1872 (No. 4).

WE have the honour to forward, for your Grace's information, copy of a report by the Acting Chief Engineer for the Madras Irrigation and Canal Company, furnishing particulars regarding the result of the operations of the season now closing, together with the observations of the Acting Chief Engineer for Irrigation thereon. Proceedings of Government, dated 6th March 1872, No. 613.

We have, &amp;c.

*A. J. Arbuthnot*,  
*Fredk. Haines*, Lieut. General,  
Commander in Chief.

*J. D. Sim*,  
*R. S. Ellis*.

Enclosure 1, in No. 32.

The Acting Agent and Manager of the Madras Irrigation and Canal Company to the Acting Chief Engineer for Irrigation; dated Madras, 23rd January, 1872, No. 24.

I HAVE the honour to forward copy of the Acting Chief Engineer's Report for the month of December 1871.

## REPORT to accompany Divisional Reports for December 1871.

WATER has been kept during December at a uniform depth of 4 feet 6 inches in the canal below Soonkasala head sluices. At Jupaud the average depth has been 2 feet 9 inches, and at Lockinsala 5 feet 2 inches. From Jootoor anicut down to Cuddapah, water has been allowed to flow about 2 feet deep on an average, and there has been no serious accident.

Since commencement of this month a small breach has occurred near the end of the canal at Cuddapah, from which I expect no inconvenience to arise.

Just now the works are undergoing a most careful scrutiny, so that whatever weak places exist may be found and repaired during the dry season now beginning.

There are 42 locks upon the canal, and, as till now they have been untried, it is quite certain that repairs will be needed. But, from what I already know, the cost will not be great.

The consolidation of earthwork throughout the canal also will render some work necessary.

The season may now be considered at an end, and it is the universal opinion here that it has been very successful indeed.

Throughout the season no serious accident has occurred, and the flow of water from Soonkasala to Cuddapah has been uninterrupted and sufficient for all demands.

It is to be hoped that, before next season, at least one steam launch will be sent out and put upon the canal.

Recently we have filled a number of the Government tanks, which were either dry or had an insufficient supply of water, owing to the want of rain this year. At one time it was almost expected that there would be a famine; and then it was wonderful to find how the canal was looked upon by all as a source of safety for this neighbourhood.

I will now make one or two remarks on the accompanying reports.

There can be no doubt whatever that it would be an immense improvement to our works, if one of the large tanks proposed in Mysore were to be constructed. It would enable the canal to supply two crops without any doubt; and when cultivators can get water for two crops the use of it is likely to spread in area as well as quantity.

I am sorry to see Mr. Wilks thinks he over-estimated the area of land flooded on his district. It is, as he says, most difficult to prevent the surreptitious use of water where floodings are allowed; and my impression still is that the area of land irrigated and flooded has not been over-estimated, though I fear in some places the proof may this year be difficult.

I will here explain the difference between the above two terms, which we have so often to use, and concerning which there might be misconception.

We supply water at two rates. Rice, which has to be watered every day, is charged at the rate of 6 rupees per acre for the crop: and this we call land-irrigated.

Crops of indigo, &c., which may only need one good watering, are supplied at the rate of 1 rupee per acre for each efficient watering; and this we call land-flooded.

It certainly has been our interest to extend the use of water as much as possible this year, even if some has been used surreptitiously.

It must be remembered also that on the whole canal of 188 miles, with about 250 miles of minor channels, we have only had two surveyors to measure up all the land irrigated.

Mr. Knorpp estimated the irrigation for next season at 50 or 60 per cent. of the land commanded on the 10th section. This would give from 2,100 to 2,500 acres, and that proportion on the whole of the channels designed for the whole canal would give 86,000 acres; but I do not expect so much next year, though under favourable conditions, I think, the canal may irrigate upwards of 40,000 acres.

There is one question which gives me much anxiety now, namely, the termination of the conservancy engineers' engagements, and the delay there has been in coming to an understanding with them. It is most unfortunate, but before this reaches England I hope to have telegraphed that an understanding has been arrived at.

A. Browning,  
Acting Chief Engineer.

## Enclosure 2, in No. 32.

## MEMORANDUM by Captain Scott.

SUBMITTED for the information of Government.

2. With the above letter the acting agent of the company forwards the chief engineer's report for the month of December last. It would appear that water has been continuously passed down the canal during the season now closing. In the upper half of the work the depth retained has varied from 2 feet 9 inches to 5 feet 2 inches, and in the lower half it has been limited to 2 feet. The chief engineer adds that no serious accident has occurred, but notes that at the commencement of the current month a small breach had been made near the Cuddapah terminus.

3. The result of the season's operations are so far satisfactory, that a considerable body of water, though much below that which the works were constructed to retain, has been impounded in each of the tanks formed by the canal banks, where depressions have been crossed,

crossed, and the earthwork will undoubtedly have become to a certain extent consolidated and improved thereby. In these portions, however, where the normal bed level is but slightly above the natural ground, or where the canal is partially in cutting, the depth water standing against the new earthwork has been so small that but little effect can have been produced tending to render it water-tight; and the raising of the supply to the full level, if carried out next year, would, in my opinion, result in more disastrous breaches. Several seasons must elapse, marked by progressive increase in the depth carried in the canal, combined with annual additions to the earthwork, before it will be in condition to carry the full supply.

4. Considering the small depth of water which has been allowed to exert pressure on the lock, inverts, or retaining walls, they ought not to have suffered if properly constructed in the first instance; and it is to be hoped that the anticipation of the chief engineer, that any needed repairs will be of moderate extent, will be realised.

5. No details of the extent of land irrigated are given; but there is, I think, little probability of the Budget Estimate for 1872-73 in this respect being exceeded.

*A. de C. Scott, Captain, R. E.,*  
For Acting Chief Engineer for Irrigation.

See Enclosure 3 in  
No. 35

— No. 33. —

The Secretary to the Government of Madras to the Under Secretary of State  
for India.

Public Works Department, Fort St. George,  
12 March 1872. (No. 689.)

Sir,

I AM directed by the Honourable the Governor in Council to forward the accompanying statement, which has been furnished by the Accountant General of this Presidency, showing the sums received and disbursed in India on account of the Madras Irrigation and Canal Company for the month of January 1872. The aggregate amount disbursed up to the 31st January was Rs. 94,40,762. 3. 10.

Capital Account	Rs.	a. p.
Revenue ditto	93,58,307	- 5
	82,455	3 5

I have, &c.

*J. Carpendale, Colonel, R. E.,*  
Secretary to Government.

Enclosure in No. 33.

STATEMENT showing the Sums Received and Disbursed at this Presidency on account of the Madras Irrigation and Canal Company during the Month of January 1872.

	RECEIPTS.		DISBURSEMENTS.	
	Capital Account.	Revenue Account.	Capital Account.	Revenue Account.
	Rs.	a. p.	Rs.	a. p.
BANK OF MADRAS.				
NIL				
COLLECTOR OF KURNOOL.				
Tax for water supplied by the Irrigation and Canal Company realised in January 1872 -	-	889 8 5		
Amount received in ditto on account of assessment of land made over to the company -	-	61 7 4		
Payments from the commencement, namely, 1st October 1859 to 31st December 1871, on Capital Account -	-	-	93,58,307	- 5
Ditto ditto to ditto, on Revenue Account -	-	-		82,455 3 5
Receipts from ditto, namely, 1st May 1865 to ditto, on Capital Account -	1,68,417	5 9		
Ditto ditto, namely, May 1865 to ditto, on Revenue Account -		57,198 12 9		
GRAND TOTAL of Receipts and Disbursements up to 31st January 1872 -	Rs. 1,68,417	5 9	93,58,307	- 5 82,455 3 5

Fort St. George, Accountant General's Office,  
4 March 1872.

*R. W. Ludwick,*  
Acting Accountant General.

— No. 34. —

The Under Secretary of State for India to the Secretary of the Madras Irrigation Company.

Sir,

India Office, 16 March 1872.

See Nos. 30, 31,  
and 29.

I AM directed by the Secretary of State for India to acknowledge the receipt of your letters Nos. 1 and 2, dated 29th February, in reply to mine of 9th January, whereby the directors of the Madras Irrigation and Canal Company were apprised that, in any future operations that may be contemplated by the company, they must rely entirely on the resources which they can independently command, for that no further pecuniary aid will be afforded to them by Government; and whereby it was likewise intimated that the Secretary of State will consider it his duty to take steps for securing to the State repayment of its advances of 600,000 *l.* to the company, as the instalments fall due.

2. With reference to the concluding paragraph of the first of these letters, I am to state that the Duke of Argyll can give no opinion on the subject, until he shall be made aware of the nature and extent of the proposed alterations of the company's contract.

3. With reference to the second letter, I am to request that a copy of the draft of the Supplementary Act of Parliament, which the Board desire to obtain, in order to enable them to issue fresh debentures in place of those at present held by his Grace, may be forwarded for the information of the Secretary of State in Council.

I am, &amp;c.

*M. E. Grant Duff.*

— No. 35. —

The Governor General in Council to the Secretary of State for India.

My Lord Duke,

Fort William, 20 March 1872. (No. 38.)

We have the honour to forward herewith, for your Grace's information, the Budget-Estimate of the Madras Irrigation and Canal Company for 1872-73.

2. It will be observed from the estimate that, up to the end of 1872-73, the working expenses of the company are likely to be in excess of the gross receipts by 50,305 rupees, as follows:—

	1871-72.	1872-73.	TOTAL
	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
Receipts - - - - -	15,000	50,000	65,000
Expenses - - - - -	61,377	76,792	1,37,169
Deficit - - - - -	46,377	26,792	72,169
Deduct balance in favour of revenue at end of 1870-71	-	-	21,864
Probable net deficit to end of 1872-73	-	-	<i>Rs.</i> 50,305

3. The question as to the manner in which this deficit should be met has received our attention, and we have decided that it should for the present be provided for from the ordinary grant assigned to Madras for irrigation works; but we do not consider this as a final or satisfactory solution of the question. By para. 21 of the contract with the irrigation company, it is provided that, if the works are not kept in good repair and in good working condition, the Government of Madras can execute the necessary repairs, the cost of so doing being met from the amount payable for guaranteed interest.

4. In

4. In the present case, should the estimate prove correct, the funds for the purpose will have to be advanced by the State; and we are of opinion that the strict letter of the contract should be enforced, and that the net amounts advanced should be recovered from the guaranteed interest payable to the company. This, however, is a point which can be decided by your Grace alone. But we may observe that, in our opinion, the charge to the State, arising from the operations of the Madras Irrigation and Canal Company, is already excessive, and that we hope that the decision that may be arrived at will have the effect of preventing any increase to that charge.

We have, &c.

*Napier.*  
*Napier of Magdala.*  
*John Strachey.*  
*R. Temple.*  
*J. Stephen.*  
*B. H. Ellis.*  
*H. W. Norman.*

Enclosure 1, in No. 35.

The Secretary to the Government of Madras to the Secretary to the Government of India.

Public Works Department, Fort St. George,  
 16 February 1872. (No. 444.)

Sir,  
 I AM directed to transmit the Budget Estimate of the Madras Irrigation and Canal Company for the year 1872-73, with the orders of this Government thereon.

2. The following is an abstract of the estimate :

<i>State Outlay.</i>		<i>Rs.</i>	<i>a.</i>	<i>p.</i>
Establishment	- - - - -	5,000	-	-
Land	- - - - -	11,000	-	-
		<i>Rs.</i>	16,000	- -
<i>Construction Funds.</i>				
Main Canal	- - - - -	25,000	-	-
Distribution Channels	- - - - -	8,000	-	-
Establishment	- - - - -	50,000	-	-
Enlargement of Calingulabs	- - - - -	60,000	-	-
		<i>Rs.</i>	1,43,000	- -
<i>Revenue Account.</i>				
Gross earnings up to end of 1872-73	- - - - -	86,863	7	11
Working expenses -	- - - - -	1,37,168	15	2
		<i>Against Revenue - - - Rs.</i>	50,305	7 3

3. Accepting the estimate of Revenue Returns as modified by the Acting Chief Engineer for Irrigation, it will be observed that the working expenses are estimated to exceed the revenue receipts by—

<i>Rs.</i>	<i>a.</i>	<i>p.</i>
24,513	7	3 on the 31st March 1872.
25,792	-	- in 1872-73.

*Rs.* 50,305 7 3

In requesting the attention of the Government of India to the remarks of the Acting Chief Engineer in paragraph 7 of his letter, I am to observe that, if this extraordinary charge is to be met from the Ordinary Agricultural Assignment, it is absolutely necessary that the grant under that head should be supplemented to the extent above shown. On this subject



## CORRESPONDENCE RELATING TO THE

I am to invite attention to the Madras Public Works Budget for the ensuing year, from which it will be observed that it has not been practicable to make provision for more than two irrigation works, while the minor works grant is utterly inadequate to meet heavy demands for incomplete and other works, for which funds will have to be allotted after the 1st April next.

4. Under these circumstances, and looking to the necessity, which the Government of India have admitted, of providing a larger sum than has hitherto been available for agricultural repairs, I am to express a hope that that Government will, in reviewing the demands of the Empire for next year on account of its public works, not lose sight of the claims of this presidency to an increased assignment under Agricultural.

I have, &c.

J. Carpendale, Colonel, R.E.,  
Secretary to Government.

## Enclosure 2, in No. 35.

The Acting Chief Engineer for Irrigation to the Secretary to Government, Public Works Department; dated Fort St. George, 18th January 1872, No. 99.

I HAVE the honour to submit herewith the Budget Estimates of expenditure from State funds and from guaranteed and loan capital of the Madras Irrigation and Canal Company for 1872-73.

1 Statement of State Expenditure, with Appendix (C.)  
1 Ditto Revenue, ditto.  
4 Statements received from Agent.  
1 Statement A, received from Collector of Kurnool.

2. The estimated outlay on the Establishment of Control, now amalgamated with the office of the Chief Engineer for Irrigation, and for compensation for land taken up, amounts to 16,128 rupees, made up as follows:—

	<i>Rs.</i>
Proportion of the establishment of the Chief Engineer for Irrigation employed in connection with the company -	5,128
Compensation for land taken up for the project - - -	11,000
Total Outlay - - - <i>Rs.</i>	16,128

3. The outlay from guaranteed and loan capital is estimated by the agent as follows:—

	<i>Rs.</i>
Agency and engineering establishment - - - -	50,000
General work on the main canal - - - -	25,000
Ditto - on the distributory channels - - - -	8,000
Enlargement of the Calingulahs - - - -	30,000
Total - - - <i>Rs.</i>	1,13,000

The present monthly charge for the construction and agency staff, sanctioned by Government Order, No. 38, dated 8th January 1872, is 6,515 rupees; but its gradual reduction is contemplated. It is necessary to provide for an agency establishment, as it is obvious that the accounts of the Company will not be wound up by the end of the current year; in fact, the extension of the works for the discharge of surplus water, sanctioned in Government Order No. 1089, dated 18th April 1871, and the completion of the distribution projects providing employment for an engineering staff, infer the continuance, for a portion of the year at any rate, of the agency. A provision of 2,500 rupees for each section of the main canal has been made, and will undoubtedly be required, to meet the cost of raising the earthwork to make good sinking from rain, and for other contingencies due to original faulty construction. Such expenditure is fairly chargeable to capital. In an estimate received from the agent, of later date than the Budget under review, the cost of the reconstruction and extension of the calingulahs is calculated at 60,000 rupees instead of 30,000 rupees, as in the latter document; and consequently the total estimated outlay under Construction should be increased to 1,43,000 rupees.

4. The Company having drawn the whole of the amount which Government engaged to furnish under the supplementary agreement, dated 2nd October 1866, the expenditure under "Construction," detailed above, will have to be met from the balances in the hands of the agent and the directors, which amount at present, as far as can be ascertained, to about four and a half lakhs.

5. The expenditure against Revenue is made up of the charge for the conservancy establishment sanctioned in Government Order No. 817, dated 18th March 1871, and of an item of 3,000 rupees for the repair of the irrigating channels. The monthly allowance for

Establishments

MADRAS IRRIGATION COMPANY.

101

Establishments for the first six sections being 3,044 rupees, and for the remainder 3,022 rupees,

	Rs.
The total annual charge is - - - - -	72,792
Adding for repairs - - - - -	3,000
The Total estimated Expenditure is - Rs.	75,792

But this amount taken by the agent as debitable against Revenue in 1872-73 must be increased considerably. In a statement from this office of the 23rd August 1871, No. 332, recorded by Government Order No. 2823, of the 7th November 1871, it is shown that, under the head of "Work Chargeable to Revenue," there is a sum of 4,062 rupees not brought into account, which has not been taken into consideration by the agent in his Budget Estimate now forwarded. Again, in consequence of the actual cultivation during the current year having fallen far short of the moderate estimate made in the statement above referred to, the balance to the debit of Revenue at the end of this year is now estimated at 24,513 rupees, which sum must be carried forward to the year now budgetted for, raising the probable charges against Revenue in 1872-73 to 1,00,305 rupees. The agent estimates the area of land that will be irrigated during the ensuing year at 37,300 acres, but does not detail the nature of the crop or crops for this area, so that the rates leviable and the revenue cannot be deduced. As far as can be ascertained at present, the results of the present year (1871-72) have been disappointing. The return now furnished by the agent shows an area of 9,500 acres supplied with water during the year, but it is not to be understood that all this is for rice; in fact, there is reason to believe that by far the greater portion of the land was under dry crop cultivation, and that the water supply was limited to one or two floodings, for which a very low charge of from 1 to 2 rupees is leviable.

The Collector of the Kurnool district, in his statement appended, gives 7,256 rupees as the amount of collections realised up to the 30th September 1871, and 6,000 rupees as the probable collections up to the 31st March 1872, making an addition for the small amount of irrigation in the Cuddapah district. I have estimated the probable receipts during 1871-72 at 15,000 rupees.

The agent's estimate of irrigation for 1872-73 is, in my opinion, very excessive, and, if the area to be irrigated were set down at 8,000 acres, and the revenue derived from all sources at 50,000 rupees, it would probably be found much nearer the truth. There is no doubt that there will, if the present rate of expenditure is continued by the end of the year, be a large balance of expenditure against revenue, and the deficiency, 50,305 rupees, provided for in this Budget, is as near an approximation to it as can be made at present.

6. Recapitulating, it will be seen that provision has to be made in the Budget of 1872-73 for the following:—

	Rs.
Controlling establishment under the chief engineer for irrigation -	5,128
Compensation for land - - - - -	11,000
Excess of expenditure over gross revenue receipts - - - - -	50,305
TOTAL - - - Rs.	66,433

7. Under the 21st clause of the agreement between the Secretary of State and the company, of the 31st June 1863, the latter are bound to keep the works in repair and in good working condition, and, in default of their doing so, and after due notice, this Government is authorised to carry out necessary repairs, and the expense of the same may be set off against any monies payable, or which may become payable, to the company by the Secretary of State under the agreement. It becomes, therefore, a matter for consideration whether Government should enter upon a system of advances to the company, under the head of Revenue Account for the maintenance of the works, which would probably never be refunded, or whether the provision of the agreement should be carried out.

DETAIL of ESTIMATE of State Expenditure on Account of the Operations of the Madras Irrigation and Canal Company for the Year 1872-73.

ABSTRACT.		Rs.
I.—Establishment - - - - -	- - - - -	5,128
II.—Purchase of land - - - - -	- - - - -	11,000
III.—Excess of cost of maintenance, &c., over gross revenue receipts -	- - - - -	50,305
TOTAL - - - - - Rs.		66,433

## I.—CONTROLLING ESTABLISHMENT.

Number.		Particulars.	Salary of Office.	Estimate of 1872-73.			Budget Estimate of 1871-72. Charges per Annum.	Regular Estimate of 1871-72.
1871-72.	1872-73.			Per Mensem.	Per Annum.	Total.		
			Rs.	Rs.	Rs.	Rs.	Rs.	
1	-	Consulting Engineer graded as Chief Engineer, Class II.	2,000	-	-	-	24,720	1,991
-	-	Ditto - Presidency house-rent - - - - -	60	-	-	-		
1	-	Manager - - - - -	225	-	-	-		
1	1	Accountant - - - - -	42	42	504			
1	1	Head Clerk - - - - -	50	50	600			
1	-	Draughtsman and Estimator - - - - -	60	-	-			
1	1	Ditto - ditto - - - - -	40	40	480			
1	1	Record-keeper - - - - -	50	50	600			
1	-	Peon - - - - -	104	-	-			
1	1	Ditto - - - - -	8	8	96	3,528	7,254	4,599
1	1	Ditto - - - - -	7	7	84			
1	-	Ditto - - - - -	6	-	-			
1	-	Sweeper - - - - -	3	-	-			
<i>For the Government Examiner :</i>								
1	1	Accountant - - - - -	90	90	1,080			
1	1	Peon - - - - -	7	7	84			
		Travelling allowance and batta for office establishment	-	-	-	3,528	31,974	6,590
		Office expenses and contingencies - - - - -	-	-	-	1,000	2,570	925
			-	-	-	600	1,200	352
TOTAL, Controlling Establishment - - -			-	-	-	5,128	35,744	7,868

## II.—PURCHASE OF LAND.

Number of Item.	Particulars.	Area.	Amount of Estimate.	Computed Payments to 31st March 1872.	Estimate for 1871-72.	Regular Estimate of 1871-72.	Estimate for 1872-73.
				Rs.	Rs.	Rs.	Rs.
<i>Kurnool District :</i>		<i>Acres.</i>					
	For Calingulah Channels enlarged - - -	24	Not estimated, for the Land Registers and Bills are sanctioned by Government from time to time prior to the transfer of the land - - - - -	68,571	10,000	4,555	5,000
	TOTAL for Kurnool - - - - -	24	- - - - -	68,571	10,000	4,555	5,000
	Cuddapah District - - - - -	-	Ditto - - ditto - - ditto - - - - -	19,343	10,000	2,000	6,000
	TOTAL for Cuddapah - - - - -	-	- - - - -	19,343	10,000	2,000	6,000
	GRAND TOTAL for Kurnool and Cuddapah - - - - -	24	- - - - -	87,914	20,000	6,555	11,000

A. de C. Scott, Captain, R.E.,  
For Acting Chief Engineer for Irrigation.

## APPENDIX (C.)

ESTIMATED EXPENDITURE from Guaranteed and Loan Capital of the Madras Irrigation and Canal Company for 1872-73.

ITEMS.	Budget Estimate for 1872-73.	Budget Estimate for 1871-72, i. e., from 1st April to 30th June 1871.	Regular Estimate for 1871-72.
	Rs.	Rs.	Rs.
Main Canal	25,000	3,89,336	—
Distribution	8,000		
Buildings	50,000		
Establishment	60,000		
Electric Telegraph	60,000		
Alteration of Calingulabs	60,000		
Total Outlay	1,43,000	3,89,336	—

Note by the Chief Engineer for Irrigation.

No State provision will have to be made for this expenditure, as it will be met from the balance of the loan and guaranteed capital in the hands of the Company.

## REVENUE ACCOUNT.

	Gross Earnings + Balance Cr. brought forward from previous Year.			Working Expenses + Balance Dr. brought forward from previous Year.			Balance Cr. or Dr. at the End of the Year.			Per-centage of Working Expenses.		
	1871-72.			1871-72.			1871-72.			1871-72.		
	1872-73.	Budget Estimate.	Regular Estimate.	1872-73.	Budget Estimate.	Regular Estimate.	1872-73.	Budget Estimate.	Regular Estimate.	1872-73.	Budget Estimate.	Regular Estimate.
Main Canal from Soonkasala to the Pennair	Rs. 50,000	Rs. 10,14,882	Rs. 36,863	Rs. *1,60,305	Rs. 40,334	Rs. 61,376	Rs. Dr. 50,305	Rs. 9,74,548	Rs. Dr. 24,513	Rs. 200 6	Rs. 11 36	Rs. 166 5

\* This sum represents the estimated working expenses in 1872-73 added to the debit or loss on Revenue Account in 1871-72.

A. de C. Scott, Captain, R.E.,  
For Acting Chief Engineer for Irrigation.

## III.—REGULAR ESTIMATE, 1871-72.

STATEMENT of REVENUE EXPENDITURE in Comparison with REVENUE RECEIPTS, for two Years, namely, from 1st April 1871 to 31st March 1873.

Number of Item.	Particulars.	Amount.	Number of Item.	Particulars.	Amount.
1	Balance in favour of Revenue on 1st January 1871, as per Revenue Account for the half year ended 31st December 1870	Rs. a. p. 20,914 - 2	4	Working Expenses for 1871-72, as per agent's statement	Rs. a. p. 56,714 15 2
2	Collections from 1st January to 31st March 1871, as per Accountant General's statements	949 7 9	5	Add Contingencies	600 - -
3	Estimated Revenue Receipts for 1871-72	15,000 - -	6	Work chargeable to Revenue, but not yet brought into account	4,062 - -
	Balance against Revenue on the 31st March 1872	24,513 7 3		TOTAL	Rs. 61,376 15 2
	TOTAL	Rs. 61,376 15 2			

## BUDGET ESTIMATE, 1872-73.

1	Estimated Earnings in 1872-73	50,000 - -	2	Balance against Revenue on the 31st March 1872	24,513 7 3
	Balance against Revenue on 31st March	50,305 7 3	3	Working Expenses, 1872-73	75,792 - -
	TOTAL	Rs. 1,00,305 7 3		TOTAL	Rs. 1,00,305 7 3

Fort St. George, 18 January 1872.

A. de C. Scott, Captain, R.E.,  
For Acting Chief Engineer for Irrigation.

MADRAS IRRIGATION AND CANAL COMPANY.

BUDGET ESTIMATE of the EXPENDITURE required on the CONSTRUCTION ACCOUNT, 1872-73.

NAME OF WORKS.	Amount of Sanctioned Estimate.	Actual Expenditure up to 31st January 1871.	Anticipated Expenditure from 1st February 1871 to 31st March 1872.	Total of Columns 3 and 4.	Probable Expenditure for 1873-73.	REMARKS.
1.	2.	3.	4.	5.	6.	7.
<b>MAIN SUPPLY.</b>						
	<i>Rs. a. p.</i>	<i>Rs. a. p.</i>	<i>Rs. a. p.</i>	<i>Rs. a. p.</i>	<i>Rs. a. p.</i>	
Anicut and headwork at Kurnool - - - - -	3,03,080 - -	60,326 7 8	- - - -	60,326 7 8	- - - -	
Ditto - ditto at Soonkassala - - - - -	4,85,122 - -	4,69,671 14 8	1,315 - 11	4,70,986 15 7	- - - -	
Ditto - ditto at Somanawerum - - - - -	1,71,727 1 7	66,048 2 11	- - - -	66,048 2 11	- - - -	
Ditto - ditto at Adampully - - - - -	* 3,86,000 - -	3,92,399 2 -	47,248 8 10	4,39,647 10 10	- - - -	
Aqueduct across the River Hindry - - - - -	2,76,250 - -	2,76,324 10 8	- - - -	2,76,324 10 8	- - - -	
Canal for one mile from the head sluice of the Kurnool anicut - - - - -	65,000 - -	49,284 8 3	- - - -	49,284 8 3	- - - -	
South Main Canal, 1st Section, 17½ mile - - - - -	† 10,95,567 5 4	10,93,812 11 3	9,501 1 5	11,03,313 12 8	2,500 - -	
Ditto - 2nd ditto 18th to 32nd mile - - - - -	19,63,370 - -	19,62,056 12 4	16,087 8 6	19,78,124 4 10	2,500 - -	
Ditto - 3rd ditto 33rd to 43rd mile - - - - -	9,75,790 - -	9,04,800 8 11	13,808 9 7	9,18,609 2 6	2,500 - -	
Ditto - 4th ditto 44th to 60th mile - - - - -	10,85,521 - -	9,78,538 11 7	5,446 11 10	9,83,985 7 5	2,500 - -	
Ditto - 5th ditto 61st to 72nd mile - - - - -	8,80,738 2 9	8,70,372 10 -	9,936 14 8	8,80,308 8 8	2,500 - -	
Ditto - 6th ditto 73rd to 91st mile - - - - -	9,43,427 5 4	8,30,654 6 2	32,320 7 3	8,62,904 13 5	2,500 - -	
Ditto - 7th ditto 92nd to 114th mile - - - - -	7,49,383 5 4	6,50,878 14 6	23,322 - 8	6,74,200 15 2	2,500 - -	
Ditto - 8th ditto 115th to 116th mile - - - - -	† 8,30,111 - -	7,50,379 13 9	78,585 2 2	8,28,964 15 11	2,500 - -	
Ditto - 9th ditto 144th to 178th mile - - - - -	9,56,177 - -	7,04,318 11 7	70,621 6 5	7,74,940 2 -	2,500 - -	
Ditto - 10th ditto 179th to 186th mile - - - - -	2,57,437 - -	1,70,593 8 7	24,926 9 7	1,95,520 2 2	2,500 - -	
Breaches, 1st to 4th Section, for 1870 - - - - -	69,780 - -	33,410 13 5	36,369 2 7	69,780 - -	- - - -	
<b>TOTAL - - - - -</b>	<b>Rs. 1,14,64,481 4 4</b>	<b>1,02,63,872 8 3</b>	<b>3,67,399 4 5</b>	<b>1,06,31,271 12 8</b>	<b>25,000 - -</b>	
<b>DISTRIBUTION.</b>						
Branch Channel and Sluices of 1st Section - - - - -	7,062 15 5	5,170 3 10	484 15 9	5,655 3 7	- - - -	
Distribution Works of 2nd Section - - - - -	6,000 - -	4,986 4 6	83 10 8	5,069 15 2	- - - -	
Ditto - of 3rd ditto - - - - -	11,150 - -	10,196 - 10	2,453 15 2	12,650 - -	1,000 - -	
Ditto - of 4th ditto - - - - -	51,463 14 -	26,559 2 1	10,509 6 10	37,068 8 11	1,000 - -	
Constructing a bund across the canal in 45th mile, 4th Section - - - - -	78 - -	72 12 6	- - - -	72 12 6	- - - -	
Distribution works of the 5th Section - - - - -	20,550 - -	2,363 7 1	9,108 7 8	11,471 14 9	1,000 - -	
Ditto - ditto 6th ditto - - - - -	71,400 - -	25,320 7 4	26,047 13 11	51,968 5 3	1,000 - -	
Ditto - ditto 7th ditto - - - - -	‡ 40,000 - -	183 15 8	26,316 - 4	26,500 - -	1,000 - -	
Ditto - ditto 8th ditto - - - - -	49,000 - -	1,199 3 11	44,900 12 1	46,100 - -	1,000 - -	
Ditto - ditto 9th ditto - - - - -	46,565 - -	918 - 5	35,866 8 10	36,784 9 3	1,000 - -	
Ditto - ditto 10th ditto - - - - -	10,000 - -	- - - -	9,269 15 3	9,269 15 3	1,000 - -	
Ditto - ditto at Soonkassala - - - - -	925 2 6	925 2 6	- - - -	925 2 6	- - - -	
Kurnool town water supply - - - - -	1,699 - 7	1,416 11 4	- - - -	1,416 11 4	- - - -	
<b>TOTAL - - - - -</b>	<b>Rs. 3,15,832 - 6</b>	<b>79,311 8 -</b>	<b>1,65,641 10 6</b>	<b>2,44,953 2 6</b>	<b>8,000 - -</b>	

\* Includes the supplemental estimate, 41,500 rupees, submitted on the 24th June 1871.

† Includes the amount of supplemental estimate of Rs. 21,880. 8. 6. submitted on the 23rd June 1871.

‡ Includes the probable amount of supplemental estimate, 50,000 rupees, under preparation.

§ Includes 25,000 rupees for first range, sanctioned in Government Order No. 2939, of December 1870.

104 CORRESPONDENCE RELATING TO THE

197.

B U I L D I N G S.						
Central Hospital, with out-houses and compound wall, at Kurnool	5,050 --	4,692 13 1	--	--	4,692 13 1	--
Repairs to - ditto - ditto - ditto	68 --	60 --	--	--	60 --	--
Overseer's Hut at Kurnool	1,244 13 3	--	--	--	--	--
Office, and Store-house, and Workshop at Soonkassala	5,947 --	5,980 9 --	--	--	5,980 9 --	--
Powder Magazine, Store and Station roads at Bowanassy	4,359 5 9	4,359 5 9	--	--	4,359 5 9	--
Office and Store-room, and Artificer's shed at Bowanassy	7,297 8 5	7,110 -- 4	--	--	7,110 -- 4	--
Repairing the above building at Bowanassy	648 --	412 8 8	--	--	412 8 8	--
Improvement of road approaching to the above building, and repairing culvert at Bowanassy	578 --	317 14 --	--	--	317 14 --	--
Converting the unfinished building intended for a Gunpowder Manufactory into a Hospital at Bowanassy	427 --	30 10 2	--	--	30 10 2	--
Office and Store building at Valapanoor in Bowanassy	1,970 --	1,990 --	510 --	--	2,500 --	--
Ditto - ditto - at Jupand, in Nagstore Division	4,782 1 1	4,782 1 1	1,300 --	--	6,082 1 1	--
Ditto - ditto - at Puggadial - ditto	3,977 7 7	3,833 1 11	--	--	3,833 1 11	--
Ditto - ditto - at Chintacota, in Koondaur Division	5,283 --	5,278 1 1	--	--	5,278 1 1	--
Office and temporary Store-shed at Ayalore, in Koondaur Division	642 --	67 6 --	--	--	67 6 --	--
Quarters for Sub-Assistant Engineers and Assistant Surveyors, Koondaur Division	1,236 --	561 4 10	--	--	561 4 10	--
Repairs to Amlent Office at Zorapoor	327 --	307 12 --	--	--	307 12 --	--
Office, Store, and Workshop at Kurnool	30,612 --	14,488 15 4	--	--	14,488 15 4	--
Repairs to - ditto - at - ditto	294 --	--	--	--	--	--
Iron and Brass Foundry at - ditto	15,327 15 4	15,167 8 7	--	--	15,167 8 7	--
Room for receiving and dispatching Stores at Kurnool	--	--	--	--	--	--
Engineer's Bungalow, Dhoor	4,979 7 6	4,922 14 7	--	--	4,922 14 7	--
Thirty-two Sluice Lascara' Huts	3,200 --	--	3,200 --	--	3,200 --	--
TOTAL - - - Rs.	98,250 10 11	74,362 14 5	5,010 --	--	79,372 14 5	--
Telegraph line from Soonkassala to Cuddapah	72,000 --	56,893 1 --	3,000 --	--	59,893 1 --	--
Alteration of Callingah, &c.	60,000 --	--	30,000 --	--	30,000 --	30,000 --
GRAND TOTAL - - - Rs.	1,20,10,563 15 9	1,04,74,489 15 8	5,71,050 14 11	--	1,10,45,490 14 7	63,000 --

|| Includes the amount of supplemental estimate Rs. 659. 1. 1., submitted for sanction on the 9th May 1870.

Madras, 15 December 1871.

F. H. Hemslow, Agent and Manager.  
C. A. Badham, Chief Accountant.

MADRAS IRRIGATION COMPANY.

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BUDGET ESTIMATE of the EXPENDITURE ON THE REVENUE ACCOUNT in 1872-73.

I T E M S.	Budget	Actual	Anticipated	Total	Probable	R E M A R K S.
	for 1871-72.	Expenditure from 1st April to 30th September 1871.	Expenditure from October 1871 to 31st March 1872.	of Columns 3 and 4.	Expenditure for 1872-73.	
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	
Proportion of share or charges for general management - -	24,000 - -	805 10 11	500 - -	805 10 11	- -	
<b>Main Supply:</b>						
Soonkasala anicut - - - - -	500 - -					
Main Canal, 1st section - - - - -	1,470 - -					
Ditto - 2nd ditto - - - - -	1,280 - -	12,335 6 7	12,300 - -	31,635 6 7	36,628 - -	Sanctioned in G. O., No. 817, of 18th March 1871, at a monthly cost of 3,014 rupees.
Ditto - 3rd ditto - - - - -	1,092 - -					
Ditto - 4th ditto - - - - -	1,428 - -					
Ditto - 5th ditto - - - - -	1,008 - -					
Ditto - 6th ditto - - - - -	1,598 - -					
Ditto - 7th ditto - - - - -	1,932 - -					
Ditto - 8th ditto - - - - -	2,486 - -					
Ditto - 9th ditto - - - - -	2,940 - -					
Ditto - 10th ditto - - - - -	672 - -					
<b>TOTAL - - - Rs.</b>	<b>40,334 - -</b>					
<b>Distribution, Repairs of:</b>						
Under 1st section, Main Canal - - - - -						
Ditto 2nd ditto - ditto - - - - -						
Ditto 3rd ditto - ditto - - - - -						
Ditto 4th ditto - ditto - - - - -						
Ditto 5th ditto - ditto - - - - -					3,000 - -	
Ditto 6th ditto - ditto - - - - -						
Ditto 7th ditto - ditto - - - - -						
Ditto 8th ditto - ditto - - - - -						
Ditto 9th ditto - ditto - - - - -						
Ditto 10th ditto - ditto - - - - -						
<b>Building:</b>						
Repairs to office, store, and workshop building at Kurnool - - - - -		408 7 -		408 7 -		
Repairs to Ayalors bungalow - - - - -		54 9 -		54 9 -		
<b>Storage:</b>						
Nil - - - - -						
<b>GRAND TOTAL - - - Rs.</b>	<b>40,334 - -</b>	<b>19,714 15 2</b>	<b>37,000 - -</b>	<b>56,714 15 2</b>	<b>75,792 - -</b>	

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CORRESPONDENCE RELATING TO THE

MADRAS IRRIGATION COMPANY.

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No. 3.

BUDGET ESTIMATE OF AREA OF LAND required in 1872-73.

Names of Works for which Land is required.	Area of Land under Class			
	A.	B.	C.	D.
For distribution channels, 1st section, main canal				
Ditto - - - ditto 2nd ditto - ditto	-	-	-	-
Ditto - - - ditto 3rd ditto - ditto	-	-	-	-
Ditto - - - ditto 4th ditto { 1st part	-	-	-	-
Ditto - - - ditto 4th ditto { 2nd part	-	-	-	-
Ditto - - - ditto 5th ditto { North Bowanassy	-	-	-	-
Ditto - - - ditto 5th ditto { South ditto	-	-	-	-
Ditto - - - ditto 6th ditto	-	-	-	-
Ditto - - - ditto 7th ditto	-	-	-	-
Ditto - - - ditto 8th ditto	-	-	-	-
Ditto - - - ditto 9th ditto	-	-	-	-
Ditto - - - ditto 10th ditto	-	-	-	-
For side-cutting quarries, or temporary huts, 1st to 3rd section				
Ditto - - - ditto - - ditto ditto - - 8th ditto	-	-	-	-
Ditto - - - ditto - - ditto ditto - - 7th ditto	-	-	-	-
Ditto - - - ditto - - ditto ditto - - 8th ditto	-	-	-	-
Ditto - - - ditto - - ditto ditto - - 9th ditto	-	-	-	-
Ditto - - - ditto - - ditto ditto - - 10th ditto	-	-	-	-
For calingulah channels enlarged	24	-	-	-

Madras, 15 December 1871.

C. A. Badham, Chief Accountant.  
F. H. Henslowe, Agent and Manager.

No. 4.

BUDGET ESTIMATE OF IRRIGATION for the Year 1872-73.

Position.	Areas commanded.	Areas supplied in 1871-72.	Areas to be supplied in 1872-73.
1st section - - - - -	1,388	4,000	1,000
2nd ditto - - - - -	1,956		800
3rd ditto - - - - -	9,887		1,400
4th ditto { 1st sub-division	14,807	4,000	6,500
4th ditto { 2nd ditto	10,611		6,500
5th ditto { North Bowanassy	9,616½	5,500	500
5th ditto { South ditto	12,000		500
6th ditto - - - - -	27,970		800
7th ditto - - - - -	19,300		5,000
8th ditto - - - - -	81,787	5,500	7,000
9th ditto - - - - -	26,830		5,000
10th ditto - - - - -	4,222		3,000
TOTAL - - - - -	168,572½	9,500	37,300*

\* Note by the Chief Engineer for Irrigation.—No reliance can be placed on this estimate.

Madras, 15 December 1871.

C. A. Badham, Chief Accountant.  
F. H. Henslowe, Agent and Manager.



(A.)

STATEMENT showing the Amounts on Account of the Revenue of Madras Irrigation and Canal Company collected up to 30th September 1871, and the expected Receipts up to 31st March 1872.

Amount collected from 1st April to 30th September 1871.	Probable Amount that can be realised from 1st October 1871 to 31st March 1872.	Remarks.
<i>Rs. a. p.</i> 7,255 14 6	<i>Rs. a. p.</i> 6,000 - -	-

Kurnool, 24 October 1872.

*E. Turner,*  
Acting Head Assistant Collector, in charge.

## Enclosure 3, in No. 35.

THE Acting Agent and Manager of the Madras Irrigation and Canal Company, to the Acting Chief Engineer for Irrigation and Joint Secretary to Government; dated Madras, 22nd January 1872, No. 22.

I HAVE this morning received from the acting chief engineer an amended estimate of irrigation for the Budget Statement of 1872-73, and I now have the honour to hand you a copy of it.

2. You will observe that in the original statement the error is in the details, the eighth item being entered as 300 acres instead of 3,000, and that the correct total will be 40,000 acres.

## BUDGET ESTIMATE OF IRRIGATION for the Year 1872-73.

Position.	Areas commanded.	Areas being supplied in 1871-72.	Areas to be supplied in 1872-73.
1st section - - - - -	1,386	} 4,000	1,000
2nd ditto - - - - -	1,956		600
3rd ditto - - - - -	9,837		1,400
4th ditto { 1st sub-division - - - - -	14,807		6,500
{ 2nd ditto - - - - -	10,511		6,500
5th ditto { North Bowanassy - - - - -	9,516½		500
{ South ditto - - - - -	12,000		500
6th ditto - - - - -	27,970		3,000
7th ditto - - - - -	19,300		5,000
8th ditto - - - - -	31,737		7,000
9th ditto - - - - -	25,330	5,000	
10th ditto - - - - -	4,222	3,000	
TOTAL - - -	168,572½	9,500	40,000

Kurnool, 11 December 1871.

*A. Browning,* Acting Chief Engineer.

MADRAS IRRIGATION COMPANY.

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Enclosure 4, in No. 35.

ORDER of the Government of Madras, 16th February 1872, No. 443.

THE foregoing letter gives cover to the Budget Estimates of the Madras Irrigation and Canal Company for the year 1872-73.

2. The proposed State expenditure on account of establishments and land is 16,128 rupees, against 55,800 rupees in the budget for 1871-72. This decrease is due chiefly to the appointment of consulting engineer having in G. O., No. 1194, dated 28th April 1871, been abolished, and the duties amalgamated with those of the chief engineer for irrigation, and to the office establishment having been reduced. The estimate of State outlay is passed for an even sum of 16,000 rupees.

3. The estimate of expenditure from guaranteed and loan capital amounts to 1,43,000 rupees, which his Excellency the Governor in Council accepts. The outlay under construction will have to be met from the balances in the hands of the company, which is believed to be about four and a half lakhs of rupees.

4. The revenue account, as modified by the acting chief engineer, furnishes the following particulars :—

REVENUE.		WORKING EXPENSES.	
	Rs. a. p.		Rs. a. p.
Balance in favour of revenue on the 31st March 1871.	21,863 7 11	Working expenses in 1871-72	61,976 15 2
Estimated revenue receipts for 1871-72.	15,000 - -	Ditto - ditto 1872-73	75,792 - -
Ditto for 1872-73 - -	60,000 - -		1,37,168 15 2
	Rs. 86,863 7 11		86,863 7 11
		Balance against Revenue - Rs.	50,305 7 3

5. The Government concur in the opinion that, taking into consideration the circumstances urged in paragraph 5, the revenue returns cannot be more favourably estimated. The excess expenditure over gross receipts is computed at 50,305 rupees, and the question as to whether this charge should be met from the ordinary agricultural grant will be referred for the orders of the Government of India.

Enclosure 5, in No. 35.

MADRAS IRRIGATION BUDGET ORDERS, 1872-73.

THE sum granted for expenditure on ordinary irrigation works in Madras during 1872-73 was 20 lakhs of rupees, but, with reference to the recent correspondence on the subject with the Government of Madras, the Governor General in Council has been pleased to increase the ordinary agricultural grant to 23½ lakhs of rupees.

2. For extraordinary irrigation works the grant assigned was 12 lakhs of rupees, but the estimate submitted amounts to 11 lakhs of rupees only, and this sum is accordingly allowed. But it may be added that, if during the course of the year it is found that additional loan funds are required to admit of rapid progress on works entered in the Budget Estimate, or for works the estimates for which may be sanctioned as extraordinary, the Government of India will be prepared to sanction an extra grant for the purpose. Meanwhile the total agricultural grant to be dealt with in these orders will be—

Ordinary - - - - -	Rs. 23,25,000
Extraordinary - - - - -	11,00,000
Total - - - Rs.	34,25,000

3. The Budget Estimate for irrigation works, as submitted by the Government of Madras, forms a portion of the Budget Estimate for general public works; but, as it has been decided that the irrigation expenditure should be recorded under the main heads "capital" and "revenue," it is necessary, in order to admit of this being done, that that

## CORRESPONDENCE RELATING TO THE

portion of the general budget relating to irrigation works should be dealt with separately, and that the irrigation grant should be divided off under the heads in which it is essential that the expenditure should be recorded.

4. In this view the provision for irrigation works in Madras is passed as follows:—

	Works.	Establishment.	Tools and Plant.	Total.
<i>Capital Account.</i>				
<b>Extraordinary—</b>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
Roslikoolla Project - - - - -	25,000	17,000	1,000	43,000
Extension of Irrigation in Western Delta of Godavery -	3,00,000	40,000	12,000	3,52,000
Irrigation Works in Kistna Delta - - - - -	1,20,000	40,000	2,200	1,62,200
Perrysur Project, Madura - - - - -	50,000	35,200	1,000	87,200
Pennair Anicut, Nellore - - - - -	65,000	18,000	1,000	84,000
Improvements to Sungum Project - - - - -	60,000	10,000	1,000	1,21,000
Palandora Project - - - - -	60,000	15,800	2,000	1,33,800
Cauvery and Vennair Works - - - - -	1,16,000	24,800	1,000	1,16,800
Stravvyguntam Anicut Project - - - - -	91,000			
<b>Total - - - Rs.</b>	<b>8,77,000</b>	<b>2,01,800</b>	<b>21,200</b>	<b>11,00,000</b>
<b>Ordinary—</b>				
Madras Water Supply Project - - - - -	80,000	20,000	2,000	1,02,000
Chembrumbakum Tank Project - - - - -	50,000	10,000	1,000	61,000
State Outlay on Guaranteed Irrigation Works - - -	16,000	-	-	16,000
Minor Works - - - - -	1,20,200	26,000	1,000	1,47,200
<b>Total - - - Rs.</b>	<b>2,66,200</b>	<b>56,000</b>	<b>4,000</b>	<b>3,26,200</b>
<b>TOTAL CAPITAL ACCOUNT - - - Rs.</b>	<b>11,43,200</b>	<b>2,57,800</b>	<b>25,200</b>	<b>14,26,200</b>
<i>Revenue Account.</i>				
<b>Ordinary—</b>				
Repairs to Irrigation Works - - - - -	12,00,000	3,57,123	19,000	15,76,123
Conservancy Establishment - - - - -	-	97,877	-	97,877
<b>TOTAL REVENUE - - - Rs.</b>	<b>12,00,000</b>	<b>4,54,900</b>	<b>19,000</b>	<b>16,73,800</b>
<b>TOTAL - - - Rs.</b>	<b>14,66,200</b>	<b>5,10,800</b>	<b>43,000</b>	<b>20,00,000</b>
<b>Reserve Ordinary—</b>				
Additional Grant herein allowed - - - - -				3,25,000
<b>GRAND TOTAL Ordinary - - - Rs.</b>				<b>23,25,000</b>
<b>TOTAL Ordinary and Extraordinary - - - Rs.</b>				<b>34,25,000</b>

Proposals for the specific appropriation of the additional grant herein allowed should be submitted for the orders of the Government of India as soon as possible.

5. Of the total expenditure, the home estimates provide for an outlay of 500 rupees on the Kistna Anicut, under the head extraordinary, and 8,250 rupees for tools and plant, under the head ordinary. The sums available for expenditure in India will thus be only 34,16,250 rupees, distributed as follows:—

	Ordinary.	Extraordinary.	TOTAL.
	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
Capital - - - - -	3,26,200	10,99,500	14,25,700
Revenue - - - - -	16,65,550	-	16,65,550
Reserve - - - - -	3,25,000	-	3,25,000
<b>Rs.</b>	<b>22,16,750</b>	<b>10,99,500</b>	<b>34,16,250</b>

MADRAS IRRIGATION COMPANY.

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4. Of the works provided for under capital extraordinary, those noted in the margin are passed provisionally only, on the distinct understanding that no expenditure whatever will be incurred on them from loan funds until the necessary estimates have been sanctioned as extraordinary by the Government of India.

Rooshkoola Project.  
Sungum Project—Improvements.  
Perryaur Project.

7. The information required by the Government of India, before passing the final estimate for the Madras water supply project, should be submitted with the least possible delay.

8. In the cases noted in the margin, the charges for establishment are apparently very high, and will enhance materially the capital account of the several undertakings. This is necessarily the result of apportioning the charges for establishment in the ratio of the expenditure incurred, instead of according to the actual incidence of the outlay. Every endeavour should be made to adjust the establishment charges in the latter way, so as to prevent works which are concentrated, and which consequently only require a small establishment, being debited with a high charge.

Irrigation Works in Kistna Delta.—Grant, 1,20,000 rupees; establishment, 40,000 rupees, or 33 per cent.  
Pennair Ancient, Nellore.—Grant, 85,000 rupees; establishment, 18,000 rupees; or 27 per cent.  
Streevyguntum Ancient Project.—Grant, 91,000 rupees; establishment, 24,800 rupees, or 27 per cent.

9. The provision for State expenditure on guaranteed irrigation works amounts to 16,000 rupees, viz.:

Establishment - - - - -	Rs.	5,000
Purchase of Land - - - - -		11,000
	Rs.	16,000

But, now that the post of consulting engineer for irrigation works has been abolished, explanation should be furnished of the necessity for retaining the office establishment noted in the margin, and providing 600 rupees for office contingencies.

Clerks - - - - - Rs. 1,284  
Peons - - - - - 180

10. The revenue estimate of the Irrigation and Canal Company shows the following results:—

	Budget- Estimate, 1872-73.	Regular- Estimate, 1871-72.	TOTAL.
	Rs.	Rs.	Rs.
Receipts - - - - -	50,000	15,000	65,000
Working Expenses - - - - -	75,792	61,377	1,37,169
Deficit - - - - - Rs.	25,792	46,377	72,169
Balance in favour of Revenue at the end of 1870-71 - - - - - Rs.			21,864
Probable Net Deficit at end of 1872-73 - - - - - Rs.			50,305

11. There are no additional funds available to meet this deficit, and the Government of Madras must, therefore, arrange to provide for it out of the ordinary agricultural grant. On this point attention is invited to Public Works Department Resolution, No. 41 A-1, dated 23rd February 1871, and as an additional allotment of 3,25,000 rupees has been herein assigned under ordinary, there will probably, be no difficulty in carrying out the orders contained in that resolution.

12. The provision for repair and maintenance of irrigation works has been shown in one item, but the Government of Madras should divide off the anticipated outlay on these accounts amongst the several irrigation works, for which a distinct capital or revenue account is kept. The establishment charges should be divided off in like manner. In the case of petty works the capital and revenue accounts of minor works may be kept by districts, or in any other way considered suitable by the Government of Madras, so as to reduce the number of distinct accounts, and the establishments and repairs charged off accordingly, but the classification laid down in the irrigation budget form must be maintained. A memorandum of the actual division made should be submitted for the orders of the Government of India.

13. The accounts of irrigation expenditure for next year will have to be recorded by projects under the main heads Capital and Revenue. On this point separate instructions will be issued.

*Irrigation Revenue.*

14. For direct receipts, such as tolls, &c., the estimate for 1872-73 may be assumed at 45,000 rupees.

Fort William, 8 March 1872.

Colonel, R.A.,  
Secretary to the Government of India.

— No. 36. —

The Government of Madras to the Secretary of State for India.

My Lord Duke, 22 March 1872 (No. 5).  
We have the honour to forward, herewith, copy of a letter which we have addressed to the Government of India, regarding the endeavours which the Madras Irrigation and Canal Company appear to be making to raise a further unguaranteed capital of 800,000*l.*

We have, &c.

*A. J. Arbuthnot.*  
*F. P. Haines,* Lieut.-General.  
*J. D. Sim.*  
*R. S. Ellis.*

Enclosure in No. 36.

The Secretary to the Government of Madras to the Secretary to the Government of India.

Public Works Department, Fort St. George,  
16 March 1872 (No. 757).

Sir,

I AM directed to invite the attention of the Government of India to the circumstance that, from the advertisements in the London newspapers, it appears that the Madras Irrigation and Canal Company are endeavouring to raise a further unguaranteed capital of 800,000 *l.*; and, as it does not seem that the public here have been made acquainted with the opinions held by the Government of India and the Madras Government regarding the unpromising character of the undertaking as a remunerative work, I am to suggest, for the consideration of the Right Honourable the Governor General in Council, the expediency of publishing the following papers in the "Gazette of India":—

To Government of India, dated 26th July 1871, No. 1961, with the report and minutes which accompanied it.

From Government of India to Secretary of State, dated 15th September 1871, No. 119.

2. The newspapers are silent as to what the intentions of the company are in regard to the repayment of the loan of 600,000 *l.* made to them under their supplementary contract, dated 2nd October 1866; but, if that amount be deducted from the capital now proposed to be raised, only 200,000 *l.* will be left, which is a very inadequate sum to meet the outlay required for the works contemplated to be carried out by the company; but it does not appear that this circumstance has been put before the public who are invited to contribute funds for furthering the undertaking.

I have, &c.

*J. Carpendale,* Colonel, R.E.,  
Secretary to Government.

— No. 37. —

TELEGRAM from the Viceroy to the Secretary of State for India,  
dated 27 March 1872.

MADRAS Government urge publication of papers on the Madras Irrigation Company, in view to prevent raising of unguaranteed capital. We think the public should know the real state of the case.

— No. 38. —

The Secretary of the Madras Irrigation and Canal Company to the Under  
Secretary of State for India.

8 and 9, Queen-street-place, London,  
6 April 1872. (No. 3.)

Sir,

I HAVE the honour to acknowledge the receipt of your letter of the 16th ultimo, and, by desire of the directors, to forward, for the information of his Grace the Duke of Argyll, a printed draft of the explanatory Act referred to in my letter to you of the 29th February last; and I am requested to add that an Act so framed would be strictly limited to the removal of doubts connected with the issue of securities to pay off the debentures now held by the Secretary of State for India, and to the protection of the rights of the latter until the whole of such debentures should be extinguished; but, as by the addition of the words written in red ink the power given by the 4th section of their Act of 1863 to raise by loan to the extent of one-third of the existing capital of 1,000,000 *l.* would also be freed from impediment, so that 333,000 *l.* might be raised and expended in or towards rendering the Soonkasala and Cuddapah section available for irrigation and navigation throughout the year, and in the provision of boats for navigating the same, they respectfully solicit the assent of the Duke of Argyll to the Bill so amended. Should, however, his Grace be unwilling to give this assent they (the directors) will proceed with the Bill as it now stands printed. See No. 34.

I have, &amp;c.

J. Westwood, Secretary.

Enclosure in No. 38.

DRAFT of a BILL to amend the MADRAS IRRIGATION and CANAL ACTS in reference to  
the raising of MONEY.

[The words printed in Italics are proposed to be inserted in Committee.]

WHEREAS, by "The Madras Irrigation and Canal Act, 1858," in this Act called the Act of 1858, the Madras Irrigation and Canal Company (in this Act called "the Company") were incorporated for constructing works for a variety of purposes within the Presidency of Madras, but chiefly for irrigation and navigation within that Presidency; and the Company were empowered to enter into and conclude with the East India Company, on account of the Government of India, or with the Supreme or any of the Local Governments of India, such contracts as the respective parties might think fit and agree upon respecting all or any of the objects and purposes therein referred to, including amongst other things the guarantee of interest on the capital of the Company, and it was by the same Act declared that the capital of the Company should be, in the first instance, the sum of two million pounds sterling, and the Company were further empowered, when and so soon as the whole capital for the time being should have been subscribed for, and one half thereof paid up, to borrow upon mortgage or bond money to an amount equal to one-third of such capital, but subject in all respects to such provisions as the East India Company or the Supreme Government should from time to time approve: Preamble.

And whereas the Secretary of State in Council, in the month of December, one thousand eight hundred and fifty-eight, entered into an arrangement with the Company to co-operate with them in the construction of works for irrigation and navigation upon certain terms and conditions, including (1) That the operations of the Company should, in the first instance,

instance, be confined to one work or project to be approved by the Local Government, the estimated cost whereof should be one million pounds sterling; and (2) That the Secretary of State in Council should guarantee a minimum interest of five pounds per centum per annum on the said capital of one million pounds sterling:

And whereas in pursuance of the said arrangement the Company raised a capital of one million pounds as a first issue, and on account of the said capital of two million pounds:

And whereas the Government of Madras selected as the work or project to be constructed by the Company under the said arrangement a certain work or scheme of works known as "The Toombuddra Project," consisting of a main irrigating and navigable canal and works, in the Presidency of Madras, with reservoirs for the storage of water, such main canal being divisible into three sections, the first extending from Wallavapoor to Soonkasala, and known as the Bellary Section, the second extending from Soonkasala to Cuddapah, and known as the Soonkasala and Cuddapah Section, and the third extending from Cuddapah to Kienapatam, and known as the Nellore Section, and the Company entered upon the surveying and planning of the said work or project, and the construction of portions thereof:

And whereas the said arrangement was subsequently embodied in an indenture dated the third day of June, one thousand eight hundred and sixty-three, and made between the Secretary of State in Council of the one part and the Company of the other part, whereby, after reciting amongst other things that it was estimated that the said sum of one million pounds would be insufficient to complete and develop the said Toombuddra Project, and that it had been agreed between the Secretary of State in Council and the Company that in order to meet the deficiency the Company should, subject to the terms and conditions therein contained, be at liberty to raise whatever further capital might be required for the objects and purposes of the Company, it was (by Article 2) covenanted that the Secretary of State in Council should pay to the Company out of the revenues of India half-yearly interest at the rate of five pounds per centum per annum on the said first issue of capital of one million pounds; and (by Article 3) it was stipulated that the Company should be at liberty to raise any amount of capital in addition to the said one million pounds to carry into effect the purposes of the Company therein mentioned, provided that the Secretary of State should not be called upon to pay or be held to be liable to guarantee interest thereon; and (by Article 23) it was stipulated that the net receipts from the said works, or any portion thereof, in respect of water supplied for irrigation from the commencement of such supply up to the first of the half-yearly days therein referred to, and during each succeeding half-year, as should from time to time appear by the Irrigation Revenue Account of the Company, after debiting such account with the payments therein mentioned, and after deducting such sum (if any) as might by arrangement between the Secretary of State in Council and the Company be from time to time appropriated and set apart as a reserve fund for the purposes therein mentioned, should be applied half yearly, first, in discharging the interest which should be payable by the Secretary of State in Council under the covenant before referred to in respect of the half-year, and so as to exonerate the Secretary of State in Council and the revenues of India, so far as the same net receipts would extend, from the payment of such interest, and afterwards as therein mentioned:

And whereas, by the Madras Irrigation and Canal (Accounts) Act, 1863 (in this Act called the Act of 1863), it was (by Section 4) amongst other things enacted that it should be competent to the Company to borrow money to the extent of one-third of the capital for the time being issued or raised, notwithstanding that the whole capital of two million pounds might not have been subscribed for; and that the directors might from time to time determine the amount of money to be borrowed, and the mode in which the same should be raised, but it was by the same section provided that the Company should not be at liberty in borrowing money to make any charge on the irrigation which should in any way affect the payments set apart in the 23rd section of the agreement, for the purpose of securing payment of five pounds per centum on the first capital of one million pounds, in relief of the covenant of the Secretary of State in Council in regard to interest; and (by Section 5) power was given to raise and apply capital for any separate work or undertaking, and provision was made for keeping such capital separate and distinct from the other capital of the Company, and (by Section 8) it was enacted that all monies raised for any distinct work or undertaking, whether by shares or loan, should be applied only in, for, or towards that work or undertaking, and that the bonds, debentures, or mortgages issued in respect of any such monies should give to the obligees, payees, or mortgagees thereunder or thereof claims only against the assets of the Company in respect of that distinct work or undertaking, and not further or otherwise:

And whereas, by the Madras Irrigation and Canal Act, 1866 (in this Act called the Act of 1866), after reciting amongst other things that a supplementary arrangement was in contemplation between the Secretary of State in Council and the Company, whereby it was proposed amongst other things that the Company should be permitted to draw upon the Secretary of State in Council for such sums as the Company might from time to time require for the prosecution of the canal and works forming the Soonkasala and Cuddapah section of the Toombuddra Project, but not exceeding a total of six hundred thousand pounds, upon certain terms and conditions, it was (by Section 3) enacted that in order to enable the said supplementary arrangement to be carried into effect it should be lawful for the directors (notwithstanding the requisite amount of capital according to the provisions of the Acts of 1858 and 1863 might not have been subscribed for or paid up) to raise by way of loan from the Secretary of State in Council upon debentures such sums of money as the Company should from time to time until the first day of July, one thousand eight hundred

and

and seventy-one, require for the purpose of proceeding with the construction of the said canal and works forming the Soonkasala and Cuddapah portion of the Toombuddra project, but not exceeding in the whole the sum of six hundred thousand pounds, and that the directors from time to time should execute under the common seal of the Company, and deliver to the Secretary of State in Council, debentures for the amounts which might be from time to time so advanced and lent by the Secretary of State in Council to the Company, and that such debentures should be respectively made payable at the expiration of five years from the time when the sum of money thereby intended to be secured should have been advanced and lent to the Company, and that the Secretary of State in Council should be entitled to interest on the amount thereof at the rate of five pounds per centum per annum, and that such interest should be a first charge on all profits which should be realized by and payable to the Company from the said canal and works, whether such profits should be derived from irrigation, navigation, or any other source of profit whatever; and it was provided that the said debentures or the provisions thereinbefore contained should not in any manner prejudice or affect the rights of the owners for the time being of the capital sum of one million pounds then raised, to the payment or guarantee of interest at the rate of five pounds per centum per annum, by the Secretary of State in Council, under or by virtue of the said contract of the third of June, one thousand eight hundred and sixty-three, or the Acts of 1858 and 1863, until the cesser of such guarantee in the event and as hereinafter mentioned; and (by Section 6) it was also enacted that the directors might from time to time raise by way of loan on mortgage, bond, or debenture, any sums of money which they might consider it necessary or expedient to raise for the purpose only of paying off or discharging the debentures to be given to the Secretary of State in Council as afore-said:

And whereas the said supplementary arrangement was afterwards embodied in a supplementary contract, bearing date the second day of October, one thousand eight hundred and sixty-six, and made between the Secretary of State in Council of the one part, and the Company of the other part:

And whereas the Secretary of State in Council has, under the supplementary contract, advanced to the Company at various times sums of money amounting in the whole to six hundred thousand pounds, and the Company have given to the Secretary of State in Council debentures for the respective amounts so advanced, which debentures are made payable at the expiration of five years from their respective dates; and the Company have expended the said sum of six hundred thousand pounds upon works approved by the Secretary of State, that is to say, the principal portion thereof in the construction of the Soonkasala and Cuddapah section of the said Toombuddra project, and the other portion thereof in the surveying of the other sections of the same project and the preparation of plans and estimates of the works intended to be comprised in those other sections:

And whereas the first advance from the Secretary of State in Council to the Company on account of the six hundred thousand pounds will shortly be repayable, and the Company have no means of raising the sum required to pay the amount thereof or of the subsequent advances, except by exercise of the powers of borrowing conferred upon them by the Acts of 1863 and 1866, but are unable to do so in consequence of doubts which have arisen as to what would be the rights and remedies of parties making advances to the Company under that power, having regard to the provisions of the recited Acts, indenture, and supplementary contract; and it is expedient that the said doubts should be removed, and that the Company should be empowered to exercise their powers of borrowing under the Acts of 1863 and 1866, notwithstanding any impediments contained in the said Acts, indenture, and supplementary contract, or any of them; but the same cannot be done without the authority of Parliament:

May it therefore please your Majesty,

That it may be Enacted, and be it Enacted, by the Queen's Most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

1. This Act may be cited for all purposes as "The Madras Irrigation and Canal Act, 1872." Short title.

2. The recited Acts and this Act shall be read and construed as one Act.

3. Notwithstanding the proviso contained in Section 4 of the Act of 1863, or anything in the recited Acts, the indenture of the third day of June, one thousand eight hundred and sixty-three, and the supplementary contract of the eighth day of October, one thousand eight hundred and sixty-six, or any of them, contained, but without prejudice to the priority and rights of the Secretary of State in Council, in respect of the debentures held by the Secretary of State in Council, the holders of all mortgages, bonds, and debentures issued under the authority of Section 4 of the Act of 1863 and Section 6 of the Act of 1866, shall have and be entitled to all such rights, powers, and remedies as are conferred upon holders of mortgages, bonds, and debentures under or by virtue of the Companies Clauses Consolidation Act, 1845, subject nevertheless to the provisions contained in the 8th section of the Act of 1863; and the directors, if they think it expedient so to do, may limit such rights, powers, and remedies to the Soonkasala and Cuddapah section of the Toombuddra project: Provided, That the said mortgages, bonds, or debentures, or the provisions

Acts to be construed as one Act.  
Power to borrow money.



visions hereinbefore contained, shall not in any manner prejudice or affect the rights of the owners for the time being of the capital stock or sum of one million pounds already raised to the payment of the guarantee of interest at the rate of five pounds per centum per annum, by the Secretary of State in Council, under or by virtue of the said indenture of the third day of June, one thousand eight hundred and sixty-three, or the recited Acts, until the cesser of such guarantee in the said indenture set forth.

Costs of Act.

4. All costs, charges, and expenses of and incident to the preparing for, obtaining, and passing of this Act, or otherwise in relation thereto, shall be paid by the Company.

— No. 39. —

The Secretary of the Public Works Department, India Office, to the Secretary of the Madras Irrigation Company.

Sir,

India Office, 23 April 1872.

See No. 38.

I AM directed by the Secretary of State for India in Council to acknowledge the receipt of your letter of the 6th instant, transmitting a printed draft of the Bill which it is proposed to introduce into Parliament, for the purpose of enabling the Madras Irrigation Company to raise money in order to pay off the debentures now held by the Secretary of State for India in Council; and, with reference to the 3rd clause of the draft Bill, to request that the Duke of Argyll may be explicitly informed what are the difficulties which it is intended to obviate, and that the Bill may be so framed as to declare in direct terms, not by way of reference, what are to be the rights and position of the persons who may advance money for the purpose of paying off the above-mentioned debentures.

With regard to the words inserted in red ink, I am to observe that the Duke of Argyll is not prepared to give his consent to the powers which they appear intended to convey.

I am, &c.  
W. T. Thornton.

— No. 40. —

The Secretary of the Madras Irrigation and Canal Company to the Under Secretary of State for India.

8 and 9, Queen-street Place, London,  
24 April 1872 (No. 4).

See No. 30.

Sir,  
IN continuation of my letter No. 1, of the 29th February last, and as confirmatory of its statements, I have the honour to forward, for the information of his Grace the Secretary of State for India, extracts from reports made by the company's acting chief and conservancy engineers upon the state and condition of the canal and works between Soonkasala and Cuddapah at the latest date, and with reference to the irrigation supplied between the completion of the main canal and irrigating channels in July of last year and the month of January last, and therefore the first season during which water could be supplied from the complete canal.

I have, &c.  
J. Westwood, Secretary.

Enclosure in No. 40.

EXTRACT, No. 1.

From Report of Mr. C. H. Wilks, Superintending Conservancy Engineer of the Upper Division, for November 1871.

I AM glad to report that I see no reason to doubt the accuracy of my October estimate. This was, that the Company will (in this division) irrigate this season about 2,500 acres of wet crops, and that about 2,000 acres would be flooded. Thus the total acreage brought under the influence of the canal waters in these sections will be 4,500.

Although

Although the floodings give much trouble, and there is difficulty in detecting cases of surreptitious waterings, it is still of immense importance to have water spread over as large an area as possible, so as to show the ryots of each village that there is no difficulty in supplying them with water for any kind of cultivation.

The steady delivery of water throughout the season, and the rapidity with which the demands for channels have been complied with, have produced a favourable change in the views of the ryots, too long accustomed to look upon planting rice under the canal as hazardous. They even appear anxious about the matter, and certainly have expressed openly their great satisfaction at the result of this year's cultivation; and, if I were to take their own estimate of what will be done next year, the result would prove most favourable to the prospects of the company.

## EXTRACT, No. 2.

From Report of Mr. C. B. Knorpp, Superintending Conservancy Engineer of the Lower Division, for November 1871.

THE additional amount of land brought under irrigation, has been 403 acres in Nundial and Koondair, and 450 acres in Dhoor and Pennair Divisions, during this month. The crops irrigated by the canal water have, as far as they have been cut, been extraordinarily large. A patch of some 300 acres of first class rice, under the Chinnoor Channel, cultivated with rice for the first time this year, is greatly admired by the ryots far and near for its healthy and promising appearance, far superior to any rice crops under tank cultivation. An encouraging sign for next year's cultivation of this, to the company the most paying crop, is that almost in every village in the Dhoor and Pennair divisions plots of from one to 20 acres have been sown confessedly on trial with first class rice, and in these cases also the crops are finer and heavier than the ryots are accustomed to see, and I believe that next season all the fields formerly watered by wells will be sown with this crop, which in Dhoor and Pennair divisions alone exceed 3,000 acres. In many villages commanded by the canal, fields of considerable extent are now being levelled and prepared for next season's irrigation. The rainfall in the Kurnool district not having been sufficient to fill the tanks for the next crop, several of them, notably the Nundial tank, irrigating 1,044 acres, will soon require water from the company's canal.

All the irrigation channels sanctioned in the four divisions, Nundial, Koondair, Dhoor, and Pennair, with the exception of 10 miles in the first two and a-half mile in Pennair, are now completed and carrying water, and there is more or less irrigation under every one of them. Since 1st July nearly 100 miles of main distribution channels, and over 50 miles of subsidiaries, have been made with a very small staff. Nundial and Koondair channels require to be checked, and to be put into thorough order.

## EXTRACT, No. 3.

From Report dated 13th December 1871, by Mr. A. Browning, Acting Chief Engineer.

MANY of the rice fields are now cut, and the grain is everywhere said to be very good, and the crops heavier and finer than those grown formerly and irrigated from tanks, or at great expense from wells.

The ryots are very eager to have water for a second crop, and, as we are not allowed to take the Toombuddra water after the 1st of January, I will store up as much water as possible in the canal towards the end of this month, and economise it.

## EXTRACT, No. 4.

From Report of Mr. C. H. Wilks, Conservancy Engineer of the Upper Division, for the month of December 1871.

VERY little change occurred during the month, water was kept at 4 ft. 6 in. without alteration in the canal below the Soonkasala Head Sluice. The supply has been sufficient for all purposes, and the villagers everywhere express their satisfaction at the liberality and steadiness of the supply.

Many applications have been made to myself and my staff for water to be supplied for second crops, but, with the exception of a few favoured places, no guarantee could be given for its continuation, notwithstanding which some ryots have planted rice on the mere chance

of the supply being kept up. If Government allowed the company to supply water till the end of January, it is probable that second crops could be grown nearly everywhere, and from this it is clear that a tank able to supply a month and a half's water would enable the whole of the land to be irrigated with double crops. As it is, we are allowed neither the extra month nor a reservoir.

Under the two large tanks in the 4th section, the supply can be easily given for upwards of 1,000 acres at least, taking the crops to require four months' water, and supposing water to be only up to bed level at first; but, as many crops require only three months, there may be much more eventually grown: moreover, I hope in future that second crops will be sown early in November, so that a much greater area may be cultivated in this way.

For the present year I am almost certain that first crops will amount to -	2,250
And second crops probably - - - - -	250
This realises my latest estimate for wet crops - - - - -	2,500

This is a mere trifle to what must follow, but, as I have reported before, everything promises well for future seasons.

With regard to floodings I fear my estimate was too great. It is exceedingly difficult to say beforehand for how many acres floodings will be taken, but what is more important is to determine how many acres have been flooded.

The areas of land commanded by the canal are so extensive in some parts, that it will be easily seen how very difficult is the task of discovering the fields which have been surreptitiously flooded with our water. Water is easily taken during the night, and fields flooded sufficiently for the ryots' purposes. All traces are soon removed by the sun and a little labour, so that, unless an overseer or banker passes over the land within a few hours, no evidence can be given of the flooding. Great pains have been taken to supply every demand for floodings under any circumstances when application has been made, as it has been thought that this year the spread of water was of the first importance. I believe that the ryots have been assisted in every way in getting water to their fields. This will of course be modified in the coming season, when their confidence in the supply and the profit to be derived will induce them to work at the smaller channels themselves.

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EXTRACT, No. 5.

From Report of Mr. C. B. Knorpp, Conservancy Engineer of the Lower Division,  
for the month of December 1871.

*Irrigation.*—As expected, most of the Government tanks commanded by the canal have now been supplied with the canal water; the area thus irrigated will exceed 1,400 acres, and this is in addition to the land properly belonging to the canal. Some 800 acres additional land have been irrigated during the month. The preparation of land for next year's irrigation is being pushed on all sides, and the land is rising very greatly in value. No data have yet been collected as to the amount of irrigation to be expected next year, but I am having inquiries made. In the 10th section I believe it will amount to from 50 per cent. to 60 per cent. of the area commanded.

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EXTRACT, No. 6.

From Report of Mr. Arrott Browning, the Acting Chief Engineer, dated 18th  
January 1872.

WATER has been kept during December at a uniform depth of 4 ft. 6 in. in the canal below Soonkasala Head Sluices. At Jupad the average depth has been 2 ft. 9 in., and at Lockinsula 5 ft. 2 in. From Jootoor anicut, down to Cuddapah, water has been allowed to flow about 2 ft. deep on an average, and there has been no serious accident. Just now the works are undergoing a most careful scrutiny, so that whatever weak places exist may be found and repaired during the dry season now beginning.

The season may now be considered at an end, and it is the universal opinion here that it has been very successful indeed.

Throughout the season, no serious accident has occurred, and the flow of water from Soonkasala to Cuddapah has been uninterrupted, and sufficient for all demands.

It is to be hoped that before next season at least one steam launch will be sent out and put upon the canal.

Recently, we have filled a number of the Government tanks, which were either dry,  
or

or had an insufficient supply of water, owing to the want of rain this year. At one time, it was almost expected that there would be a famine, and then it was wonderful to find how the canal was looked upon by all as a source of safety for this neighbourhood.

There can be no doubt whatever, that it would be an immense improvement to our work if one of the large tanks proposed in Mysore were to be constructed. It would enable the canal to supply two crops without any doubt; and, when cultivators can get water for two crops, the use of it is likely to spread in area as well as quantity.

It certainly has been our interest to extend the use of water as much as possible this year, even if some has been used surreptitiously.

It must be remembered also, that on the whole canal of 188 miles, with about 250 miles of minor channels, we have only had two surveyors to measure up all the land irrigated.

Mr. Knorpp estimates the irrigation for next season at 50 or 60 per cent, of the land commanded in the 10th section. This would give from 2,100 to 2,500 acres, and that proportion on the whole of the channels designed for the whole canal would give 86,000 acres, but I do not expect so much next year, though, under favourable conditions, I think the canal may irrigate upwards of 40,000 acres.

## EXTRACT, No. 7.

From Report of Mr. C. H. Wilks, Conservancy Engineer of the Upper Division, dated 1st February 1872.

In my last Report, I mentioned that the area of wet crops cultivated with our water would be 2,500. I am glad to say, that this has turned out to be less than the actual figures, and I now estimate the amount at 3,000 acres.

This will be due to an increase in second crops. It will also be found that some of the crops reckoned as single will come under the head of garden irrigation, for which I think 12 rupees per acre should be charged.

On account of the increase mentioned above, my surveyor has not yet been able to prepare his accounts of dry crop floodings, but I still hope he will show an increase.

In the coming season, some definite regulations might be made with regard to the rates levied for different crops, so that no doubt may arise in our minds when asked by the ryots on the subject.

## EXTRACT, No. 8.

From Report of Mr. C. B. Knorpp, Conservancy Engineer, Lower Division, dated 6th February 1872.

IRRIGATION has been extending during the month, although the ryots have been told of the risk they incur in case the season's water supply should stop before their crops are matured. The water is, however, still running in the canal from Jootoor to Cuddapah, and almost daily inquiries as to the possibility of immediate supply of water to certain villages are being received from the deputy collector. The cultivation under the Government tanks of Nundial, Cheypaud, Midekoor, Oopooloor, and Chinnoomasipully, has been supplied with company's water.

Owing to the resignation of the irrigation surveyors, the surveys of actual irrigation are in a backward state; but, from the statements of overseers, I have good reason to believe that the area irrigated this season with company's water will considerably exceed my former estimate. It is hardly possible as yet to give even an approximate estimate of next season's irrigation; but, from inquiries made, I do not consider it rash to assume that from Jootoor to Cuddapah, at the lowest, 16,000 acres will be brought under cultivation.

At Chennoor, where the ryots have cut the first crop of first class paddy, the overseer reports that "the crops of rice have yielded to such an extent, that one man alone has got 100 puttys of grain from 20 acres of land, and the ryots now say that they cannot do without our water." The largest yield, under tanks, varies from 2½ to 3 puttys an acre, as far as I can find out from inquiries made on the subject.

*Revenue.*—Mr. Bradbury has succeeded in getting about 260 rupees, by letting out banks and waste lands for grazing, and by selling bushes for manure. In Dhoor and Pennair, there was very little grass on the banks, and nobody could be induced to rent them. A great number of babul trees are now growing along the canal, and nurseries have been established near bankers' huts, and at Jyaloor and Dhoor, where thousands of young timber and fruit trees are being raised for transplanting to the banks of main canal and subsidiaries at the first rains.

## EXTRACT, No. 9.

From Report by Mr. A. Browning, Acting Chief Engineer, dated 15th February 1872.

THE average depth at which water was maintained throughout the canal during January, was as follows:—

Position.	Mileage.	Depth.
Kurnool - - - - -	at 16 miles	4' 0"
Jupad - - - - -	" 62 "	3' 7"
Lockinsula - - - - -	" 75 "	8' 11"
Nundial Division, Calingulah No. 9 - - - - -	" 99 "	3' 0"
Dhoor - - - - -	" 161 "	1' 10"
Below Adamapully Head Sluices - - - - -	" 172 "	2' 1"

The chains of locks also were all filled during the month in order to consolidate the work and to discover leakage.

Although the supply is now cut off from the canal below Kurnool, the tanks on the 2nd section are not drying up so quickly as they did in former years owing to the diminished leakage. There are still, however, places on the 2nd section where the leakage through old walls and other works is considerable, but we have made arrangements to commence repairing these places immediately, and by next season I expect to have reduced the waste of water very considerably indeed. Constructed as the canal has been on the first three sections, with a subsoil almost entirely rock and gravel, it was certain there would be much leakage when the canal was new, but year by year it actually has diminished more quickly than could have been expected.

Below the 3rd section, *i.e.*, below the 44th mile, the character of the canal is different, and the loss of water much less.

*Distribution.*—As Mr. Knorpp was anxious to have a supply of water for the lower sections as late as possible, we threw rough dams across the canal where it is narrow at Nagatour and Jupad to prevent water from running down too rapidly, and the result is that two days ago water was still 1 foot 11 inches above normal bed level in Tangadancha tank. However, the supply will not last much longer now.

Owing to the very great amount of work to be done by the Conservancy surveyors their returns are not yet finished, but the latest information shows that the season's irrigation will probably be as follows:—

## ESTIMATED IRRIGATION for the Season 1871-72.

	Irrigated.	Flooded.	Total.
1st Section - - - - -	416	65	481
2nd ditto - - - - -	510	40	550
3rd ditto - - - - -	597	120	717
4th and 5th ditto - - - - -	907	485	1,392
6th ditto - - - - -	70	40	110
2nd Crops - - - - -	500	-	500
<b>Total in Upper Sections - -</b>	<b>3,000</b>	<b>750</b>	<b>3,750</b>
7th Section - - - - -	43	1,388	1,426
8th ditto - - - - -	960	512	1,472
9th ditto - - - - -	1,250	990	2,240
10th ditto - - - - -	600	350	950
<b>Total on Lower Sections - -</b>	<b>2,853</b>	<b>3,235</b>	<b>6,088</b>
<b>GRAND TOTAL ACRES - -</b>			<b>*9,838</b>

\* This is irrespective of the supply afforded by the canal to tanks belonging to Government.

In

MADRAS IRRIGATION COMPANY.

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In my report for October it was stated that the area irrigated and flooded this season would probably be about 10,000 acres.

From this, revenue may be expected as follows:—

	Rs.
5,853 acres at 6 rupees	35,118
3,985 " " 1 " "	3,985
Sale of wood	400
Supply of water to Kurnool	4,000
Grand Total for Season 1871-72	43,503

It is very satisfactory to find that irrigation has made such a good start on the lower sections, where it was an entirely new thing to the people.

Mr. Knorpp gives some most interesting information in his report regarding the yield of the crops irrigated by our canal. In particular, it is worth noting that the yield of rice per acre from land watered by the canal, has been nearly double that of land watered from the old tanks, the reason being, I believe, that in the wells and tanks the water is generally rather salt, whereas the water of the Toongabuddra, which we supply, is singularly pure and wholesome.

There can be no doubt that in a few years this canal will entirely alter the character and appearance of the whole Koondaur valley.

— No. 41. —

The Secretary of the Madras Irrigation and Canal Company to the Secretary of the Public Works Department, India Office.

8 and 9, Queen-street Place, London,  
26 April 1872 (No 5).

Sir,

I HAVE the honour to acknowledge the receipt of your letter of yesterday's date, and, in reply, to offer to his Grace the Secretary of State for India the following explanation of the difficulty intended to be obviated by the contemplated Act of Parliament. See No.

The Public and General Act, known as "The Companies Clauses Consolidation Act, 1845," by which the issue of mortgages and bonds by joint-stock companies, and the rights and powers of the holders thereof, are regulated, was incorporated with this company's Act of Incorporation, passed in 1858, so that all such bonds and mortgages as this company were authorised to execute were to be in fact issued under, and to be regulated by, the provisions of that same Companies Clauses Consolidated Act, 1845; but, by the proviso contained in section 4 of this company's subsequent Act of 1863, those rights and powers were specially made subject to the appropriation of net profits firstly provided for by the 23rd article of the original contract between the Secretary of State for India and the company.

In the state of things thus described, the Act of 1866 was procured, whereby the Secretary of State in Council was empowered to lend to the company the sum of 600,000 L. upon the security of debentures to be given by the company; and, in order that these debentures might be freed from the special limitation created by section 4 of the Act of 1863, and be made precisely the same as if they had been issued under the previous state of things, that is, in effect, under the Companies Clauses Consolidation Act, 1845, as incorporated into the constitution of the company, it was enacted (section 3) that the interest payable thereon should form a first charge on all the profits realised from the canal and works; and by section 6 of the same Act the directors were authorised to borrow on mortgage, bond, or debenture, any sum or sums of money which they might consider it necessary or expedient to raise for the purpose of paying off or discharging the debentures so to be given to the Secretary of State in Council.

At the time of the passing of this Act of 1866, the directors were advised and believed that any mortgage or bond issued under the section 6 just referred to would be also free from the provision in clause 4 of the Act of 1863, that is, that (like the debentures they were to replace) they would have all the powers and rights conferred by the Companies Clauses Consolidation Act of 1845. The directors still entertain this belief; but, as, upon commencing (in February last) negotiations for the purpose of raising the necessary funds, it was suggested to them

them that, although the existing debentures were, by the special words of section 3 of the Act of 1866, relieved from the provision in section 4 of the Act of 1863, and so placed under the Companies Clauses Consolidation Act, 1845, yet that it might possibly be held that the general wording of the 6th section of the same Act of 1866 would be insufficient to prevent the provision in the Act of 1863 from being applied to mortgages, bonds, or debentures issued under the former, the directors feel that it would not be proper in them to issue any such mortgage, bond, or debenture, without first clearing away by an explanatory Act all ground for objection as to their status; and hence the necessity for the present Bill.

The form of Bill submitted to his Grace the Duke of Argyll was prepared under the view above set forth, and with a desire to render the nature of the intended mortgages, bonds, and debentures as easily understood as possible by capitalists, which would be the case were they issued, like all ordinary railway and other bonds and mortgages, under the well-known public powers which are vested in the company by the Companies Clauses Consolidation Act, 1845, and they therefore hope that the Secretary of State for India will assent to the 3rd section as now printed. In deference, however, to the request contained in your letter under reply, I enclose a modification of that section, which will be found to declare in direct terms what are to be the rights and position of the persons who may advance the money for the purpose of paying off the above-mentioned debentures, and which the directors will cause to be inserted in the Bill should his Grace the Duke of Argyll so desire.

I have, &c.

John Westwood, Secretary.

Enclosure in No. 41.

REVISED DRAFT of a BILL to amend the MADRAS IRRIGATION and CANAL ACTS in reference to the raising of MONEY.

[For Preamble, see page 313.]

MAY IT THEREFORE PLEASE YOUR MAJESTY,

THAT it may be enacted, and be it enacted, by the Queen's Most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

Short Title.

1. This Act may be cited for all purposes as "The Madras Irrigation and Canal Act, 1872."

Act to be construed as one Act.  
Power to borrow Money.

2. The recited Acts and this Act shall be read and construed as one Act.

3. *The proviso contained in Section 4 of the Act of 1863 is hereby repealed, and all mortgages, bonds, and debentures issued under the authority given by the 6th Section of the Act of 1866 shall, subject to the debentures given to the Secretary of State in Council for the said sum of 600,000 l. under the 3rd Section of the Act of 1866, be and form a first charge upon the Soonkasala and Cuddapah Section of the Toombuddra project, and on all profits which shall be realised by and payable to the company from the same section, whether such profits shall be derived from irrigation, navigation, or any other source of profit whatever produced by the canal and works comprised in the said section: Provided, that the said mortgages, bonds, or debentures, or the provisions hereinbefore contained, shall not in any manner prejudice or affect the rights of the owners for the time being of the capital stock, or sum of one million pounds already raised to the payment of the guarantee of interest at the rate of five pounds per centum per annum Secretary of State in Council, under or by virtue of the said indenture of the third day of June one thousand eight hundred and sixty-three, or the recited Acts, until the ceasing of such guarantee in the said indenture set forth.*

Costs of Act.

4. All costs, charges, and expenses of and incident to the preparing for, obtaining, and passing of this Act, or otherwise in relation thereto, shall be paid by the company.

— No. 42. —

The Under Secretary of State for India to the Secretary of the Madras  
Irrigation Company.

Sir,

India Office, 3 May 1872.

I AM directed by the Secretary of State for India in Council to acknowledge the receipt of your letter of the 26th instant, submitting a modification of the 3rd Clause of the Bill which the Directors of the Madras Irrigation and Canal Company are desirous of introducing into Parliament. See No. 41.

The clause, as now altered, commences with a statement that "the proviso contained in Section 4 of the Act of 1863 is hereby repealed," thereby conferring the powers to which it was intimated, in my letter of the 23rd instant, that the Duke of Argyll was not prepared to give his consent. He cannot, therefore, agree to it. See No. 39.

I am, however, desired to say, that he will not object to the Bill as originally printed, if the two alterations about to be mentioned are made therein.

On page 6, line 20, the last clause of the Preamble, after the words "Act of 1866," should conclude with the following sentence: "but are unable to do so, in consequence of doubts which have arisen as to whether the holders of mortgages, bonds, and debentures, issued under the authority of Section 6 of the Act of 1866, would be entitled to the same priority in respect of interest thereon, as that to which the Secretary of State in Council is now entitled in respect of the interest on the debentures for the 600,000 l. which are intended to be paid off and discharged thereby." See page 115,  
line 43.

And the 3rd Clause of the Bill should begin with the following words: "Subject to the debentures held by the Secretary of State in Council, or such of them as may for the time being remain undischarged, the interest on all mortgages, bonds, and debentures, issued under the authority of Section 6 of the Act of 1866, shall, notwithstanding the proviso contained in Section 4 of the Act of 1863, be a first charge on all profits which shall be realised by, and payable to the company, from the Soonkasala and Cuddapah Section of the Toombuddra project, whether such profits shall be derived from irrigation, navigation, or any other source of profit whatever, produced by the canal and works comprised in the said section: Provided," &c. &c. See page 115.

I am, &amp;c.

*M. E. Grant Duff.*

*Note.*—It was subsequently proposed by the solicitor of the Irrigation Company, and agreed by the Secretary of State in Council, that the third clause of the Bill, as recited in the last paragraph of the preceding letter, should be further amended, by the insertion after the words "section 4 of the Act of 1863," of the following words, "or anything in the recited Acts and the indenture of the 3rd day of June 1863, or either of them contained."

— No. 43. —

The Under Secretary of State for India to the Secretary of the Madras  
Irrigation Company.

Sir,

India Office, 3 May 1872.

I AM directed by the Secretary of State for India in Council to remind the Directors of the Madras Irrigation Company that a debenture for 12,000 l. falls due on the 9th of May next; and to request that the amount may be paid to the credit of the Secretary of State in Council of India at the Bank of England.

I am further to observe that interest on the above-mentioned sum, at the rate of 5 per cent. per annum, from the 18th of May 1867, on which date the money was advanced, till the date of the repayment, will be due from the company so soon as the profits of the undertaking will admit of its being defrayed.

I am, &amp;c.

*M. E. Grant Duff.*



— No. 44. —

The Secretary of the Madras Irrigation and Canal Company to the Under Secretary of State for India.

8 and 9, Queen-street Place, London,

8 May 1872 (No. 6).

Sir,

See No. 43.

See No. 31.

See No. 42.

I HAVE the honour to acknowledge the receipt of your letter, dated the 3rd instant, wherein you remind the Directors that a debenture for 12,000 *l.*, given by the Company to the Secretary of State in Council, will fall due on the 9th instant, and request that the amount may be paid into the Bank of England in manner there stated. In reply, I have respectfully to inform his Grace the Secretary of State for India, that the Bill, referred to in my letter of the 29th of February last, now before Parliament, and to which by your separate letter of the 3rd instant his Grace has signified his assent, subject to certain acceptable modifications, has been read a second time in the House of Commons, and will in all probability by the end of June, or the early part of July next, have been passed by both Houses of Parliament. When this required explanatory Act shall have been procured, the Directors will, without any delay, exercise their borrowing powers to pay off the debentures executed by the Company, and held by the Secretary of State for India, together with interest thereon, and they trust that his Grace the Duke of Argyll will, under the circumstances; extend the time for payment of those sums which may in the meantime fall due.

I have, &c.

*J. Westwood*, Secretary.

— No. 45. —

The Under Secretary of State for India to the Secretary of the Madras Irrigation and Canal Company.

Sir,

India Office, 14 May 1872.

See No. 44.

I AM directed by the Secretary of State for India in Council to acknowledge the receipt of your letter of the 8th instant, and to acquaint you in reply that, in consideration of the circumstances therein represented, he will not press for the repayment of the debentures due by the Madras Irrigation and Canal Company, pending the result of the action which may be taken during the current Session by Parliament with reference to the Bill now before the House of Commons.

I am, &c.

*H. Merivale*.

**MADRAS IRRIGATION COMPANY.**

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COPY of recent CORRESPONDENCE between the Secretary of State for *India* and the Governments of *India* and *Madras*, and between the Secretary of State and the Directors of the Madras Irrigation and Canal Company, relative to the present Condition and future Prospects of the Company.

(*Mr. Charles Dalrymple.*)

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Ordered, by The House of Commons, to be Printed,  
10 May 1872.

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[*Price 2 s. 4 d.*]

EAST INDIA (LOAN).

8

RETURN of all MONIES raised on LOAN under the Provisions of the Acts  
21 Vict. c. 3; 22 Vict. c. 11; 22 & 23 Vict. c. 39; 23 & 24 Vict. c. 130;  
24 & 25 Vict. c. 25; and 32 & 33 Vict. c. 106.

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Per Act 21 Vict. c. 3 - - - - - £. 7,816,645. 7. 1.

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Per Act 22 Vict. c. 11 - - - - - £. 6,753,980. 14. 7.

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Per Act 22 & 23 Vict. c. 39 - - - - - £. 4,857,996. 16. 1.

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Per Act 23 & 24 Vict. c. 130 - - - - - £. 2,961,655. 18. 4.

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Per Act 24 & 25 Vict. c. 25 - - - - - £. 3,962,412. 5. 6.

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Per Act 32 & 33 Vict. c. 106 - - - - - £. 5,063,918. 3. 1.

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India Office, }  
1 February 1873. }

T. W. Keith,  
Accountant.

EAST INDIA (LOAN).

RETURN of all MONIES raised on LOAN under  
the Provisions of the Acts 21 Vict. c. 8;  
22 Vict. c. 11; 23 & 23 Vict. c. 39; 23 & 24  
Vict. c. 130; 24 & 25 Vict. c. 25; and 32 & 33  
Vict. c. 106.

*(Presented pursuant to Acts of Parliament.)*

Ordered, by The House of Commons, to be Printed,  
17 February 1873.

EAST INDIA (REVENUES).

9

RETURN of all STOCKS, LOANS, DEBTS, and LIABILITIES chargeable on the EAST INDIA REVENUES, at Home and Abroad, up to the latest Period of Time to which such Return can be made out; viz., *England*, 31st. December 1872; *India*, 30th September 1872.

(Presented pursuant to Acts 21 Vict. c. 3; 22 Vict. c. 11; 22 & 23 Vict. c. 39; 23 & 24 Vict. c. 130; 24 & 25 Vict. c. 25; and 32 & 33 Vict. c. 106.)

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Ordered, by The House of Commons, to be Printed,  
17 February 1873.

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RETURN of all STOCKS, LOANS, DEBTS, and LIABILITIES chargeable on the EAST INDIA REVENUES,  
England, 31st December 1872;

INDIA:	REGISTERED DEBT.			LOANS.			TREASURY NOTES.		
	Bearing Interest.	Not bearing Interest.	TOTAL.	Bearing Interest.	Not bearing Interest.	TOTAL.	Bearing Interest.	Not bearing Interest.	TOTAL.
(The Rupee converted into Sterling at the exchange of 2 s.)	£.	£.	£.	£.	£.	£.	£.	£.	£.
Government of India	65,403,367	424,991	65,828,358	2,899,627	34,348	2,933,975	683,284	-	683,284
Bengal - - -	-	-	-	-	-	-	-	-	-
North Western Provinces - - -	-	-	-	-	-	-	-	-	-
Punjab - - -	-	-	-	-	-	-	-	-	-
Madras - - -	23,450	6,329	29,779	-	-	-	576,952	-	576,952
Bombay - - -	-	-	-	-	-	-	8,750	-	8,750
30 September 1872, £.	65,426,817	431,320	65,858,137	2,899,627	34,348	2,933,975	1,268,986	-	1,268,986
ENGLAND:	East India Bonds.	East India Debentures.	India Five per Cent. Stock.	India Four per Cent. Stock.	Debentures issued in Exchange to Holders of Debentures of the Calcutta and South Eastern Railway Company.				
	£.	£.	£.	£.	£.				
31 December 1872.	4,017,617	4,995,000	17,200,000	12,800,000	88,050				

The above is exclusive of the charge upon the Revenues of India, under the Act of 3 & 4 Will. 4, c. 85, of the Company, which is subject to redemption by Parliament on payment to the Company of 200 l. sterling for 100 l. There are also contingent liabilities in respect of Interest guaranteed Indian Railway and other Companies, and of

India Office, }  
1 February 1873. }

at Home and Abroad, up to the latest Period of Time to which such Return can be made out; viz.,  
*ad id*, 30th September 1872.

SERVICE FUNDS.			BILLS PAYABLE.			DEPOSITS and MISCELLANEOUS.			TOTAL.		
Bearing Interest.	Not bearing Interest.	TOTAL.	Bearing Interest.	Not bearing Interest.	TOTAL.	Bearing Interest.	Not bearing Interest.	TOTAL.	Bearing Interest.	Not bearing Interest.	TOTAL.
£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.
757,294	-	2,757,294	-	88,250	88,250	215,835	2,528,826	2,744,660	71,969,407	3,076,414	75,085,821
-	-	-	-	149,429	149,429	374,515	1,538,597	1,913,112	374,515	1,688,026	2,062,541
-	-	-	-	25,831	25,831	28,016	808,580	836,596	28,016	834,411	862,427
-	-	-	-	24,407	24,407	7,764	578,275	586,039	7,764	602,682	610,446
685,675	-	685,675	-	24,807	24,807	226,782	2,242,728	2,469,510	1,462,859	2,273,864	3,736,723
997,325	-	997,325	-	-	-	655,513	1,440,969	2,096,482	1,661,588	1,440,969	3,102,557
390,294	-	4,390,294	-	312,724	312,724	1,508,425	9,137,974	10,646,399	75,494,149	9,916,366	85,410,515
Owing for Stores purchased for India.		Admiralty and War Office Claims.		Capital of Indian Railway and other Guaranteed Companies, remaining in the Home Treasury after Deducting Sums (partly Estimated) drawn by them in India.		Miscellaneous.		TOTAL.			
£. 175,000		£. 218,000		£. 2,864,579		£. 15,902		£. 41,874,148			

Dividend, at the rate of 10 l. 10 s. per cent. per annum, on the sum of 6,000,000 l., the Capital Stock of the East India stock.

Repayments to them of Capital expended; but no Estimate can be formed of these liabilities.

T. W. Keith,  
 Accountant.

EAST INDIA (REVENUES).

RETURN of all STOCKS, LOANS, DEBTS, and  
LIABILITIES chargeable on the EAST INDIA  
REVENUES, at Home and Abroad, up to the  
latest Period of Time to which such Return  
can be made out; viz., *England*, 31st December  
1872; *India*, 30th September 1872.

(Presented pursuant to Acts 31 Vict. c. 3; 22 Vict. c. 11;  
22 & 23 Vict. c. 30; 23 & 24 Vict. c. 130; 24 & 25  
Vict. c. 25; and 32 & 33 Vict. c. 106.)

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Ordered, by The House of Commons, to be Printed,  
17 February 1873.

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ARMY (EAST INDIA).

RETURN to an Address of the Honourable The House of Commons,  
dated 18 February 1873;—for, 10

“RETURNS of the Strength of each REGIMENT now in *India*, when it  
Embarked for, and during each Year of its Service in, that Country:”

“And, of the Numbers in each REGIMENT Sent Out and Brought Home, Year  
by Year, and the Total Number; to include Soldiers only.”

War Office,  
23 June 1873.

EDWARD CARDWELL.

(*Captain Talbot.*)

*Ordered, by The House of Commons, to be Printed,*  
*26 June 1873.*

RETURN showing the Strength of each REGIMENT now in *India*, when it Embarked for, and during each Year of its Service in, that Country; and of the Numbers in each REGIMENT Sent Out and Brought Home, Year by Year, and the Total Number; to include Soldiers only.

REGIMENT.	Year.	Effective Strength		Drafts Sent Out in each Year.	Men Sent Home in each Year.
		On Embarkation.	On the 1st January in each Year.		
8rd Hussars - - - -	1868	427	—	—	—
	1869	—	427	—	11
	1870	—	418	78	28
	1871	—	475	26	10
	1872	—	482	10	19
	1873	—	474	—	—
	TOTAL - - -				109
4th Hussars - - - -	1867	459	—	—	—
	1868	—	459	25	22
	1869	—	467	—	35
	1870	—	435	40	17
	1871	—	477	—	34
	1872	—	433	48	23
	1873	—	429	—	—
TOTAL - - -				113	131
5th Lancers - - - -	1863	513	—	—	—
	1864	—	510	—	6
	1865	—	491	1	11
	1866	—	488	1	19
	1867	—	470	12	20
	1868	—	458	42	7
	1869	—	500	—	24
	1870	—	488	27	34
	1871	—	490	1	41
	1872	—	443	56	27
	1873	—	451	—	—
TOTAL - - -				140	189
10th Hussars - - - -	1873	480	—	—	—
11th Hussars - - - -	1866	429	—	—	—
	1867	—	449	11	1
	1868	—	462	35	13
	1869	—	474	1	69
	1870	—	424	89	55
	1871	—	461	—	29
	1872	—	427	50	27
	1873	—	457	—	—
TOTAL - - -				186	194

RETURN RELATING TO THE ARMY (EAST INDIA).

3

REGIMENT.	Year.	Effective Strength		Drafts Sent Out in each Year.	Men Sent Home in each Year.
		On Embarkation.	On the 1st January in each Year.		
15th Hussars - - - -	1869	459	—	—	—
	1870	—	458	35	20
	1871	—	474	16	8
	1872	—	475	19	9
	1873	—	485	—	—
		TOTAL - - -			70
16th Lancers - - - -	1865	505	—	6	—
	1866	—	555	—	1
	1867	—	545	—	49
	1868	—	482	30	19
	1869	—	496	1	47
	1870	—	442	88	31
	1871	—	490	16	12
	1872	—	481	11	36
	1873	—	455	—	—
		TOTAL - - -			147
18th Hussars - - - -	1864	494	—	—	—
	1865	—	498	2	4
	1866	—	537	1	27
	1867	—	486	—	65
	1868	—	399	20	30
	1869	—	418	51	49
	1870	—	421	68	59
	1871	—	439	—	21
	1872	—	366	130	29
	1873	—	458	—	—
	TOTAL - - -			272	284
21st Hussars - - - -	1862	—	252	—	5
	1863	—	626	—	33
	1864	—	578	4	11
	1865	—	562	—	37
	1866	—	511	6	37
	1867	—	464	—	48
	1868	—	400	11	82
	1869	—	323	101	13
	1870	—	425	90	38
	1871	—	468	—	39
	1872	—	425	58	41
1873	—	419	—	—	
	TOTAL - - -			265	379
1st Foot, 2nd Battalion - - - -	1866	712	—	—	—
	1867	—	712	—	1
	1868	—	625	152	21
	1869	—	747	191	33
	1870	—	653	186	89
	1871	—	963	4	60
	1872	—	892	68	63
1873	—	878	—	—	
	TOTAL - - -			601	267

## RETURN RELATING TO THE ARMY (EAST INDIA).

REGIMENT.	Year.	Effective Strength		Drafts Sent Out in each Year.	Men Sent Home in each Year.
		On Embarkation.	On the 1st January in each Year.		
2nd Foot, 1st Battalion - - -	1866	796	-	-	14
	1867	-	780	-	12
	1868	-	752	111	58
	1869	-	815	91	100
	1870	-	795	173	50
	1871	-	903	-	18
	1872	-	879	115	37
	1873	-	972	-	-
	TOTAL - - -				490
3rd Foot, 1st Battalion - - -	1866	715	-	-	-
	1867	-	710	-	1
	1868	-	597	314	19
	1869	-	892	-	45
	1870	-	868	54	42
	1871	-	866	77	30
	1872	-	898	40	46
	1873	-	896	-	-
	TOTAL - - -				465
5th Foot, 1st Battalion - - -	1866	710	-	-	-
	1867	-	710	2	3
	1868	-	707	192	12
	1869	-	883	20	38
	1870	-	888	91	55
	1871	-	889	137	55
	1872	-	976	30	46
	1873	-	970	-	-
	TOTAL - - -				472
6th Foot, 1st Battalion - - -	1867	799	-	-	-
	1868	-	797	-	-
	1869	-	770	94	8
	1870	-	846	53	34
	1871	-	858	48	39
	1872	-	848	167	61
	1873	-	918	-	-
	TOTAL - - -				362
8th Foot, 1st Battalion - - -	1868	735	-	-	-
	1869	-	733	101	27
	1870	-	800	123	13
	1871	-	892	37	70
	1872	-	851	83	68
	1873	-	831	-	-
TOTAL - - -				354	178
11th Foot, 1st Battalion - - -	1864	860	-	2	-
	1865	-	839	58	5
	1866	-	881	19	63
	1867	-	814	-	15
	1868	-	784	178	50
	1869	-	904	-	81
	1870	-	802	93	53
	1871	-	841	62	55
	1872	-	837	182	57
	1873	-	942	-	-
TOTAL - - -				594	379

RETURN RELATING TO THE ARMY (EAST INDIA).

5

REGIMENT.	Year.	Effective Strength		Drafts Sent Out in each Year.	Men Sent Home in each Year.
		On Embarkation.	On the 1st January in each Year.		
12th Foot, 2nd Battalion	1864	891	-	-	1
	1865	-	874	60	37
	1866	-	808	1	12
	1867	-	897	-	50
	1868	-	832	120	120
	1869	-	818	33	86
	1870	-	725	98	66
	1871	-	856	66	93
	1872	-	824	170	27
	1873	-	968	-	-
		TOTAL	-	-	548
14th Foot, 1st Battalion	1868	769	-	-	-
	1869	-	764	111	7
	1870	-	846	10	32
	1871	-	811	107	108
	1872	-	829	102	70
	1873	-	849	-	-
	TOTAL	-	-	330	217
17th Foot, 1st Battalion	1870	798	-	-	1
	1871	-	770	178	8
	1872	-	924	40	42
	1873	-	901	-	-
	TOTAL	-	-	218	51
19th Foot, 2nd Battalion	1863	842	-	-	-
	1864	-	839	53	6
	1865	-	918	11	24
	1866	-	892	-	75
	1867	-	808	34	27
	1868	-	791	162	218
	1869	-	748	68	70
	1870	-	797	150	35
	1871	-	902	-	51
	1872	-	831	45	50
	1873	-	783	-	-
	TOTAL	-	-	523	555
21st Foot, 1st Battalion	1869	811	-	-	-
	1870	-	815	142	171
	1871	-	771	68	23
	1872	-	883	111	41
	1873	-	937	-	-
	TOTAL	-	-	311	236
25th Foot, 2nd Battalion	1867	795	-	-	-
	1868	-	795	60	2
	1869	-	826	88	29
	1870	-	901	107	127
	1871	-	1,005	-	75
	1872	-	918	21	41
	1873	-	889	-	-
	TOTAL	-	-	276	274

REGIMENT.	Year.	Effective Strength		Drafts Sent Out in each Year.	Men Sent Home in each Year.
		On Embarkation.	On the 1st January in each Year.		
26th Foot	1865	851	-	-	8
	1866	-	845	45	6
	1867	-	873	-	50
	1868	-	902	62	78
	1869	-	917	43	68
	1870	-	887	9	51
	1871	-	768	124	46
	1872	-	850	61	44
	1873	-	847	-	-
		TOTAL	-	-	344
36th Foot	1863	864	-	-	-
	1864	-	864	6	57
	1865	-	786	-	6
	1866	-	778	100	41
	1867	-	854	-	44
	1868	-	774	73	121
	1869	-	725	82	58
	1870	-	660	102	39
	1871	-	749	39	100
	1872	-	818	182	47
1873	-	984	-	-	
	TOTAL	-	-	584	513
37th Foot	1866	699	-	2	1
	1867	-	700	126	-
	1868	-	854	-	73
	1869	-	808	102	20
	1870	-	898	-	103
	1871	-	831	73	67
	1872	-	842	192	59
	1873	-	951	-	-
	TOTAL	-	-	495	323
39th Foot	1869	826	-	-	-
	1870	-	825	1	-
	1871	-	842	106	12
	1872	-	927	20	16
	1873	-	929	-	-
	TOTAL	-	-	127	28
40th Foot	1872	875	-	1	-
	1873	-	874	-	-
	TOTAL	-	-	1	-
41st Foot	1865	808	-	2	9
	1866	-	798	53	-
	1867	-	866	-	24
	1868	-	865	96	57
	1869	-	895	-	69
	1870	-	833	70	68
	1871	-	876	44	38
	1872	-	880	98	44
	1873	-	947	-	-
	TOTAL	-	-	363	309

\* RETURN RELATING TO THE ARMY (EAST INDIA).

7

REGIMENT.	Year.	Effective Strength		Drafts Sent Out in each Year.	Men Sent Home in each Year.
		On Embarkation.	On the 1st January in each Year.		
43rd Foot	1872	882	-	2	-
	1873	-	879	-	-
	TOTAL	-	-	2	-
44th Foot	1871	904	-	-	-
	1872	-	904	-	2
	1873	-	881	-	-
	TOTAL	-	-	-	2
45th Foot	1864	905	-	-	-
	1865	-	904	67	5
	1866	-	976	-	60
	1867	-	895	-	124
	1868	-	870	-	129
	1869	-	716	132	48
	1870	-	868	98	58
	1871	-	946	24	23
	1872	-	977	10	42
	1873	-	924	-	-
TOTAL	-	-	326	489	
48th Foot	1872	919	-	-	1
	1873	-	927	-	-
	TOTAL	-	-	-	1
49th Foot	1865	880	-	-	-
	1866	-	835	39	-
	1867	-	856	1	32
	1868	-	747	61	63
	1869	-	763	69	62
	1870	-	758	180	36
	1871	-	889	27	24
	1872	-	891	84	26
	1873	-	984	-	-
TOTAL	-	-	461	243	
51st Foot	1872	883	-	-	-
	1873	-	882	-	-
	TOTAL	-	-	-	-
54th Foot	1871	924	-	-	-
	1872	-	923	52	-
	1873	-	939	-	-
	TOTAL	-	-	52	-

## RETURN RELATING TO THE ARMY (EAST INDIA).

REGIMENT.	Year.	Effective Strength		Drafts Sent Out in each Year.	Men Sent Home in each Year.
		On Embarkation.	On the 1st January in each Year.		
55th Foot	1863	916	—	—	—
	1864	—	916	1	1
	1865	—	1,017	1	55
	1866	—	950	—	67
	1867	—	909	22	71
	1868	—	833	33	51
	1869	—	918	—	97
	1870	—	925	1	66
	1871	—	853	44	49
	1872	—	866	46	40
	1873	—	839	—	—
	TOTAL	—	—	148	497
56th Foot	1871	896	—	—	1
	1872	—	900	41	16
	1873	—	934	—	—
	TOTAL	—	—	41	17
58th Foot	1864	811	—	—	—
	1865	—	812	57	14
	1866	—	837	47	35
	1867	—	833	—	57
	1868	—	733	54	58
	1869	—	731	206	131
	1870	—	678	19	66
	1871	—	679	121	65
	1872	—	784	189	58
	1873	—	967	—	—
	TOTAL	—	—	693	484
59th Foot	1869	867	—	23	18
	1870	—	859	79	39
	1871	—	891	58	30
	1872	—	912	35	27
	1873	—	885	—	—
	TOTAL	—	—	195	114
60th Foot, 2nd Battalion	1867	813	—	—	—
	1868	—	811	56	2
	1869	—	843	25	40
	1870	—	810	56	38
	1871	—	878	152	47
	1872	—	1,110	—	61
	1873	—	1,031	—	—
	TOTAL	—	—	289	188
62nd Foot	1869	846	—	37	—
	1870	—	836	16	37
	1871	—	796	76	26
	1872	—	833	100	48
	1873	—	863	—	—
	TOTAL	—	—	229	111



\* RETURN RELATING TO THE ARMY (EAST INDIA).

REGIMENT.	Year.	Effective Strength		Drafts Sent Out in each Year.	Men Sent Home in each Year.
		On Embarkation.	On the 1st January in each Year.		
63rd Foot	1870	924	—	—	—
	1871	—	923	3	—
	1872	—	923	31	36
	1873	—	910	—	—
	TOTAL	—	—	34	36
65th Foot	1871	919	—	43	—
	1872	—	961	15	6
	1873	—	947	—	—
	TOTAL	—	—	58	6
66th Foot	1870	907	—	—	3
	1871	—	888	52	22
	1872	—	909	72	13
	1873	—	952	—	—
	TOTAL	—	—	124	38
67th Foot	1872	883	—	—	—
	1873	—	883	—	—
	TOTAL	—	—	—	—
68th Foot	1872	877	—	—	—
	1873	—	880	—	—
	TOTAL	—	—	—	—
70th Foot	1871	896	—	—	—
	1872	—	892	33	—
	1873	—	906	—	—
	TOTAL	—	—	33	—
72nd Foot	1871	907	—	—	—
	1872	—	906	57	26
	1873	—	920	—	—
	TOTAL	—	—	57	26
76th Foot	1863	860	—	—	—
	1864	—	858	20	29
	1865	—	882	15	45
	1866	—	857	—	83
	1867	—	765	46	84
	1868	—	723	49	88
	1869	—	684	70	109
	1870	—	669	119	75
	1871	—	822	185	61
	1872	—	937	17	55
	1873	—	877	—	—
	TOTAL	—	—	621	629

## RETURN RELATING TO THE ARMY (EAST INDIA).

REGIMENT.	Year.	Effective Strength		Drafts Sent Out in each Year.	Men Sent Home in each Year.
		On Embarkation.	On the 1st January in each Year.		
83rd Foot	1870	915	-	1	10
	1871	-	889	3	18
	1872	-	911	1	34
	1873	-	863	-	-
	TOTAL	-	-	5	62
85th Foot	1868	790	-	-	-
	1869	-	776	54	13
	1870	-	812	103	69
	1871	-	903	102	42
	1872	-	959	-	35
	1873	-	912	-	-
TOTAL	-	-	259	159	
89th Foot	1870	912	-	-	-
	1871	-	912	-	3
	1872	-	917	36	37
	1873	-	989	-	-
TOTAL	-	-	36	40	
92nd Foot	1868	862	-	-	11
	1869	-	816	67	26
	1870	-	812	108	70
	1871	-	845	86	55
	1872	-	887	102	46
	1873	-	916	-	-
TOTAL	-	-	361	208	
96th Foot	1865	587	-	-	-
	1866	-	582	143	3
	1867	-	791	-	96
	1868	-	692	113	64
	1869	-	836	117	63
	1870	-	874	60	34
	1871	-	918	-	54
	1872	-	845	39	51
	1873	-	805	-	-
	TOTAL	-	-	472	365
105th Foot	1862	-	636	-	-
	1863	-	614	120	45
	1864	-	754	60	23
	1865	-	755	158	28
	1866	-	887	38	55
	1867	-	845	65	32
	1868	-	844	79	66
	1869	-	836	-	124
	1870	-	668	158	61
	1871	-	746	77	43
	1872	-	760	-	34
1873	-	685	-	-	
TOTAL	-	-	755	611	

RETURN RELATING TO THE ARMY (EAST INDIA).

11

REGIMENT.	Year.	Effective Strength		Drafts Sent Out in each Year.	Men Sent Home in each Year.
		On Embarkation.	On the 1st January in each Year.		
106th Foot	1862	-	484	-	15
	1863	-	450	85	71
	1864	-	450	124	44
	1865	-	687	114	20
	1866	-	980	-	41
	1867	-	933	-	132
	1868	-	728	91	102
	1869	-	736	69	50
	1870	-	774	122	38
	1871	-	887	87	34
	1872	-	873	81	38
	1873	-	904	-	-
		TOTAL		728	585
107th Foot	1862	-	443	-	-
	1863	-	433	-	68
	1864	-	898	55	18
	1865	-	927	71	56
	1866	-	902	49	60
	1867	-	896	-	122
	1868	-	730	167	91
	1869	-	836	167	123
	1870	-	861	12	19
	1871	-	911	53	28
	1872	-	909	6	41
	1873	-	843	-	-
		TOTAL		582	566
108th Foot	1862	-	235	-	18
	1863	-	213	163	8
	1864	-	367	226	8
	1865	-	762	162	17
	1866	-	926	3	49
	1867	-	863	3	93
	1868	-	739	80	57
	1869	-	814	88	31
	1870	-	850	64	20
	1871	-	880	55	36
	1872	-	906	74	52
	1873	-	903	-	-
		TOTAL		918	389
109th Foot	1862	-	793	-	-
	1863	-	749	129	30
	1864	-	832	-	24
	1865	-	897	-	35
	1866	-	857	40	43
	1867	-	864	-	89
	1868	-	691	100	2
	1869	-	810	100	77
	1870	-	805	68	69
	1871	-	836	125	56
	1872	-	895	78	66
	1873	-	887	-	-
		TOTAL		640	491

N.B.—The 21st Hussars, 105th, 106th, 107th, 108th, and 109th Foot were formed in India, in the year 1861, from the European troops in the service of the East India Company.

Horse Guards, War Office,  
20 June 1873.

J. W. Armstrong,  
Deputy Adjutant General.

ARMY (EAST INDIA).

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RETURN of the Strength of each REGIMENT now in *India*, when it Embarked for, and during each Year of its Service in, that Country; and, of the Numbers in each REGIMENT Sent Out and Brought Home, Year by Year, and the Total Number; &c.

(*Captain Talbot.*)

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Ordered, by The House of Commons, to be Printed,  
26 June 1873.

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TRANSPORTS (EAST INDIA).

RETURN to an Address of the Honourable The House of Commons,  
dated 16 April 1872;—for,

RETURN, in a Tabular Form, of Cost, Tonnage, Power, and Consumption  
of Coal of the TRANSPORTS 'SERAPIS,' 'CROCODILE,' 'MALABAR,'  
'JUMNA,' and 'EUPHRATES,' showing also the Expense of conducting  
the Service in carrying the INDIAN RELIEFS to and from India (in con-  
tinuation of Parliamentary Paper, No. 250, of Session 1871)."

India-Office, }  
25 July 1873. }

T. T. PEARS, Major General,  
Military Secretary.

(Mr. Graves.)

Ordered, by The House of Commons, to be Printed,  
29 July 1873.

RETURN of Cost, Tonnage, Power, and Consumption of Coal of the TROOP SHIPS "SERAPIS," "CROCODILE," "MALABAR," "JUMNA," and "EUPHRATES," showing also the Expense of conducting the Service in conveying the INDIAN RELIEFS to and from India during the Season 1869-70.

PARTICULARS REQUIRED.	"SERAPIS."	"CROCODILE."	"EUPHRATES."	"JUMNA."	"MALABAR."	REMARKS.	
<b>DESCRIPTION OF TROOP SHIP.</b>							
1. Tonnage - - - - -	4,178	4,178	4,173	4,173	4,173		
2. Builder - - - - -	Thames Iron Ship Building Company.	Messrs. Money Wigram & Sons.	Messrs. Laird Brothers.	Messrs. Palmer Brothers & Co.	Messrs. R. Napier & Sons.		
<b>TROOP SHIPS—ENGINES.</b>							
3. Description of Engines - - - - -	Horizontal direct	Horizontal direct	Horizontal direct	Horizontal three cylinder.	Horizontal direct	These ships are fitted with superheating apparatus and surface condensers. The engines of "Serapis" and "Crocodile" were altered by the contractors during the year 1869, to horizontal direct, at a cost to Government of 8,000 <i>l.</i> , of which sum Indian Funds bore one-third.	
4. Makers' Name - - - - -	Messrs. Humphreys & Tennant.	Messrs. Humphreys & Tennant.	Messrs. Laird Brothers.	Messrs. Maudslay, Sons, & Field.	Messrs. R. Napier & Sons.		
5. Nominal Horse-Power - - - - -	700	700	700	700	700		
6. Mean Speed at Measured Mile - Full Power	13.378	14.003	14.718	14.656	14.570		
7. Ditto - - ditto - - - Half Power	No trial	No trial	11.523	11.771	12.248		
8. Indicated Horse-Power at Measured Mile } Full Speed	3,698	4,044	4,989.7	4,893.6	4,893.4		
9. Ditto - - ditto - - - Half Speed	No trial	No trial	2,078.8	2,466.0	2,645.1		
<b>COST OF TROOP SHIPS.</b>							
10. Cost of Ships - - - Ready for Service	£. 206,265	£. 205,365	£. 210,126	£. 211,253	£. 210,201		The difference between these amounts and those shown in the last Return arises from some small adjustments found necessary in preparing for audit a detailed statement of the cost of the ships.
10A. Expenses in addition to the foregoing, incurred in the case of the "Serapis" and "Crocodile" until 31st March 1867, and for the "Euphrates," "Jumna," and "Malabar," until their arrival in India; being in the first two instances, Pay and Allowances, &c. of Officers and others whom it was considered expedient to appoint to the Ships before they were complete; and in the remaining cases of Pay and Allowances of Officers and Crews, Messing and Victualling, and General Cost of Navigation of the three Ships from England to India - - - - -	897	807	15,157	18,058	15,715		

RETURN RELATIVE TO THE OVERLAND TROOP TRANSPORT SERVICE

Further Particulars respecting the Troop Ships, and Results of the Troop Season, 1869-70.

	European	European	Indian	Indian	Indian.
11. On which side of the Isthmus Ship stationed - -	European	European	Indian	Indian	Indian.
12. Mean Speed of each Ship for the Season - -	10.035 knots	9.446 knots	8.629 knots	8.171 knots	8.607 knots.
13. Total Distance run by each Ship for the Season -	24,150 knots	24,600 knots	(a) 23,850 knots	(b) 24,400 knots	17,200 knots.
14. Total Coals Consumed by each Ship for the Season	5,594 tons	5,648 tons	(c) 6,227 tons	6,600 tons	5,798 tons.
15. Average Number of Troops carried each Voyage, distinguishing Officers, &c. :					
Officers - - - - -	52	50	50	49	50
Ladies - - - - -	11	12	11	10	12
Children - - - - -	11	13	12	12	10
Female Servants - - - - -	3	2	3	2	3
Second Class Passengers, viz. :					
Male - - - - -	2	1	1	2	1
Female - - - - -	1	1	1	1	1
Children - - - - -	3	3	4	3	3
Staff Serjeants - - - - -	11	12	12	11	11
Women - - - - -	8	9	9	7	9
Children - - - - -	17	13	15	11	22
Troops - - - - -	938	923	934	863	950
Women - - - - -	79	84	82	70	82
Children - - - - -	126	123	124	108	130
16. If any breakdown of Hull or Machinery, state cause, number of days' delay, and probable expense of rent or alterations, and if alterations are paid for by Admiralty or Contractor :					
Breakdown of Hull - - - - -	Nil	Nil	Nil	Nil	Nil
Breakdown of Machinery - - - - -	Nil	Nil	Nil	Nil	Nil.

(a) Inclusive of voyage from Bombay to Suez, without troops to commence season.

(b) Inclusive of voyage home with troops through Suez Canal in April and May 1870.

(c) Inclusive of the coal (888 tons) consumed on the voyage from Bombay to Suez, without troops to commence season.

RETURN of Cost, Tonnage, Power, and Consumption of Coal of the Troop Ships "Serapis," "Crocodile," "Malabar," "Jumna," and "Euphrates," &c.—*continued.*

PARTICULARS REQUIRED.	OUT.	HOME.	TOTAL.	REMARKS.	
Further Particulars respecting the Troop Ships, and Results of the Troop Season, 1869-70— <i>continued.</i>					
Officers - - - - -	520	473	993	<p>Inclusive of the numbers conveyed by Her Majesty's Ship "Himalaya" on the seventh voyages out and home of the season, of the regiment conveyed by Her Majesty's Ship "Tamar" from Gibraltar to Alexandria on the tenth voyage of the season, and of about 100 men sent to Alexandria by packet on the seventh voyage; but exclusive of the First and Seventh Foot conveyed from Bombay to Aden by the "Euphrates" on the sixth voyage, of the regiments conveyed from Queenstown to Gibraltar in the "Tamar" on the tenth voyage, and of a small number of passengers (224) conveyed for Imperial Service. Her Majesty's Ships "Himalaya" and "Tamar" were lent to the Indian Government to supplement the "Crocodile" and "Serapis" on this side Suez; the sum paid to the Imperial Government on account of their services will be found at item 28.</p> <p>On the voyages outwards the deaths were, 7 adults and 30 children; and 15 children were born. On the voyages homeward the deaths were, 33 adults and 13 children, and 20 children were born; making a total of 83 deaths and 35 births.</p>	
Ladies - - - - -	101	117	218		
Children - - - - -	68	166	224		
Female Servants - - - -	31	6	37		
2nd Class Passengers, viz. :—					
Male - - - - -	6	11	17		
Female - - - - -	7	9	16		
Children - - - - -	18	26	44		
Staff Serjeants - - - -	84	133	217		
Women - - - - -	68	99	167		
Children - - - - -	96	199	295		
Troops - - - - -	9,599	8,518	18,117		
Women - - - - -	883	667	1,540		
Children - - - - -	1,161	1,222	2,383		
Total Number of Officers, Troops, &c. conveyed during the Overland Season, 1869-70	12,022	11,636	24,258		
Equivalent to Adults - - - - -			22,785		
Average each Voyage - - - - -			1,139		



PARTICULARS REQUIRED.	"SERAPIS."	"CROCODILE."	"EUPHRATES."	"JUMNA."	"MALABAR."	REMARKS.
Cost of Working the Troop Ships and Victualling, &c. the Troops:—	£.	£.	£.	£.	£.	
18. Total Value of Stores expended on Hull, Engines, &c. for the Season.	6,748	6,235	13,450	12,170	11,208	The sums shown under "Serapis" and "Crocodile" represent 3-5ths of the actual expenses incurred by the Admiralty during the year (exclusive of the sum paid to Messrs. Humphreys & Tennant for alteration of engines); it having been decided, in consequence of the termination from 30th April 1872 of the agreement between the Admiralty and India in respect of these ships, that the charges of 8 per cent. on the capital cost already paid by India in respect of each year during the existence of the agreement should be re-adjusted. In addition, is included the proportion (1-3rd) of the payment made to Messrs. Humphreys & Tennant which was borne by Indian funds. The amounts inserted against the ships on the Indian side include the cost of repairs, &c. during the whole year.
19. Cost of Coals consumed during the Season - -	5,980	6,193	*16,820	17,073	15,717	* See Note at No. 14.
20. Cost of Victualling Troops, including Messing -	10,626	10,882	11,597	11,299	9,735	These figures do not include the cost of mess, victualling, and bedding, for the officers and troops conveyed by other means than Her Majesty's Indian Troop Ships, which will be found under items 28 and 29.
21. Bedding for Troops, Women, and Children - -	1,365	1,349	1,314	1,201	1,149	
22. Cost of Victualling Ship's Company, including Messing.	3,373	3,345	3,161	3,594	3,965	In the case of the "Serapis" and "Crocodile," the amounts specified represent 3-5ths of the cost of the year, being the proportion borne by Indian revenues; in the case of the three other ships, the amounts represent the total cost for the year.
23. Total Amount of Officers' and Men's Pay, including any Allowances.	8,379	8,232	14,417	12,348	12,348	
TOTAL Working Expenses - - £.	36,471	36,236	60,768	63,685	59,210	

RETURN of Cost, Tonnage, Power, and Consumption of Coal of the Troop Ships "Serapis," "Crocodile," "Malabar," "Jumna," and "Euphrates," &c.—continued.

P A R T I C U L A R S R E Q U I R E D.	A m o u n t s.	R E M A R K S.
Capital Charges of the Service, in addition to Cost of Construction of the Troop Ships :		
	£.	
24. Cost of Construction of Tugs and Boats for use at Alexandria and Suez - - - - -	15,632	
25. Cost of Purchase and Laying Down of Moorings at Alexandria and Suez - - - - -	4,794	
26. Cost of Construction of Suez Hospital - - - - -	55,303	The difference between these amounts and those shown in the last Return, arises from small adjustments found necessary in preparing for audit a detailed Statement of the Capital Charges of the Service.
27. Miscellaneous Charges connected with the formation of the Service - - - - -	4,848	
TOTAL - - - £.	80,577	
Miscellaneous Charges of the Service incurred in the Year 1869-70:		
28. Payment to the Imperial Government on account of the Employment of Her Majesty's Ships "Himalaya" and "Tamar," in connection with the Indian Troop Service on this side Suez, viz. —	£.	
For use of the Ships, including Wear and Tear, Coal consumed, and Wages and Victuals of Crews - - - - -	11,421	
For Mess of Military Officers, Victualling of Troops, and use of Bedding - - - - -	4,757	
	16,178	
29. Cost of Conveyance by Contract Packet between England and Alexandria, including Mess and Victualling of a small Number of Troops for whom there was not room in the Troop Ships - - - - -	1,291	
30. Transit Charges for Troops in Egypt - - - - -	29,096	Includes the dues paid for the passage of "Jumna" through the Suez Maritime Canal on the last home voyage of the season.
31. Wages, Coals, &c. for Tugs and Boats in Egypt - - - - -	3,834	
32. Wages, Coals, &c. for Tugs and Boats at Bombay - - - - -	8,135	The increase on this item is owing to a decision debiting the Troop Service with a larger proportion of the expenses of these Tugs, &c., which are maintained partly for general Indian purposes.
33. Expense of Establishments at the Admiralty, in Egypt, in India, &c. - - - - -	16,430	The difference between this and the corresponding item of the last Return is owing to the cost of the Establishments at Bombay being included, which, on the last occasion, was shown with the expenses of the Tugs and Boats at that port.
34. Travelling Expenses of Officers, Books and Stationery, Pilotage, Telegraphic Communications, Hospital Stores and Medicines for the Troops, and other Contingencies - - - - -	6,790	
TOTAL - - - £.	81,754	

PARTICULARS REQUIRED.	AMOUNTS.		REMARKS.
	On £ 341,854, the Working Expenses (Payments from Indian Revenues), after abating Amount repayable for Imperial Passengers.	On £ 457,604, the Working Expenses and Charges (not Payments) on account of Capital and Insurance.	
	£. s. d.	£. s. d.	
Officers - - - - -	78 10 3	107 2 7	(a) The rates in these three cases represent the Cost to Government, after allowing for the Contributions received under the Royal Passage Warrant.
(a) Ladies - - - - -	62 18 -	91 10 5	
(a) Children - - - - -	25 6 11	36 15 11	
(a) Female Servants - - - - -	31 9 -	45 15 2	
Second Class Passengers - - - - -	39 7 8	53 13 10	
Ditto - Children - - - - -	20 1 3	35 12 1	
Staff Serjeants - - - - -	13 14 5	18 10 -	
Wives - - - - -	13 - 4	17 15 11	
Children - - - - -	7 11 3	9 10 1	
Troops - - - - -	11 3 5	14 15 2	
Wives - - - - -	10 9 4	14 1 -	
Children - - - - -	6 5 9	8 1 8	
	Equivalent to £. 14 19 10 per Adult.	Equivalent to £. 20 1 7 per Adult.	

35. Estimated Gross Cost of Service to and from India per Head for each Class, calculated on the Total Number of Troops (Indian Reliefs) conveyed during the Season 1869-70, being the Numbers shown at Item 17

TO AND FROM INDIA DURING THE SEASON 1869-70.

RETURN of Cost, Tonnage, Power, and Consumption of Coal of the Troop Ships "Serapis," "Crocodile," "Malabar," "Jumna," and "Euphrates," &c.—continued.

ABSTRACT OF COST.

PARTICULARS REQUIRED.	"SERAPIS."	"CROCODILE."	"EUPHRATES."	"JUMNA."	"MALABAR."	SHIPS OR SERVICE GENERALLY.	TOTAL.	REMARK.
<b>CAPITAL CHARGES:</b>	£.	£.		£.	£.	£.	£.	
Construction and Equipment of the Troop Ships ( <i>see</i> Item 10) -	206,255	205,365	210,126	211,253	210,201	-	1,043,200	<i>See</i> notes against the various Items as to the difference between these amounts and those shown in the last Return.
Additional Expenses relating to the Troop Ships ( <i>see</i> Item 10*) -	897	807	15,157	18,058	15,715	-	50,694	
Construction of Tugs, &c. for Egypt; Moorings for Egypt; Construction, &c. of Suez Hospital, and Miscellaneous Charges ( <i>see</i> Items 24 and 27).	-	-	-	-	-	80,577	80,577	
<b>TOTAL CAPITAL CHARGES - - - £.</b>	207,152	206,172	225,283	229,311	225,916	80,577	1,174,411	
<b>WORKING EXPENSES OF THE SERVICE:</b>								
Expenses of the Troop Ships, and Victualling, &c. of the Troops ( <i>see</i> Items 18 to 28).	36,471	36,236	66,768	63,685	59,210	-	262,370	
Miscellaneous Expenses ( <i>see</i> Items 28 to 34) - - - -	-	-	-	-	-	81,754	81,754	
<b>TOTAL WORKING EXPENSES (Payments from Indian Revenues) - - - - £.</b>	36,471	36,236	66,768	63,685	59,210	81,754	344,124	
<i>Abate</i> .—Amount received from the Imperial Government for Passage of Naval and Military Officers and others, conveyed in the Troop Ships during the Season on Imperial Service.	-	-	-	-	-	-	2,470	
							341,654	Equivalent to 14 <i>l.</i> 19 <i>s.</i> 10 <i>d.</i> per Adult.
<b>CHARGES ON ACCOUNT OF CAPITAL AND INSURANCE:</b>								
Towards replacement of Capital, Four per Cent. on Capital Cost, less proportion of Estimated Value of the Troop Ships, for breaking up, at the end of 25 years.	-	-	-	-	-	(a) 43,612		
For Interest on unredeemed Capital, at Five per Cent. - - -	-	-	-	-	-	(a) 54,228		
For Insurances on Ships, Tugs, and Boats - - - - -	-	-	-	-	-	(b) 32,117		
						129,957		
<i>Abate</i> .—Amount received from the Imperial Government as Contribution for depreciation and insurance on "Serapis" and "Crocodile."	-	-	-	-	-	14,047		
<b>TOTAL CHARGES (not Payments) on Account of CAPITAL and INSURANCE - - - -</b>							115,910	Equivalent to 5 <i>l.</i> 1 <i>s.</i> 9 <i>d.</i> per Adult.
<b>GRAND TOTAL of WORKING EXPENSES and CHARGES on account of CAPITAL and INSURANCE - - - £.</b>							457,564	Equivalent to 20 <i>l.</i> 1 <i>s.</i> 7 <i>d.</i> per Adult.

(a) The increase under these Heads is owing to the charge for replacement and Interest on the first cost of the Suez Hospital, which appears for the first time in this Return, the outlay not having been completed until after the close of the Season 1808-9.

(b) The increase under this Head is owing to the Ships, &c. having made a larger number of voyages.

STATEMENT relating to the OVERLAND TROOP SERVICE for the Three Seasons, 1867-68, 1868-69, and 1869-70.

		1867-68.	1868-69.	1869-70.	Total of Three Seasons.
Numbers conveyed	Military Officers, and their families - - -	1,187	1,064	1,441	3,682
	„ Second-class Passengers - - -	30	73	77	180
	„ Staff Serjeants, and their families - -	465	420	676	1,561
	„ Rank and File, and their families - -	16,330	16,232	22,288	54,850
	Total, Military - - -	18,012	(a)17,779	(b)24,482	60,273
Total Individuals, including Naval Passengers		18,410	18,141	25,439	61,990
Casualties, &c.	Deaths - - - - -	42	50	83	175
	Births - - - - -	45	45	35	125
Transit of Isthmus	Average Time occupied by each Division of Troops - - - - -	H. M. 14 20	H. M. 13 48	H. M. 14 4	H. M. 14 4 (average)
	Length of Voyages, including Transit of Isthmus - - - - -	DAYS.	DAYS.	DAYS.	DAYS.
Length of Voyages, including Transit of Isthmus - - - - -	Portsmouth to Bombay :				
	Shortest Voyage - - - - -	31	31	33	Least 31
	Longest Voyage - - - - -	44	(c) 37	38	Greatest 44
	Queenstown to Bombay :				
	Shortest Voyage - - - - -	31	32	32	Least 31
	Longest Voyage - - - - -	40	(c) 34	(d) 36	Greatest 40
Bombay to Portsmouth :	Shortest Voyage - - - - -	31	30	29	Least 29
	Longest Voyage - - - - -	38	38	40	Greatest 40
Miles run by the five Indian Troop Ships on the Troop Service <i>via</i> Egypt - - - - -		107,950	91,154	111,300	310,404

(a) Exclusive of 1,880 persons conveyed in relief to Malta.  
 (b) Exclusive of 825 persons conveyed in relief to Gibraltar, and 442 conveyed in relief to Aden from Bombay.  
 (c) Exclusive of extra detention in exchanging two regiments at Malta.  
 (d) Exclusive of extra detention in exchanging a regiment at Gibraltar.

*N.B.*—This Return has been prepared from Accounts which have not yet been audited by the Parliamentary Auditor of Indian Accounts (*see* Return, East India (Home Accounts), No. 204 of 14 May 1873, and Supplementary Return, No. 204 of 4 July 1873).

Admiralty, S.W.,  
July 1873.

W. R. Mends,  
Director of Transport Services.

C. Cruttenden,  
Deputy Director of Transport Services, and Assistant for India.

TRANSPORTS (EAST INDIA).

RETURN of Cost, Tonnage, Power, and Consumption of Coal of the "TRANSPORTS," "SERAPIS," "CROCODILE," "MALABAR," "JUNNA," and "EUPHRATES;" showing also the Expense of conducting the Service in carrying the INDIAN RELIEFS to and from *India* during the Season 1869-70 (in continuation of Parliamentary Paper, No. 250, of Session 1871).

(*Mr. Graves.*)

Ordered, by The House of Commons, to be Printed,  
29 July 1873.

EAST INDIA (GOVERNMENT STUDS).

RETURN to an Address of the Honourable The House of Commons,  
dated 25 July 1873;—for,

12

“PAPERS giving Information as to the present State of the GOVERNMENT  
STUDS in *India*, and any DESPATCH of the Secretary of State for India in  
Council on the Subject.”

India Office, }  
11 September 1873. }

HENRY C. PIERSON,  
for the Military Secretary.

(No. 9 of 1873.—Military Department.)

(Separate.)

To His Grace the Duke of *Argyll*, K.T., Her Majesty's Secretary of State  
for India.

My Lord Duke,

IN our Despatch, No. 392, dated the 10th October 1868, Her Majesty's  
Government was apprised of the formation of a committee to inquire into and  
report on the management and efficiency of the Government studs.

2. We have now the honour to transmit, for  
your Grace's information, a copy of the report of  
the committee, together with the papers noted in  
the margin.

Report of the Stud Committee, dated 1st July 1869.  
Minute by Sir H. Durand, dated 16th August 1869.  
Minute by Sir W. Mansfield, 31st August 1869.  
To Superintendent of Studs, No. 221, dated 11th September  
1869.  
From Superintendent of Studs, No. 43, dated 14th September  
1869.  
Reply of the Superintendent of Studs to the Report of the Stud  
Committee.  
Government Resolution, dated 16th December 1872, No. 690.  
Proceedings for Dec. 1872, Nos. 836-40 and 842-43.

3. The report of the committee was received  
in July 1869, and minutes on the subject were  
recorded by Sir Henry Durand and Sir William  
Mansfield, but no action was taken at the time  
beyond carrying out the recommendations of the  
committee, that all bad and unlikely stock and inferior stallions should be at once  
disposed of to the best advantage.

4. The report, with the above minutes, then came under the personal consi-  
deration of his Excellency the Earl of Mayo, who devoted much time and trouble  
to personal and demi-official inquiries on the subject, and was, it is believed,  
after consultation with experienced officers, prepared to deal comprehensively  
with the question of stud management, when his untimely and lamented death  
cut short his labours.

5. The matter has now again received our careful consideration, as was inti-  
mated in our letter in the Financial Department, No. 8, of the 3rd January  
1873.

6. Your Grace will observe from a perusal of the report, that although there  
are conflicting and contradictory statements as to the actual cost of a stud  
remount, owing to the different modes of debiting expenditure on this account,  
there is no doubt whatever that the cost is very great, has been steadily increasing  
of late years, and that the general results of the management of the studs, whether  
in the number or in the quality of the horses produced, have been in no degree  
commensurate with their cost. Rupees 1,48  
rupees 2,1

7. The causes of this costliness are we think fairly and fully enumerated in  
Part VI. of the committee report, and we are of opinion that the only effectual  
remedy is to be found in the recommendations made by the committee, which  
are

are calculated to enable the studs, in the course of a few years, to meet the wants of the service at a reasonable cost, and immediately to effect a very considerable saving in these charges.

8. With a view therefore to give practical effect to the labours of the committee, we have appointed an executive commission, composed of the following officers :—

Major-General C. Chamberlain, c. s. i.  
Major F. G. Ravenhill, r. n. a.  
Mr. J. H. B. Hallen, v. s.

9. The work of this commission, as will be seen from the Resolution of which we forward a copy, will consist chiefly in carrying out the measures advocated by the previous committee, and will commence at once, so that the reductions to be carried out may in great part take effect before the beginning of the next financial year.

10. We trust that these proceedings will be approved by Her Majesty's Government.

Fort William,  
10 January 1873.

We are, &c.  
(signed) *Northbrook.*  
*R. Temple.*  
*B. H. Ellis.*  
*H. W. Norman.*  
*A. Hobhouse.*  
*E. C. Bayley.*

#### MEMORANDUM ON the GOVERNMENT STUDS of India.

Para. 1. IN 1868 Lord Lawrence, in consequence of "the almost unanimous reports of cavalry and artillery officers as to the badness of the remounts sent to them" from the Government studs, appointed a Committee\* to inquire into the general management of the Stud Department, with reference to its main object, the supply of a sufficient number of suitable remounts for the service at a reasonable cost, its influence upon the improvement of horses in India being also taken into account.

\* Major General Colin Troup, c. s.  
Colonel T. James, c. s., 8th Bengal  
Cavalry.  
Major Harnett, 11th Hussars.  
Veterinary Surgeon W. Johnson.

2. The Committee commenced their inquiries on the 28th October 1868, and reported fully on the subject, but in very condemnatory terms. They felt themselves precluded, however, from considering whether it was advisable to abolish or maintain the whole Department, which was one of the questions referred to them by Lord Lawrence, because Sir Charles Wood, in a Despatch dated 18th October 1860, had adduced several arguments in behalf of the policy of making India self-reliant in respect of the supply of horses, the validity of which arguments appeared to the Committee to be conclusive.

3. The Committee therefore confined themselves to the suggestion of several sweeping changes in the Department, most of which the Government has adopted, as will be seen in the Despatch and its enclosures now before us. The late Commander in Chief, however (Sir William Mansfield), in a very able Minute on the Report, although agreeing entirely in the policy of encouraging the breed of horses in India, contends strongly that the Government system had proved itself "a gigantic failure," and that the source to be relied upon and to be fostered by Government for the future was private enterprise.

4. This is the true question which forces itself upon attention on the careful perusal of these papers; it has been a *vezata questio* in India for very many years; and it now appears quite ripe for decision.

5. Our records are full of voluminous reports on stud management, but as I have not been able to find amongst them any concise or comprehensive account of what has been done, perhaps it may assist my colleagues if I recall to their attention some of the principal facts connected with the subject.



*Number of Horses needed by Government.*

6. It will be seen by the return in the margin that the total number of horses required for army purposes in India is 23,898. But as the Madras and Bombay armies and the Native troops generally, depend on the open market for their supply, the only figures to be attended to for this inquiry are the 6,380 horses for British troops of the Bengal army. On taking 12 per cent. as the annual demand for remounts, which seems to be the Indian calculation (but one-seventh, or 14½ per cent., is the estimate in the French army), this would require a supply of 750 to 800 horses per annum, and it is to supply these horses that Government studs have been established in Bengal. It is only with the Bengal studs that we have at present to deal.†

*Establishment of Horses in India.*

	British Troops.	Native Troops.	Total.
Bengal -	6,380	9,564	15,944
Madras -	2,082	794	2,876
Bombay -	1,537	3,541	5,078
Totals -	9,999	13,899	23,898

*Establishment of Government Studs.*

8. In 1794 the attention of Government was called to the difficulty in procuring troop horses for the army, and it was determined to establish a Government stud, for the purpose of breeding stock. Accordingly a site was determined on at Poosa, in Tirhoot, than which, probably, no locality in India could be more unsuitable for breeding purposes, as the climate is relaxing, the country for some months in the year under water, the subsoil moist, and the population without any experience in the breeding of horses or even in the use of them. The first 10 or 12 years of the experiment gave such unfavourable results that the Governor General (Sir George Barlow) proposed to abolish the stud, but on further consideration the Court of Directors determined to send over from England, as Superintendent of Studs, a man thoroughly conversant with horses and breeding.

8\*. Accordingly, in 1808 they sent out the celebrated Mr. Moorcroft. This was a most happy selection, for this gentleman, besides being a man of very great ability and untiring energy and zeal, possessed special qualifications for the post. He had been educated as a surgeon, but subsequently entered into partnership with the late Mr. Field, of Oxford-street, as veterinary surgeons, and practised in this profession with great success for some years. During Mr. Moorcroft's incumbency, the stud seems to have flourished as it never has done before nor since. He organised the department as it continues to exist mainly at the present day. He sent officers to Persia and Arabia to buy stallions and mares, and he went himself in 1819 on his perilous journey across the Hindu Kosh, to purchase Turcoman horses, but died before reaching India. Amongst other services to the stud, he is said to have introduced the cultivation of oats into Hindustan.

9. The good results of Moorcroft's labours appear to have been perceptible for some years after his death. But in 1830 complaints as to the quality and costliness of stud-bred horses being rife, Lord William Bentinck made several reductions in the establishment, and in the number of mares retained for breeding. The general dissatisfaction of commanding officers with the remounts supplied by the stud increased, however, greatly during the ensuing 20 years, and Lord Dalhousie's Government, in 1851, appointed a Stud Committee, of which the celebrated Major General Sir William Gilbert was President. Their report exhibits extremely unfavourable results. The Court of Directors, on considering General Gilbert's report, had it seriously under consideration for some years whether to retain the stud or not, but, on a favourable report from Lord Canning in 1860, the Secretary of State in Council determined to continue it in the despatch before quoted of Sir Charles Wood. In 1868, as has been before mentioned, Lord Lawrence appointed the Committee whose report we have now before us.

† A Government stud formerly existed at Aligám, in the Bombay Presidency, but it was suppressed in 1842. A stallion stud also exists, but on a small scale, in Kattyawar. A stud in the Madras Presidency still lingers on at Oosoor, but it is now used only as a depot for remounts bought in the open market.

*Different Modes of Breeding.*

Central Division :  
 Poosa.  
 Buxar.  
 Ghazapoor.  
 Kurnthadea.  
 North-Western Division :  
 Hauppur.  
 Saharunpoor.  
 Kurnaul.

10. In order to make the report more easily intelligible, it may be well to give a short sketch of the system or systems pursued in the Government studs. These studs are comprised under two divisions, Central and North-Western, the former situated in Tirhoot and its neighbourhood, the latter in the North-West Provinces.

Three different methods are adopted by the department for the production of stock, which are described variously as the Circle or Assamee system, the Zemindaree system, and the Home system.

*Assamee System.*

11. The Assamee or Circle system was originally adopted at Poosa, and is still in force throughout the Central Districts. Under it Government mares purchased or bred by the department are lent to farmers (called assamees), and are covered by Government stallions, who are maintained by Government and located in various districts called circles. The farmers are bound to produce the foals at monthly musters, and the department gives 18 l. each for them at eight months old, whether good or bad, unless it has appeared at any of the musters that either mare or foal has not been done justice to. The foals so purchased are sent into various depôts, the fillies to Poosah, and the colts to the other depôts, and are kept till they are old enough to be presented as remounts, viz., at five years old. The system appears to be very popular with the assamees, and the occupation has become hereditary during the last 78 years.

*Zemindaree System.*

12. Under the zemindaree system, which prevails in the North West Provinces, the mares belong to the farmers themselves (there called zemindars), are registered by Government, and are served by Government stallions. The stud officer proceeds through the breeding districts twice a year, and purchases all colts and fillies presented to him for sale which he considers likely to turn out fit for service. It seems that in these provinces there are about 18,000 zemindaree mares on the register, besides about 800 Government mares, and there are 328 stallions also belonging to the stud.

*The Home System.*

13. Under this system both stallions and mares belong to Government, and are kept in the depôt. The home stud was first established at Hissar, but was discontinued in 1842. It was re-established at Kurnaul in 1865 as a breeding farm for stallions, and it contains the English mares sent out by the Secretary of State in 1866 and 1867, as well as a portion of the stallions so sent out, besides several mares from New South Wales,\* and English mares bought in India.

*The Punjab as a Breeding District.*

14. Besides these systems, it is well to notice the encouragement given by the Government of the Punjab to horse breeding. All accounts seem to concur in pointing out the Punjab as in every way superior to Hindustan as a horse-breeding country. The farmers are fond of horses; in Runjeet Singh's time General Van Cortland reported that all the zemindars kept mares, and a large field seems open there for the rearing of useful serviceable horse stock. Stallions are now provided by Government in the best breeding districts, and prizes are offered for the best animals that may be exhibited at the different agricultural meetings, but nothing on a large or comprehensive scale has as yet been attempted.

*Report and Recommendations of Stud Committee.*

15. I now come to the report of the Stud Committee, which to be appreciated accurately, should be read in conjunction with the reply of Lieutenant-Colonel Couper,

\* It may be observed that the Committee's Report gives no accurate statistics, and mixes up different subjects so frequently that it is not easy to obtain clear notions on several important points.

Couper, the Superintendent of Studs, and who, with 19 years' experience in the department, writes, of course, with considerable practical knowledge. That officer shows successfully that the time occupied by the Committee in the inspection of horses was too brief to allow of very accurate judgments being given. Thus the examination of 1,769 horses at Haupper occupied a fraction over a minute a horse. Again, their principles of classification seem not altogether accurate, for horses are classed by them as "bad" which were lame at the time of inspection, although they were sound again on the same evening, and the term "congenital unfitness" is applied by them in quite a different sense to that usually employed in scientific language.

16. It seems also, as in all stud committees, that the remarks as to unsoundness are to be attributed to the veterinary surgeon alone, and Colonel Couper gives an illustrative example of the errors into which veterinary surgeons frequently fall on questions of soundness. Thirty-one of the animals examined by Mr. Johnson (the veterinary surgeon on this committee) having died, the department caused the bones of the animals to be boiled down, and to be examined professionally. The report was as follows,—

- 10 animals declared by Mr. Johnson to have ring bones had no ring bones.
- 3 animals declared to have spavins had no spavins.
- 2 animals declared to be sound were spavined.

Altogether, out of 31 cases, Mr. Johnson was wrong in 16; and it may be observed generally that in the reports of unsoundness in horses sent out from England, which have been received from India during the last few years, the Secretary of State for India has placed much more reliance on the judgment of the Royal Veterinary College than on that of the casual veterinary surgeon (often a very young man), who has been attached to the various stud committees.

17. Colonel Couper also stoutly maintains that, instead of determining the fitness of a stallion or mare by "appearance" only, as the Committee appears to have done, the produce of the animal is a much fitter test. The justice of this conclusion seems to be recognised by all practical breeders in this country.

18. Admitting, however, that all the opinions of the Committee are not to be received implicitly, sufficient remains of uncontroverted fact to show that a thorough change of system is indispensable.

19. It has been stated that an annual supply of 750 to 800 horses is required for the Bengal Army, but the department is unable to supply more than 550.

20. The open market supplies the Bombay Army with a troop horse at 55*l.*, the Madras Army at 57*l.* 10*s.* (raised by the vicious depôt system in use at Oosoor to 91*l.*); the strings of northern horses coming from Cabul sell at 40*l.* each, whereas the cost of a Bengal stud horse is calculated by the Stud Committee to be 219*l.*, and by the Controller of Military Accounts, 148*l.*

21. Whilst the department has thus failed to furnish the complement required in number, and can only supply horses at such an exorbitant price, the Committee record their emphatic opinion that the Government system has completely extinguished private enterprise, and that it has failed to improve the indigenous breed of horses.

22. It is astonishing to hear the stud horse so well spoken of by many commanding officers as he is, when one observes the practices pursued in breeding and in rearing young stock. Thus, the brood mares in the Central Division are never ridden by the assamees, who are not horsemen; they seem never to go out of their stables, and their legs, of course, become swollen; they are "badly down on their pasterns," and in consequence the Committee remark on the number of mares "unable to move without great pain, the fetlocks, when they did so, almost touching the ground." Then, again, the young stock of all ages, which, as we have seen, are bought at eight months old, are kept tied up for 22 hours out of the 24, and the Committee observe that from this forced confinement and continuance in one position "the consequence is a due development "and tenacity of the tendons and muscles is prevented; *weak and oblique pasterns, narrow chests, twisted forelegs, and cowhocks* are induced."

23. Exactly the same strictures were passed by General Gilbert's Committee 20 years before on this objectionable practice, which, nevertheless, has remained unchanged, showing the tendency of a Government establishment to run on in traditional grooves.

*English Stallions and Mares.*

24. On the remarks made by the Committee respecting the horses sent out by the Secretary of State during the last 12 years a few remarks seem necessary. In 1860 the Government of India, in describing the want of good stallions in that country, requested that 20 should be sent out annually, and they recommended that a stud officer, then at home on furlough, should be employed to purchase them. The Secretary of State in Council, however, decided, after deliberation and after consulting several gentlemen eminent for their knowledge of thoroughbred stock, amongst others Major General Peel, M.P., that it was more prudent to select a professional dealer of judgment and reputation, and the Stud Committee, in the margin,\* was appointed. On inquiry it appeared that Mr. Phillips, of Albert Gate, had the highest reputation in the trade for his knowledge of breeding stock, and that he had been employed by the French and Italian Governments for many years in selecting stallions and mares, and by the English Government to horse the Royal Artillery. The Committee accordingly gave him the contract at a price mainly suggested by General Peel.

\* Sir Frederick Currie.  
Sir Erskine Perry.  
Mr. Macnaghten.  
Mr. Macnaghten soon resigned, however, and was replaced by Lord Lawrence, who, on going to India as Governor General, was succeeded by Sir George R. Clerk.

25. Horses purchased by Mr. Phillips were shown from time to time to the Committee, who repeatedly during the year visited his establishment at Willesden Paddocks, taking with them on each occasion the most competent judges of horseflesh whom they could find, and previous to shipment made their final selections. But all horses so selected had to pass a veterinary surgeon (first of all Mr. Jex, of the 2nd Life Guards, and, subsequently, the Royal Veterinary College), as being free from all disease likely to prove hereditary in their stock.

26. The horses so sent out to India were, for the most part disapproved of, and especially many of them which had been passed by the highest veterinary authorities in England were declared unsound. But, as has been seen, such statements of unsoundness were merely the opinion of the veterinary surgeon in India, who might be attached to the local committee.

27. It now seems that the Stud Committee concur with the Stud Department in passing an unfavourable opinion on both stallions and mares. The Secretary of State for India has for years insisted that the value of good stallions is to be tested by results. The Committee now report, after inspecting the stock got by the English stallions, that "the quality was much better than they expected," and again, "on the whole, the young stock of the English horses, out of every class of mares, were good," though they seem to think it necessary to explain why they give so favourable a judgment.

28. Their opinions on the mares sent out by the Secretary of State in 1867 and 1868 were so extremely condemnatory, and so contrary to those formed by some of the best judges in England who saw these animals, that the Stud Committee of the Council of India (Sir Frederick Currie, Sir George Clerk, and Sir Erskine Perry) thought it due to Mr. Phillips, the contractor, to call his attention to them, and his observations are appended. I remember well the remark of Lord Ossington, after inspecting these mares, that "it was a shame to allow such animals to leave the country," and the late Speaker of the House of Commons has had probably more experience in horse breeding than all the members of the Committee put together.

*Conclusions adopted by Government.*

29. After considering the recommendations made by the Committee, the Government of India have determined, amongst other minor details, on the following important changes:—

1. To close the Poosa and Kuranthadee depôts, in the Central Division.

2. To

2. To abolish the assamee system, which prevails in the same division, and partially in the North-West.

3. To establish a new breeding stud in the Punjab, on the Home system.

4. To create a new remount dépôt for a reserve of 1,000 horses.

It will be seen, therefore, that the Government of India propose to continue a Stud Department, and contemplate a transfer of the breeding establishments from moist and unsuitable Tirhoot to the more bracing climate of the Punjab.

30. I presume to think that Sir William Mansfield has drawn a sounder conclusion from all the facts before us, and that the proper direction in which the efforts of Government should tend is towards the encouragement of private enterprise. To conduct horse breeding with success requires, more than almost any other occupation, the skill, the experience, the acumen stimulated by private interest, of an individual. Even in England there is not an instance of the enterprise being carried on successfully by a Joint Stock Company. The Earl of Mayo himself, with all his knowledge of horses, and with the advantage of placing the Palmerstown Company in perhaps the best horse-breeding country in Europe, viz., Ireland, did not meet with success.

31. The French Government, as will be seen by General Fleury's report, has found out that the extent to which Government has interfered in the breeding of horses has paralysed the efforts of private breeders, and they have considered it necessary to retrace their steps. But the Government of France has had advantages in the selection of *personnel* to conduct their breeding establishments which the Government of India can never possess.

32. The agency needed for a successful breeding establishment requires experience, tact, judgment, and, above all, trustworthiness. This latter qualification the Indian Government are able to obtain to any amount amongst the young officers of the army, who have been accordingly selected for appointments in the department, but it is unreasonable to expect from them the trained knowledge acquired by many a costly experiment of a successful Yorkshire breeder.

33. The force of Sir Charles Wood's arguments in 1860, in behalf of making India self-reliant in respect of horses, will be acknowledged by all. But, as observed by Sir William Mansfield, the true question is whether the indigenous breed of horses may not be better fostered by encouraging private enterprise than by Government entering the list as breeders. English administrators should never forget the example set by England herself in respect of horse breeding. Wholly, or almost wholly, without Government assistance private enterprise has, so to speak, created a new type of horse, the acknowledged best animal in the world for speed and endurance—the English racer. The same agency has produced the best hunter, the best roadster, and the best cart horse.\*

34. It will be said, and with truth, that India does not possess, like England, a wealthy and intelligent country gentry living on their estates, nor a race of farmers with capital, all vying with one another to maintain the proud eminence which England has attained through their combined efforts in the development of agricultural products. And it is equally true that the Government of India must frequently step in, where private enterprise alone would suffice in England.

\* The incontestable superiority of the English thoroughbred horse, hunter, and roadster will not be disputed. With respect to the cart horse, General de la Moricière records the following interesting trial:—"Malgré la différence générale qui doit exister entre la conformation des races de trait, et celle que l'on réclame chez les chevaux de luxe, les Anglais, qui savent modérer la nature suivant leurs besoins, ont résolu ce problème, et nous avons eu à l'Institut Agricole de Versailles, labourant dans le même champ, avec des charues tout à fait semblables, et dans des circonstances parfaitement identiques, quatre attelages ainsi composés:—

"No. 1. Deux juments de Clydesdale.

"No. 2. Trois juments de Suffolk.

"No. 3. Trois juments Percheronnes.

"No. 4. Trois juments Boulonnaises.

"Les deux juments de Clydesdale faisaient le même ouvrage que trois bêtes des autres espèces et le faisaient notablement plus vite. Les attelages pour la vitesse du travail arrivaient dans l'ordre ou nous les avons classés; la différence entre l'attelage de Suffolk, et celui composé de Percheronnes était fort sensible. Elle était presque nulle entre les Percheronnes et les Boulonnaises."—L'Espèce Chevaline en France, 1850.

England. But there is vast latent intelligence and a spirit of enterprise amongst the population of India, which the judicious efforts of Government may call out and foster.

35. We know that various excellent breeds of horses have existed in India; the Kattywar horse, the Bheema Thurree mare, the Dhunnee of the Punjab, are all celebrated; and they were not the produce of any Government stud. There is every reason to hope that, by the judicious encouragement of Government, by the selection of the best breeding districts for the location of stallions, by the creation of agricultural societies, with the grant of prizes for the best mare and foal, and for the best yearling, the best two-year-old and three-year-old colts, above all by the offer of a liberal price for any suitable four-year-old colt or filly that may be offered to Government, the breeding of horses for the market might again revive as a profitable enterprise.

If it pays a Bengal assamee to keep a mare doing nothing for three years, provided that he can sell one foal during the period for 13*l.*, it would surely remunerate a breeder in the Punjab, or other suitable horse-breeding district, if he could sell a four-year-old colt to Government for 40*l.* or 50*l.*, but the larger of these figures would be a great economy to Government.

36. It remains to be added, that the horse problem in India is a much simpler one than it is in European countries where Governments have occupied themselves with its solution. It has been seen that the Indian Government only seeks to supply about 750 remounts to its army per annum, but France, with a peace establishment of 50,000 horses has to supply over 7,000. And, although France contains over three millions of horses, and England nearly the same number, the demand for civil and industrial purposes in wealthy and advancing communities makes the supply to the armies of those countries every year more costly. India, on the other hand, is not a horse-using country. From time immemorial the animal has been employed for parade (sowári) and for war, and for those purposes only. His use is unknown in agriculture; he is rarely seen even in harness except in the Presidency towns. I marched all the way from Madras to Bombay and from Bombay to Umbála, over 1,900 miles, and did not meet a single horseman or a horse in a cart. For the supply, therefore, of the Indian Army, comprising in the whole about 24,000 horses, the Government, in looking to the Native breeder, need fear no competitors in the market.

In the meantime, and whilst efforts are being made to encourage private enterprise, India must depend, as she has for centuries depended, on foreign supply, which fortunately reaches her from so many different quarters—from the Persian Gulf, Central Asia *viá* Caubul, New South Wales, and the Cape of Good Hope.

(signed) *E. Perry.*

5 March 1873.

LETTER from Mr. *Phillips* to the Stud Committee of the India Council.

Albert Gate, Knightsbridge, London, S.W.,

14 February 1873.

Gentlemen,

IN accordance with your request, I have carefully read the report of the Committee in India, composed of essentially military men, no doubt most competent and excellent officers, but I must be permitted to doubt their capacity as practical judges of brood mares and breeding generally, as probably not one of them ever kept any brood mares.

I can only account for their report on these grounds alone, for I maintain they were all suitable, the half-breds especially.

I must remind you that you not only spent the whole day in most carefully examining the mares yourself, and that you had the assistance of the late Professor Spooner, of the Royal Veterinary College, but that, on one of the occasions, you had the advice and assistance of Major General Probyn, of India Horse notoriety, and he approved of all but one, and that one was replaced. You also had the late Speaker of the House of Commons, the present Lord Ossington, whose knowledge and love of horses is so well known, besides many other persons

sons that saw the mares, and also, if you remember, after you had selected the mares I could have got you nearly double the price for six of them, for the King of Italy, and those mares are the class that the foreigners have been buying for the last 20 years; and you also know that Lord Roseberry has applied for a Royal Commission to inquire into the present difficulty of procuring horses fit for military and other purposes, no doubt caused by such mares as are here condemned having been bought up by foreigners for breeding purposes.

It therefore remains to be the fact (as from what I read from a report you kindly sent me some time ago) that the system is radically wrong, and that the proper persons are not employed, as breeding horses is no part of a military education, but is especially civilian, and should be entrusted to competent stud grooms, under the superintendence of gentlemen who have had experience in breeding.

In case you may not have at hand a list of the mares, I enclose you one, by which you will see that, with the exception of three, called Chapman mares, viz., "Skittles," "Gipsy," and "Sister Mary," sent out in 1866, the rest have two, and many three crosses of the best blood in England; how they can be so condemned as unfit for breeding purposes is more than I can understand, and such another lot, at the present time, it would almost be impossible to purchase.

I am, &c.  
(signed) H. R. Phillips.

P.S.—The Chapman mares belong to the roadster class, which have furnished such excellent sires to the French and Italian Governments, and which the Indian Committee seem to have taken for cart mares.

(signed) H. R. P.

(Military, No. 58.)

To His Excellency the Right Honourable the Governor General of India in Council.

My Lord,

India Office, London, 20 March 1873.

Para. 1. I HAVE considered in Council your Despatch, No. 9, dated the 10th January 1873, with its important enclosures.

2. I find in the Report of the Stud Committee, presided over by Major General Sir Colin Troup, C.B., the following startling conclusions:—

(a.) That the Stud Department is able to supply only 550 horses per annum to the Bengal Army.

(b.) That the cost of these horses amounts to either 148 l. or 219 l. each, according to different modes of debiting expenditure to the Department.

(c.) That the Government studs have failed to produce any amelioration in the indigenous breed of horses.

(d.) That Government interference in horse breeding has completely paralyzed private enterprise.

3. It further appears in this collection that while Government by its breeding establishments can only supply a troop horse at the exorbitant price above mentioned, the open market supplies the Punjab batteries with horses from Central Asia, *vid* Cabul, at 40 l. each, the Bombay Army with horses from the Persian Gulf at 55 l. each, and the Madras Army with horses from Australia at 57 l. 10 s. each, though in the latter case the price is enhanced to 91 l. by the unwise retention of the animals purchased at the Oosoor dépôt.

4. The Report of the Committee also records practices adopted in the stud respecting the breeding and rearing of young stock, which are undoubtedly a variance with all the principles admitted as sound by practical breeders in this country. And although such practices have been repeatedly condemned by local inquiry in India, they appear to be chronic in a Government establishment.

5. The question of the retention of studs in India has been frequently raised. In 1806, ten years after their establishment, the Governor General proposed their

their abolition, but the experiment was not considered to have been sufficiently tested. In 1851, a stud committee, presided over by Sir Walter Gilbert, was directed to consider whether the studs should be maintained or abandoned. The committee recommended their retention, but pointed out great past mismanagement. They considered, however, the present system "capable of great improvement, which, if carried out, would render the studs more profitable, and capable of supplying a better description of cattle than at present."

6. Notwithstanding the recommendation of the Stud Committee, supported as it was by the Government of India, the Court of Directors called for further information, and the Secretary of State (Sir Charles Wood), in his Despatch of 12th January 1860, stated that it was the intention of Her Majesty's Government "to keep in their own hands the ultimate decision as to the maintenance or abolition of the Government breeding studs," and desired that no steps should be taken as to the reformation of the Stud Department until the whole question had been reported on.

7. Very favourable reports were received\* from India in reply to these repeated demands for information from the Court of Directors and the Secretary of State. In accordance with the Memorandum of the Government of India, Sir Charles Wood thereupon, in his Despatch of the 18th October 1860, sanctioned the retention of the studs. It appears clearly, however, that the main ground of his decision was the satisfactory, and as it now turns out illusory, information given him as to the cost of a stud horse. The cost of each description of horse supplied to the Army was stated to be:—

					<i>Rs.</i>	<i>a.</i>	<i>p.</i>	
Stud horse	-	-	-	-	674	7	7	(67 <i>l.</i> )
Cape horse	-	-	-	-	631	7	-	(63 <i>l.</i> )
Australian	-	-	-	-	905	9	7	(90 <i>l.</i> )

8. If the facts had been presented to my predecessor in Council, such as they now turn out to be, I cannot doubt that he would have decided that the sound principle to follow, in order to make India self-reliant in the supply of horses, is to be found in the encouragement to be afforded by Government to private enterprise, and not by undertaking themselves the functions of horse-breeders.

9. The conclusions arrived at by your Government are, in my opinion, with two important exceptions, sound so far as they go, for, as observed by the late Commander in Chief (Sir William Mansfield), the total abolition of the studs could not be made at once.

10. But I cannot give my assent to your proposal for the forming of a new breeding farm in the Punjab, or to a new depôt for a reserve of a thousand horses in the North-West Provinces.

11. If any breeding farm on the home principle is to be maintained, I agree with your selection of the Punjab in preference to the central districts. But the weight of authority is entirely against any breeding farm at all. The Stud Committee has pronounced the Home Horse Farm at Kurnaul to be a failure, and the Superintendent of Studs, who has had 19 years' experience in the department, shows, from the returns of the Hissar Stud, that each colt turned out from a home stud will cost nearly 3,000 rupees.

12. With respect to a depôt for a thousand (1,000) horses which it is proposed to establish, it must be observed that it is a very costly method of supplying a reserve. The troop horse in Bombay goes direct to the troop from the hands of the dealer (and this is the course pursued with troop horses in England.) The troop horse of Madras goes from the dealer to the depôt at Oosoor, and thus adds 33 *l.* 12 *s.* to his cost price.

13. When the approximate number of reserve required is ascertained by Government, it would seem more expedient to attach such reserve to the different regiments at once, rather than to leave them idling, mature horses as they

\* Stud horses were stated to cost less than horses could be bought for in the market, the quality of the animal very well spoken of, and the opinion of Sir George Anson (then Commander-in-Chief) was cited as to the goodness of the stable management in the studs.



they are, of five or six years old, in various depôts. Commanding officers no doubt desire to have in their ranks seasoned trained horses, and them only; but if the exigencies of the service and due economy require, as with the army in England, that young animals of three and a-half years old should be sent into the ranks, officers in India cannot complain if animals a year older are sent to them.

14. But although I have arrived at the conclusion that it is inexpedient to maintain the establishment of Government studs, I am by no means insensible to the advantages that may be obtained by judicious patronage on the part of Government.

15. Various favourable breeding districts in India are to be found; amongst these the Punjab, Kattyawar, the valley of the Bheema, and Mysore are pre-eminent. If in such localities well-selected stallions are furnished by Government, if agricultural exhibitions be fostered, and prizes offered for promising brood mares and young stock, above all, if the Government announce that they will be prepared to give liberal prices for any suitable three or four-year-old colt that presents itself, I cannot doubt that the ancient and successful practice of private horse-breeding in India would revive.

16. I desire to be supplied with information as to the number and description of Government stallions now in the Punjab, and as to the number that might be usefully located in that country. Two officers of the Punjab Government, viz., General Lumsden and Colonel Black, on inspecting the stallions sent out to India in the present year, were much struck with the suitability of the Punjab mares for the roadster stallions, and, strangely enough, they picked out as the best horse among them the animal (Regulator), condemned by the Bengal stud officers, who also inspected them.

17. I should desire to have similar information supplied to me from Kattyawar, and from any other breeding district in which, in the opinion of your Government, private enterprise may be encouraged.

18. With due notice, and by proper arrangements, a supply of 40 to 50 stallions might be obtained per annum from England, of the following classes:—

1. Thoroughbred;
2. Roadsters, or trotters;
3. Half-breds, or hunters;

though, in reference to several remarks as to the latter class that appear in the collection before me, I may observe that not only are no such horses to be procured in the market generally, but English breeders greatly prefer as sires either pure thoroughbreds or pure roadsters. The facilities offered by the Government transports for conveying stallions to India *via* the Suez Canal tend considerably to diminish the price of stallions imported into India.

19. I shall be enabled, in reference to your Despatch, No. 159, dated 5th August 1872, to send you from 20 to 25 stallions in the autumn.

have, &c.  
(signed) *Argyll.*

**EAST INDIA (GOVERNMENT STUDES).**

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**PAPERS** giving Information as to the present State of the **GOVERNMENT STUDES** in *India*, and any **DESPATCH** of the Secretary of State for India in Council on the Subject.

*(Sir Charles Wingfield.)*

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*Ordered, by The House of Commons, to be Printed,  
27 March 1874.*

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EAST INDIA (RECRUITS).

RETURN to an Address of the Honourable The House of Commons,  
dated 28 April 1874;—for,

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- “COPIES of further PROCEEDINGS of the COMMITTEE, of which Mr. *Seccombe* was a Member, to inquire into the EXPENSE of the RECRUITS for the REGIMENTS serving in *India*, and of CORRESPONDENCE relating thereto:”
- “Of LETTER from Mr. *J. P. Thom* to the Under Secretary of State for War, dated India Office, the 8th day of September 1871, No. 652, W.:”
- “Of LETTER from the Under Secretary of State for War to the Under Secretary of State for India, dated the 24th day of April 1872, No. 7023/436:”
- “Of LETTER from Sir *T. T. Pears* to the Under Secretary of State for War, dated the 9th day of August 1872, No. 367, W.:”
- “And, of LETTER from the Under Secretary of State for India to the Under Secretary of State for War, dated the 14th day of April 1874, with Enclosure (in continuation of Parliamentary Paper, No. 129, of Session 1871).”

India Office, }  
28 April 1874. }

T. L. SECCOMBE,  
Financial Secretary.

(*Lord George Hamilton.*)

Ordered, by The House of Commons, to be Printed,  
28 April 1874.

COPIES of further PROCEEDINGS of the COMMITTEE, of which Mr. *Secombe* was a Member, to inquire into the EXPENSE of the RECRUITS for the REGIMENTS serving in *India*, and of CORRESPONDENCE relating thereto; of LETTER from Mr. *J. P. Thom* to the Under Secretary of State for War, dated India Office, the 8th day of September 1871, No. 652, W.; of LETTER from the Under Secretary of State for War to the Under Secretary of State for India, dated the 24th day of April 1872, No. 7023/436; of LETTER from Sir *T. T. Pears* to the Under Secretary of State for War, dated the 9th day of August 1872, No. 367, W.; and of LETTER from the Under Secretary of State for India to the Under Secretary of State for War, dated the 14th day of April 1874, with Enclosure (in continuation of Parliamentary Paper, No. 129, of Session 1871).

FOURTH REPORT of the COMMITTEE appointed by the Secretaries of State for War and for India to make Arrangements for adjusting the Home Charges for Effective Services of HER MAJESTY'S REGIMENTS on the EAST INDIAN ESTABLISHMENT, on the principle of Actual Charges.

## MEMBERS:

<p>T. L. Secombe, Esq., C.B., Financial Secretary, India Office. Major General J. C. Hannington, Bengal Army.</p>	<p>J. Milton, Esq., Accountant General War Office. R. H. Knox, Esq., War Office.</p>
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The Committee have been unable, until the present time, to obtain the necessary data for determining the charge to India for Artillery recruits. Having now obtained that information, they submit the following rates as chargeable for those recruits, the time of training being taken at 10 months for the Royal Horse Artillery, and nine months for the Royal Artillery, those periods, in accordance with the plan adopted in regard to cavalry and infantry recruits, being one month in excess of the minimum time required for training recruits as laid down in the letter from the Deputy Adjutant General at the Horse Guards to the Secretary of State for War, dated the 23rd July 1869, which formed Appendix G. to the Second Report of this Committee.

## ROYAL HORSE ARTILLERY.

	£.	s.	d.
Pay for 10 months, at 1 s. 7½ d. per diem - - -	24	7	10
Beer money for 10 months, at 1 d. per diem - - -	1	5	3
Marching money and cost of conveyance of recruits, &c. (16 per cent. on pay) - - - - -	3	18	1
Barrack accommodation for 10 months, at 6 l. 2 s. 11 d. per annum - - - - -	5	2	5
Excess cost of bread and meat for 10 months - - -	1	4	5
Accoutrements for 10 months - - - - -	-	-	10
Clothing, at 3 l. 5 s. 9 d. per annum, for 10 months -	2	14	10
Hospital expenses, at 17 s. 7 d. per annum, for 10 months	-	14	7
Levy money - - - - -	1	8	-
Charge for practice ammunition - - - - -	1	-	-
Cost of free kit (exclusive of extra articles formerly in the kit, but now issued as clothing) - - - - -	3	7	8
Recruiting staff expenses - - - - -	3	1	-
Depôt expenses - - - - -	30	9	9
£.	78	14	8

An additional sum of 13 l. 11 s. being charged for each man who shall be certified

RECRUITS FOR REGIMENTS SERVING IN INDIA.

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certified to have passed through the Riding House Establishment and been dismissed his drill.

ROYAL ARTILLERY.

*Mounted Men.*

	£.	s.	d.
Pay for nine months, at 1 s. 5½ d. per diem	19	13	6
Beer money for nine months, at 1 d. per diem	1	2	9
Marching money, cost of conveyance of recruits, &c. (16 per cent. on pay)	3	3	-
Barrack accommodation for nine months, at 6 l. 2 s. 11 d. per annum	4	12	3
Excess cost of bread and meat for nine months	1	2	1
Accoutrements for nine months	-	-	9
Clothing, at 3 l. 4 s. 6 d., for nine months	2	8	4
Hospital expenses, at 17 s. 7 d. per annum, for nine months	-	13	1
Levy money	1	8	-
Charge for practice ammunition	1	-	-
Cost of free kit (exclusive of extra articles formerly in the kit, but now issued as clothing)	4	1	3
Recruiting staff expenses	3	1	-
Depôt expenses	16	16	10
	£.	59	2 10

An additional sum of 13 l. 11 s. being charged for each man who shall be certified to have passed through the Riding House Establishment and been dismissed his drill.

ROYAL ARTILLERY.

*Dismounted Men.*

	£.	s.	d.
Pay for nine months, at 1 s. 5½ d. per diem	19	13	6
Beer money for nine months, at 1 d. per diem	1	2	9
Marching money, cost of conveyance of recruits, &c. (16 per cent. on pay)	3	3	-
Barrack accommodation for nine months, at 6 l. 2 s. 11 d. per annum	4	12	3
Excess cost of bread and meat for nine months	1	2	1
Accoutrements for nine months	-	-	9
Clothing, at 3 l. 4 s. 6 d., for nine months	2	8	4
Hospital expenses, at 17 s. 7 d. per annum for nine months	-	13	1
Levy money	1	8	-
Charge for practice ammunition	1	-	-
Cost of free kit (exclusive of extra articles formerly in the kit, but now issued as clothing)	3	7	8
Recruiting staff expenses	3	1	-
Depôt expenses	16	16	10
	£	58	9 3

The system under which Artillery recruits are trained in this country with the Depôt Brigade of the Royal Artillery differs materially from that under which recruits are trained at the depôts of regiments of cavalry or infantry. At the depôt brigade of Artillery, recruits are trained for other brigades as well as for those in India, and any recruits found unfit to embark for India are, in a very short period, fit for duty with a brigade stationed elsewhere, and do not remain at the depôt waiting for the embarkations of the ensuing year. The charge on that account is consequently so small that it does not call for any increase to the ascertained cost of the recruits sent to India. The Committee are, therefore, of opinion that any such addition as that made to the cost of a cavalry or infantry recruit, on account of deaths or desertions at the depôt, or for recruits who are unable, through ill health at the time of embarkation to proceed to India, should not be made in regard to artillery recruits.

4                    REPORTS, &c., RELATING TO THE EXPENSE OF

The Committee now proceed to recapitulate their several recommendations as applicable to the settlement of these claims.

That, estimating the charge for difference of men on passage to and from India, according to the minimum period of training prescribed by the letter from the Deputy Adjutant General to the Under Secretary of State for War, already referred to, the charges will be as follow :—

	£.	s.	d.	£.	s.	d.
Cavalry - - - - -	45	16	10			
Add, for forage - - - - -	10	-	5			
				55	17	3
Infantry - - - - -				27	7	11
Royal Horse Artillery - - - - -				47	10	7
Royal Artillery - - - - -				40	11	5

These rates to be chargeable on the numbers embarked with regiments of cavalry and infantry and troops and batteries of artillery as reliefs, and also on such non-commissioned officers or men, if any, as may be sent from regiments, troops, and batteries not belonging to the Indian depôts, India being reimbursed at the same rates for every non-commissioned officer or soldier disembarked who shall not be within two years of the completion of his term of service.

The practice of not sending out men who have less than two years to serve should be continued, and in calculating the number on which the prescribed sums are to be paid for effective men going out or returning with their corps, India will not receive credit for men who have less than two years to serve.

That the charge to India for recruits, based, so far as regards cavalry and infantry, on the principle of maintaining a troop for each regiment of cavalry, and two companies for each regiment of infantry, for the purpose of recruiting, and adding one month to the minimum period of training as already referred to, will be—

	£.	s.	d.	
For each cavalry recruit - - - - -	136	13	11	
For each infantry recruit - - - - -	63	8	5	
For each Royal Horse Artillery recruit -	78	14	8	} With an addition of 13 <i>l.</i> 11 <i>s.</i> if the recruit shall have passed through the Riding-House Establishment.
For each Royal Artillery mounted recruit -	59	2	10	
For each Royal Artillery dismounted recruit	58	9	3	

That the rates at present chargeable for non-commissioned officers of Royal Engineers required for special service in India, as fixed in the Report of the Committee which considered the subject in March 1867, should remain in force.

In addition to the above charges, India will pay directly the colonel's allowances and furlough pay.

In regard to invalids or time-expired men awaiting their discharge, it appears to the Committee that the expenditure actually incurred on that account should not be included in the rate per recruit. They understand that all invalids will in future be sent to the Invalid Hospital at Netley, and they consider that the maximum period of remaining there should be six months; that, at the expiration of that time, at the latest, the soldiers should either be discharged or brought on the strength of their regiments or depôts at home, the time-expired men, and those incapable of further service, being discharged as soon as possible after arrival in this country.

A statement of the charge on this account should be annually furnished by the War Office, and, after examination by the officers of the Secretary of State for India in Council, should be paid independently of the charge for recruits.

The Committee recommend that the foregoing rates should be adopted in the settlement

RECRUITS FOR REGIMENTS SERVING IN INDIA.

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settlement of the War Office claims for the years 1870-71 and 1871-72. As great changes are being made in the constitution of the army, the Committee are of opinion that the rates should be reconsidered, and, if necessary, revised in regard to the year 1872-73, and subsequent years.

The Committee desire to record their acknowledgments of the valuable assistance rendered by Mr. Day, as Secretary to this Committee.

(signed) *T. L. Seccombe.*  
*J. Hannington.*  
*John Milton.*  
*Ralph H. Knox.*

(signed) *Robert P. Day*, Secretary.

London, 12 April 1872.

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Having agreed to this Report, which shows the sums chargeable to India under the special conditions placed before the Committee, and which recapitulates the recommendations contained in their previous Reports, we consider it necessary to refer to the observations of the Members appointed by the Secretary of State for India, which were attached to the Committee's second and third Reports, and to repeat that we entertain serious objections to the arrangements herein referred to, especially as to the charges for cavalry and infantry recruits.

1st. As regards cavalry, we consider that, for the purpose of providing annually 32 recruits for each cavalry regiment in India, it is not necessary that India should bear the whole charge of two officers, seven non-commissioned officers, and 10 rank and file, as well as the levy money, free kit, pay, and all allowances of 43 men for 10 months.

2nd. As to the infantry, we do not consider that, in order to provide 60 recruits for each regiment, it is necessary that India should bear the pay of four officers, 12 non-commissioned officers, and six rank and file, for two companies of infantry, as well as the levy money, free kit, pay, and all allowances for 80 men for seven months.

We are also of opinion that, as these several troops of cavalry and companies of infantry are entirely at the disposal of the Secretary of State for War, and are available to meet any emergency for which a Home garrison is required, a considerable portion of the charge on their account should be defrayed by the British Exchequer.

We also desire to draw attention to the observations contained in the first and third Reports of the Committee as to the cost of recruits provided by the East India Company and the rates referred to in this Report, and we consider that, after making every allowance for changes in the terms of enlistment, pay, clothing, &c., the difference between those rates clearly indicates that it is not necessary, if Indian interests alone be considered, that recruits should be supplied under so expensive a system as that now existing.

(signed) *T. L. Seccombe.*  
*J. Hannington.*

REPORT of the COMMITTEE appointed by the Secretaries of State for War and for *India* to make Arrangements for adjusting the Home Charges for Effective Services of HER MAJESTY'S REGIMENTS on the EAST INDIAN ESTABLISHMENT on the principle of Actual Charges.

## MEMBERS:

T. L. Seccombe, Esq., C.B.	J. Milton, Esq.
Major General J. C. Hannington.	R. H. Knox, Esq.

In pursuance of the reference made to this Committee by the letters from the Under Secretary of State for War to the Under Secretary of State for India, dated the 30th January 1872, and the reply from the India Office, dated the 6th March following, the Committee have considered what would be the best mode of adjusting the charge which will arise in consequence of the promotion of British colonels to be major generals, in succession to vacancies caused by the deaths of Indian general officers.

The Committee have referred to the Royal Warrant of the 27th December 1870, Articles 24 to 27, an extract of which is annexed, and they find that under the arrangement therein ordered, it was estimated that a number equal to 1 in 28 of the Staff Corps officers, or about 90 in all, would be eventually added as major generals to the Imperial list.

Up to the present time 48 Staff Corps generals have been transferred to the Imperial list, and four British colonels have since been promoted, in succession to Indian vacancies. So far as an estimate can be formed, about 150 British colonels must be promoted before another Staff Corps colonel can succeed to the vacancy of a major general.

There are two plans on which the varying charge for the pay of these major generals can be adjusted with due regard to the interests of the British and Indian Treasuries :—

1st. That British revenues should bear the charge for each British colonel, and that India revenues should bear the charge for each Staff Corps colonel, promoted to be a major general on the Imperial list; or

2nd. That Indian revenues should bear the charge for each British colonel promoted under the Royal Warrant, in excess of the fixed establishment of 275 general officers; India receiving hereafter the unattached pay of 25*s.* a-day for each Staff Corps colonel promoted to be a major general.

Under the first plan, the British Exchequer would, for a time, have to bear a somewhat larger expenditure in consequence of the amalgamation, but it appears from calculations that have been made that this excess would be repaid in subsequent years. This plan would have the advantage of securing to officers of the British army the whole of the sum voted from Imperial revenues for unattached pay, and the British and Indian Governments respectively would be in a position to remedy any exceptional cases of officers, of either the British or Indian Establishment, who might be deprived for a time of a fair share of advancement.

If the second plan were adopted, the Indian Treasury would have to bear at first an increased charge, which would be repaid in subsequent years when a number of Indian Staff Corps officers in excess of 1 in 28 will have succeeded as major generals on the Imperial list.

The Committee recommend that the first of the two plans be adopted; that accordingly the pay of each British colonel promoted be paid from British revenues, and the pay of each Staff Corps colonel promoted be paid from Indian revenues. Also that the system in force under which India pays the capitalised



RECRUITS FOR REGIMENTS SERVING IN INDIA.

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capitalised value of the proportion chargeable on account of Indian service of the non-effective charge for British general officers on the Unattached List be continued, and that it be applied to those who may temporarily be in excess of the British portion (275) of the fixed establishment.

(signed) *T. L. Seccombe.*  
*J. Hannington.*  
*John Milton.*  
*Ralph H. Knox.*

(signed) *Robert P. Daye*, Secretary.

London, 26 July 1872.

EXTRACT from ROYAL WARRANT, dated 27th December 1870.

Art. 24. When a vacancy shall occur on List A. to which a colonel of the Staff Corps on List B. would have succeeded, had promotion to List A. been continued, an addition of one shall be made to the Guards and Line establishment of general officers of the British Army, by the promotion to it of the senior qualified colonel of that branch on List B., whether he be a British officer or an officer brought in from the Staff Corps. This shall continue until the number of general officers added to the British establishment, including the first transfer, shall be one for every 28 combatant officers in the Staff Corps of the three Presidencies.

Art. 25. On the first addition being made under Article 24, the general officers of the Staff Corps on List A. shall be transferred to the British establishment, which shall be increased by the same number as the Indian establishment will be diminished by such transfer.

Art. 26. Promotion into List A. shall, after the transfer provided for in Article 25, be limited to officers of cavalry and infantry of our late Indian Army who shall not have joined our Indian Staff Corps.

Art. 27. As the number of general officers on the Guards and Line establishment of the British Army increases, under the operation of Article 24, the establishment of generals, lieutenant generals, and major generals shall be from time to time so adjusted as to maintain, as nearly as may be, the proportions now existing in the British Service; but any reductions that may be requisite shall be made only by gradual absorption of every third vacancy amongst supernumeraries in the higher grade.

LETTER to the Under Secretary of State, War Office, dated India Office,  
8th September 1871, No. 652 W.

Sir,

1. WITH reference to Sir E. Lugard's letter to this office, dated the 24th October 1870, and its enclosure, and to previous correspondence upon the subject therein referred to, I am directed by the Secretary of State for India in Council to request that you will inform the Secretary of State for War that the attention of the Duke of Argyll has been again called to the very high rate which it has been proposed to charge against the revenues of India on account of recruits sent to that country for the cavalry and infantry, and to the remarks made thereon in a Report by a Committee appointed to consider the question, dated the 28th February 1870, and to the further remarks made in a postscript to the same Report by the two members of the Committee representing this office.

2. The remarks of the Committee, which consisted of two gentlemen representing the War Office and two representing the India Office, were as follows: "In this Report the Committee have shown what would be the estimated cost of recruiting cavalry and infantry regiments in India, under certain conditions placed before them. They have not entered upon the question how far those conditions are consistent with a due regard to economy. But they  
129. A 4 " desire

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“ desire to express their concurrence in the view taken by the Committee  
 “ presided over by Major General Jameson, in their Report dated 5th August  
 “ 1869, that, for the purpose of raising and training the number of recruits  
 “ required for battalions of infantry in India, it is not necessary to maintain  
 “ more than one company with the depôt in this country.”

3. While the further remarks signed by Mr. Seccombe and Major General Jameson concluded with the following passage: “ We are fully aware that the  
 “ changes made in the terms of enlistment, pay, clothing, &c., would have  
 “ increased the charge as incurred by the East India Company, but the proposed  
 “ establishments for and the periods of training, which have formed the basis  
 “ of this third Report of the Committee, appear to us to be enormously in excess  
 “ of what can be possibly required for the purpose of properly recruiting the  
 “ British Army in India.”

4. In Lord Northbrook's letter of the 25th May 1870, it was stated that the  
 “ arrangement under which two depôt companies are to be provided for out of  
 “ Indian revenues, having formed part of the general arrangements which were  
 “ made by Her Majesty's Government, in consequence of the reductions urged  
 “ by the Government of India, in the autumn of last year, in the establishment  
 “ of Her Majesty's forces serving in India. These arrangements were framed  
 “ in concert with the India Office, and involve other considerations than those  
 “ which relate solely to the number of officers required for the training of  
 “ recruits, and the Army Estimates for the present year have been framed on  
 “ the understanding that the cost of two depôt companies will be borne by  
 “ Indian revenues;” and it was intimated that some further claims for con-  
 tribution from the revenues of India would be made by the War Office.

5. The Duke of Argyll, therefore, having in view the heavy burden which the  
 people of India have to bear at the present time in the item of army charges,  
 considers it necessary to call Mr. Cardwell's serious attention to the following  
 facts, and to urge upon him the absolute necessity of making some arrange-  
 ments by which the recruiting of the British forces in India may be effected at  
 a cost more suited to the financial resources of that country, and less strikingly  
 in excess of the cost at which the same end was accomplished under the East  
 India Company.

6. According to the present arrangement, which has been accepted by the  
 War Office provisionally, the charge against the revenues of India is to be,—

	£.   s.   d.
For a cavalry recruit - - - - -	136 13 11
For an infantry recruit - - - - -	63 8 5
that for an artillery recruit being still under consideration.	

7. The mode in which the above charges have been arrived at will be suffi-  
 ciently shown by reference to the calculation made by the Committee in the  
 case of an infantry recruit.

	£.   s.   d.
The pay and personal expense of the recruit for seven months is estimated at - - - - -	30 9 4
Charge for two depôt companies - - - - -	17 2 -
	47 11 4
One-third of the amount allowed for death, desertion, &c.	15 17 1
	£.   63 8 5

8. The Committee stated in the same Report that the annual average number  
 of recruits required for an infantry battalion in India would be 60, and the  
 total number required would be 3,000—allowing, however, the very liberal  
 proportion of one-third for death and desertion, there would be in the aggre-  
 gate 4,000 men for seven months of the year, or its equivalent, 2,333 recruits  
 for the whole year, with an establishment of—

100 Captains,	300 Serjeants,
100 Subalterns,	200 Drummers,
100 Colour-Serjeants,	300 Privates,
	maintained

maintained at an aggregate cost per annum of 68,406 *l.* 17 *s.* 6 *d.*, being something more than half of the pay and personal expenses of the men themselves.

9. This arrangement gives 200 combatant officers for 2,333 men, or about one officer to 12 men, and one non-commissioned officer to every six men, while the proportion of combatant officers to rank and file in a battalion on actual service in India, where they are still far short of a war establishment, is only 28 combatant officers and 43 non-commissioned officers to 820 rank and file, or one commissioned officer to every 29 men and one non-commissioned officer to every 19 men.

10. The Duke of Argyll does not consider it within his province to call in question the propriety of any regimental arrangements which the Military authorities in this country may deem it necessary to adopt, with a view solely to the efficient organisation of the army at home, some of which arrangements are probably recommended by those "other considerations" referred to in Lord Northbrook's Letter of the 25th May 1870. But his Grace cannot consider it either politic or just to lay upon the revenues of India the entire cost of an organisation for furnishing recruits to that country which experience has shown to be far beyond what is needed for that particular purpose. The subject, important as it is at the present moment on account of the large annual payment which India is called upon to make for this purpose, becomes still more important in view of the possible effect of the new system of enlistment under the Army Enlistment Act\* of last year, by which the annual number of recruits for India will be considerably augmented.

11. The Duke of Argyll is desirous, therefore, of urging upon Mr. Cardwell's consideration the possibility of introducing a different and more economical system for the enlistment and training of recruits for India.

12. With this view, it appears to his Grace that general depôts might be established with special relation to the regiments in that country, and that one such depôt would suffice for the artillery, one for the cavalry, and three for the infantry branch.

13. The contrast between the cost of recruits under the system which I have now reviewed, and the cost at which the East India Company formerly recruited its European regiments is very striking. Mr. Cardwell is probably aware that the establishment of officers at the Warley depôt under the East India Company consisted of five combatant officers, four of whom constituted a permanent staff, while the fifth was usually an officer on furlough from India.

14. With this staff, and a suitable establishment of non-commissioned officers, a force consisting of nine regiments of infantry, and of about 7,000 artillery, was maintained and supplied regularly with recruits at an average cost of 26 *l.* 7 *s.* 5 *d.* per man.

15. Recognising the importance of having able and experienced officers at depôts of this nature, the Duke of Argyll assumes that the number of commissioned officers may be, in proportion to the men, far smaller than with a regiment, the proper drilling and instruction of the men being dependent mainly upon the presence of an efficient staff of non-commissioned officers, and he presumes, therefore, that the establishment of commissioned and non-commissioned officers for such depôts would be regulated accordingly.

16. As an argument in favour of regimental depôts, it has been stated that "so long as the term of service in India is maintained at from 10 to 12 years, it is necessary as a measure of efficiency, as well as of due consideration to the health of the officers, that a proportion of their number should have the opportunity of change of climate to the depôt;"† while again, much importance is attached by some authorities to the recruits of each regiment being commanded and drilled by officers of that regiment.

17. The Duke of Argyll cannot admit that there is force in either of these arguments.

18. With

† Remarks by Colonel Egerton. See Report of General Jameson's Committee, 5 August 1869.

18. With regard to the question of health and efficiency, the experience of the Indian Government in the Military Department does not establish the necessity of giving to British officers serving in that country, in addition to the ordinary leave within their reach, the privilege, with a view of retaining their health and efficiency, of having a tour of duty in England for two years, and (as it may be) more than once during a service of 10 or 12 years abroad, while it may be added that the expense of relieving these officers from time to time is very large.

19. With regard to the second argument, that the present expensive system is necessary, because recruits should be from the first with officers of their own regiments, his Grace thinks it can hardly be maintained that the efficiency of the men as soldiers can be in any degree affected by such a consideration, and that the fact of a young man having learnt his drill and duty as a soldier under one set of officers, provided they are well fitted for imparting such instruction, during the seven months prior to joining his own corps, can in the least degree affect his value upon joining his proper battalion.

20. Moreover, the system now introduced and encouraged of enlisting men for general service, necessarily leads to the men undergoing the whole of the preliminary training in many cases before it is determined what regiment they shall be ultimately attached to.

21. I am further desired to add, with reference to this point, that while in the Artillery the battery may be taken as the unit of organisation corresponding with the battalion in the infantry, the recruits for this arm of the service are trained and instructed at a general dépôt under officers appointed for that duty without any reference to batteries, and without any reasonable expectation that these officers and the recruits they are instructing will ever serve in the same batteries or meet again in the course of their career.

22. His Grace considers that a further argument might be found in favour of the proposed system of general dépôts, in the fact that service in India is believed to be popular with the Army, and that the assurance that in presenting themselves at such dépôts they would be enrolled for that service, would promote enlistment generally, and tend to facilitate the completion of the battalions in India to their proper numbers with men of suitable age and qualifications.

23. Lastly, such a system would tend greatly to simplify the question of expenditure as between the Home and Indian Governments, as there could be no doubt as to the expenditure of establishments framed and maintained solely for Indian purposes.

24. In conclusion, I am directed by the Duke of Argyll to urge this question on Mr. Cardwell's most serious and immediate attention. The abolition of a local European army in India was a measure dictated by considerations of imperial policy. But it is questionable whether that measure could have been so easily carried, if it had been fully known how great would be the additional burden thrown upon the Government of India. Part of that addition was unavoidable, and may not be too great a price to pay for the expected advantages. But the Duke of Argyll is confident of Mr. Cardwell's support in his desire that this additional cost should be kept within the limits of real necessity, and should not be aggravated by the maintenance of a system of recruiting which appears to be extravagant, and to have no reference to the exigencies of Indian service.

(signed) *J. P. Thom,*  
For the Military Secretary.

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LETTER from the War Office, dated 24th April 1872, No. 7023/436, to the Under Secretary of State for India.

Sir,

I AM directed to inform you that Mr. Secretary Cardwell has had under his most careful consideration the subject of the payments which may properly be demanded

demanding by the Imperial Government from Indian revenues on account of the British military forces supplied to the Indian Government for service in India, especially as regards the cost of raising and training recruits for India with reference to the letter of the late Mr. Pattison Thom, dated the 8th September 1871.

In that letter, the views entertained by the Secretary of State for India in Council relative to the cost of raising and training recruits for India are stated in detail founded on the most correct and precise data of the organisation and numbers of the recruiting establishment in this country.

But Mr. Cardwell regrets that he is unable to concur in the conclusions arrived at by his Grace the Duke of Argyll, as Mr. Cardwell is clearly of opinion that the cost to this country of supplying British soldiers to maintain the establishment of European troops in India is by no means represented by the disbursements made on the several individual soldiers or recruits drafted to India.

It is the policy of the Indian Government to keep the numbers of the European troops serving in that country at the lowest strength consistent with the safety of the Indian empire in time of peace; while the troops in Great Britain or in her Colonies serve as reserves, to which the Government of India looks for reinforcements of troops in the case of any emergency, and it is only through the existence of these available reserves, that Indian revenues are spared the vast expense that would arise were the troops in India always maintained at their maximum instead of their minimum requirements.

The maintenance, therefore, of these available reserves forms, in Mr. Cardwell's opinion, an important item in the actual disbursements out of British revenues, for repayment of which Indian revenues are directly liable; and whatever may be the strength or organisation of the British Army as determined by Her Majesty's Government to be most conducive to the maintenance of the constant efficiency of the troops, the Government of India is directly interested in the keeping up of that strength and that organisation, as involving the question, so important to that Government, whether the reserves on which it depends for the immediate conversion of the peace establishment in India to a war establishment in case of emergency are at all times available to be drawn upon at any, the shortest, notice.

Moreover, Mr. Cardwell is unable to overlook the fact that, in providing British troops for service in India, the civil population of this country is called upon to give to the Army a number of men, which represents a very considerable portion of the numbers available for military service, and to that extent India competes at all times with this country in obtaining from the civil population the numbers of recruits required for the military forces of the Crown, adding to the difficulty and consequently to the cost of raising each individual recruit.

Mr. Cardwell is, therefore, of opinion that Indian revenues are justly liable to bear, in the widest sense of the term, their full proportion of the cost of the reserves of effective soldiers maintained in this country, as well as their proportion of the cost of the whole machinery for drawing recruits from the civil population, and of training them for efficient service abroad by whatever organisation or system may be adopted by Her Majesty's Government as being most conducive to the strength and efficiency of the British army.

That the organisation and system so adopted shall be at all times carried out with the utmost possible regard to economy, so far as is compatible with real efficiency, is the anxious care and constant object of Her Majesty's Ministers in the discharge of their duties in the government of this country, while at the same time the Secretary of State for War has always acted on the principle that Indian financial considerations ought not to be overlooked in dealing with questions of military expenditure.

Mr. Cardwell is, therefore, unable to concede the position apparently assumed in the letter from the India Office, that the charges for British recruits sent to India are extravagant or unfair in their demand upon Indian revenues.

The expenses disbursed on recruits for India are subjected to the same minute and unvarying control as are those incurred for the recruits for Home or Colonial Service, and in no way could Mr. Cardwell consent to a diminution of the charges, founded as they are on ascertained expenditure, without unfairly throwing upon British revenues expenses incurred solely for Indian purposes.

In the foregoing remarks I have, by the Secretary of State's direction, confined myself mainly to the matter of the charges for recruits, being the subject matter of the India Office letter, but Mr. Cardwell desires me to take this occasion to state that, in his opinion, there still remains a considerable amount of expenditure on the army in this country by which Indian revenues are relieved, and for the reimbursement of which no provision is made in the terms by which the Indian Government is able to draw on the British army at home in case of emergency.

Of these indirect charges the following may be instanced :—

The cost of the Military Staff and Headquarter Departments at home.

The Regimental Staff of the corps to which the Indian depôts are attached or affiliated.

The full assessed cost of raising and training the soldiers who proceed not as drafts or recruits, but as relieving corps, allowing to India for such efficient men as return with relieved corps.

The full cost of the educational establishments for officers and for men.

The cost of experiments in arms and ammunition.

The cost of rewards to inventors of military weapons or machines.

And in every case in which India calls for an augmentation of the number of what may be termed the professional branches or departments, such as artillery, engineers, and medical officers, such sums as may be determined on as representing the cost that has been incurred by British revenues to prepare such professional officers for the efficient discharge of their duties.

The object which Mr. Cardwell has in view in this letter is not to take any action, or to propose any change in the subsisting arrangements which, however, he reserves to himself the full liberty of proposing at any time, but merely to point out to the Secretary of State for India in Council, that the pecuniary advantages at present derived by India from those arrangements are much greater than appears to be contemplated in the letter now under reply.

I have, &c.  
(signed) *H. Campbell.*

LETTER to the Under Secretary of State, War Office, dated India Office,  
9 August 1872, No. 367 W.

Sir,

Para. 1. I AM directed to inform you that the Secretary of State for India in Council has had under his serious consideration Mr. Campbell's letter of the 24th April, being a reply to a letter from this Office, of the 8th September 1871, upon the subject of the rates at which the cost of recruiting for the European regiments employed in India is charged to the revenues of that country.

2. In his letter of the 8th September 1871, the Secretary of State in Council pointed out that the cost of recruiting appeared to be swelled by needless expenditure on the organisation of depôts; that is to say, by expenditure which did not seem to be required for the efficient training of recruits. The Secretary of State for India in Council further thought it his duty to suggest a plan for recruiting by which much of this unnecessary expenditure might be saved, and which at the same time would tend to simplify the system by which the share of recruiting expenses due from India is annually ascertained.

3. Mr. Campbell's letter passes over\*these representations and suggestions altogether. It takes no other notice of them than to admit that all the facts are accurately stated. It does not defend the depôt organisation as necessary for the efficient training of recruits; nor does it state that there is any objection, so far as the efficiency of training is concerned, to the cheaper system which had been suggested from this Office. The charges made against India for recruiting are indeed defended, but they are defended not upon the ground that they are required for the purpose for which they are nominally paid, but upon the ground that they are required for a totally different purpose, the purpose, namely, of making India contribute towards what is called an army of reserve, that is to say,  
for

for the purpose of making India pay towards the cost of the home garrison of England, on the plea that some part of it at some future time, may possibly be required in India.

4. Mr. Campbell's letter further intimates that the same principle on which this charge is defended would equally justify many other charges which are not now actually made, but which, it is distinctly said, Mr. Cardwell reserves his right to bring forward at any future time. Of these other charges Mr. Campbell's letter furnishes a list.

5. The Secretary of State for India in Council entirely concurs with Mr. Cardwell that the principle laid down in Mr. Campbell's letter would cover many other charges which have never hitherto been either made or contemplated; and he doubts whether even the list of them which is indicated in that letter exhausts the contributions which, on the same principle, India might be called upon to make. But taking that list alone, it would appear that, in Mr. Cardwell's opinion, India may be justly called upon to pay a proportion (quite undetermined) of the total cost of the whole military staff and head quarters' department of the Army at home, a like proportion of the regimental staff of all the regiments which have, though serving in England, a nominal connection with the recruiting depôts, a like proportion of all home educational establishments, of all experimental outlays at Woolwich and other arsenals, and of all rewards to inventors.

6. It is not easy to see why this list of heads under which India may be called to pay direct tribute to the Imperial Exchequer should stop here. A share of the cost of every home establishment, or institution of whatever kind, to which the Indian Government affords custom or employment, or which has any contact, direct or indirect, with the administration of that country, might be claimed upon the same principle and under the same plea. If India, besides defraying the whole cost of the India Office, as it now does, is to be required to pay also largely to the cost of the establishment of the Horse Guards and of the War Office, the principle on which this claim is made would not stop with the demands of the particular department on behalf of which Mr. Campbell writes. In like manner the Navy may possibly be required in the defence of India. Therefore the revenues of that country ought to defray part of the expenses of the Department of the Admiralty,—of all the naval arsenals, of all the naval stations, and probably, also, of all the Mediterranean garrisons.

7. If such a scheme for exacting tribute from India towards the maintenance of Imperial establishments both at home and abroad is to be entered upon, it is better that it should be pushed at once to its logical results. It is only in the light of those results that its real character can be appreciated. The most injurious system which can possibly be adopted is the system of asserting the principle, but of leaving it to be applied gradually as successive Governments may from time to time find it convenient to apply it, to relieve their Parliamentary Estimates, and yet so as not to alarm too much the people of India, or shock too much the conscience of the public at home.

8. The problems of Indian finance are difficult enough already, but they will be rendered infinitely more difficult if the Indian Government is to be kept in complete uncertainty as to the extent to which "indirect claims" are to be raised for Imperial subventions.

9. The Secretary of State for India in Council therefore cannot allow the principle of such claims to be laid down for the first time in an official letter from the War Office without entering against it his formal protest. That principle is certainly a new one. He believes it to be illegal, and he is satisfied that it is unjust.

10. As, however, the gravity of this question is apparent, and as Mr. Campbell's letter sets forth the arguments on which Mr. Cardwell relies for establishing the justice of such claims, the Secretary of State for India considers it his duty, in like manner, to explain the grounds on which he holds these arguments to be fallacious.

11. The argument of Mr. Cardwell begins with, and mainly rests upon, the  
 129. c 2 assertion

assertion that it is the policy of the Government of India to maintain the smallest possible amount of European troops in that country, to rely habitually on reinforcements from the Army at home, and thus practically to lean upon that army as an army of reserve.

12. The Secretary of State for India regards this assertion as not only incorrect, but as completely inverting the real facts of the case.

13. It would be much nearer the truth to affirm that the Imperial Government keeps in India, and quarters upon the revenues of that country, as large a portion of its Army as it thinks can possibly be required to maintain its own dominion there; that it habitually treats that portion of the Army as a reserve force available for Imperial purposes; that it has uniformly detached European regiments from the garrison of India to take part in Imperial wars whenever it has been found necessary or convenient to do so; and, more than this, that it has drawn not less freely upon the native army of India, towards the maintenance of which it contributes nothing, to aid it in contests outside of India, and with which the Indian Government has had little or no concern.

14. The extraordinary case of the great mutiny of 1857-58 is the only case which gives even plausibility to Mr. Campbell's representation of the facts upon this subject.

15. In that case, altogether unprecedented in the history of British India, the Imperial Government was compelled under the imminent risk of losing its empire in the East, to make one of those great efforts which are at times inseparable from Imperial power and Imperial obligations. It must be remembered however, that if similar exertions had been called for by war in any other part of Her Majesty's dominions, not only must the same effort have been made, but the burden of it must necessarily have been borne in great part at least by the Imperial Government. But in regard to the Indian mutiny, no part of the cost of suppressing it was allowed to fall on the Imperial Exchequer. The whole of it was, or is now being, defrayed by the Indian taxpayer.

16. Since the period of the Mutiny the Imperial Government has largely increased the portion of its army which it keeps in, and at the expense of, India; and both before and since that event it has been in the habit of drawing upon that portion of its army as an army of reserve for Imperial wars, whenever occasion required. The Secretary of State need not now refer to the celebrated case of the expedition to Egypt in 1801, farther than to observe that, in any similar contest which may occur in future, it is more certain than ever that the Indian army would be drawn upon as an army of reserve, and that the maintenance of a large force in that country, available for operations in the intervening regions, must always be one of the main elements to be considered by an enemy in estimating the danger and the difficulty of hostile operations against Great Britain in that direction.

17. The expeditions to Mauritius and Java, in 1810 and 1811, are further instances of aid derived from India during the Great French War.

18. But without dwelling on these cases, and looking back no further than the history of the last 30 years, there have been only two occasions, besides the mutiny on which reinforcements were sent for Indian wars, whilst during the same period there have been no less than seven different occasions on which India has been called upon to supply either whole armies or considerable reinforcements for the Imperial purposes.

19. The two occasions referred to on which reinforcements to India were sent from home, were the Sutlej campaign of 1846, when one regiment of cavalry and three regiments of infantry were sent from England, and the Punjab campaign of 1849, when five regiments of infantry were similarly supplied.

20. Against these occasions, when India has borrowed troops from England, are to be set the following occasions when England has borrowed troops from India:—

In 1842, the China Expeditionary Force, consisting of two battalions of  
Artillery,



Artillery, three Companies of Sappers, four regiments of European Infantry, six regiments of Native Infantry, and all the Staff of the Army.

In 1855, two regiments of Cavalry and two regiments of Infantry were sent from India to reinforce the Crimean army.

In 1856-57, the Persian Expedition was drawn from India, to the extent of—

- 2 troops, 3 battalions, and 5 companies of Artillery.
- 2 companies Sappers.
- 1 regiment European Cavalry.
- 3 regiments European Infantry.
- 3 regiments and 3 squadrons Native Cavalry.
- 8 regiments Native Infantry; and
- Commander and Staff.

In 1859-60, another China Expeditionary Force was reinforced from India by four batteries of Artillery, a company of Engineers, a company of Sappers, six regiments of European Infantry, two regiments of Native Cavalry, 11 regiments of Native Infantry, and a considerable portion of the Staff.

In 1860, two regiments were sent from India to New Zealand.

In 1861, another regiment was afforded to the same Colony.

In 1867, the army for the invasion of Abyssinia was (mainly) drawn from India, including,—

- 5 batteries Artillery.
- 1 company Engineers.
- 6 companies Sappers.
- 1 regiment European Cavalry.
- 4 regiments Native Cavalry.
- 4 regiments European Infantry.
- 8 regiments and 1 company Native Infantry.
- Coolie corps.
- Army works corps; and
- Commander and Staff.

21. As regards this list of occasions on which India has been drawn upon as affording an army of reserve for Imperial purposes, it may possibly be alleged that these wars were all Indian wars. In the House of Commons, in 1857, Mr. Gladstone did indeed denounce this plea, in respect to the Persian war, as one which "could not be advanced by any fair or candid man;" but the Secretary of State is aware that, nevertheless, it is a plea which is sure to be put forward on behalf of the Imperial Exchequer. It is certain, however, that all these wars were dictated entirely by the Imperial Government, and that the interests of British commerce, the grievances of British merchants, or the honour of the British Crown, were the determining considerations in them all. The policy of charging the Persian war in largest proportion to Indian revenues was severely commented on in Parliament, and led to a statutory enactment limiting such uses of Indian revenues for the future.

22. If it be argued only that India, as a part of the Empire, has had its own share of interest in these wars, the plea may be admitted; but only in the proportion in which the same plea is admitted as against the Imperial Exchequer in respect to wars within the limits of India. Many of these have been dictated from home, and have been undertaken with reference to Imperial policy. In view of this fact, the Secretary of State in Council sees much force in the declaration of Sir R. Peel, quoted and adopted by Mr. Gladstone in the same speech, which has already been referred to, "that there is a virtual connection between Indian expenditure and British liability." Community of interests within certain limits may fairly be alleged; but it must not be alleged only when it tells in favour of the Imperial Exchequer, and repudiated when it tells in favour of the Indian taxpayer.

23. The fact of India having been so continually drawn upon as an army of reserve for Imperial wars, is a conclusive answer to Mr. Campbell's letter on this part of the subject, whatever may have been the system of account by which the

the charges for that army have been adjusted. But in this matter also, it is the duty of the Secretary of State in Council to remind Mr. Cardwell what that system has been.

24. In every instance in which reinforcements from home have been sent to India, the whole pay of the troops so sent has been charged to India from the moment of their departure from the shores of England. On the other hand, when India has been called on to provide troops for foreign expeditions, it has been the general practice to continue to charge the ordinary pay of the troops to the Indian Exchequer during their absence from India. In the very last case (the Abyssinian war) the ordinary pay of the troops, both European and Native, furnished to that Expedition, was paid out of Indian revenues.

25. These facts are a sufficient comment on the fairness of an attempt to charge India for Imperial Military Establishments at home on the plea that they furnish to India an army of reserve, without any notice whatever being taken of the much more numerous cases in which India has been drawn upon as affording an army of reserve for the Imperial Government.

26. And here I am directed to observe that it would make no difference in the argument now maintained, even if it were true, that all this had been done with the consent of the Court of Directors or of the India Office. In so far as that consent may be supposed to represent, however roughly, the consent of the people of India, it only shows that the authorities specially charged with the interests of India have taken a higher and more generous view of the relations which ought to exist between the two Governments than prevails in Mr. Campbell's letter. On the other hand, in so far as these charges have been thrown on India by the power or influence of the Imperial Government, it shows that the Imperial Government has habitually assumed, not merely that India should furnish an army of reserve, but also that India should furnish the pay of that reserve even when serving out of India, and when, therefore, it was useless to the Government of that country.

27. In regard to another argument used in Mr. Campbell's letter, namely, that the Indian empire, by increasing the total number of soldiers which require to be raised from the civil population at home, competes with the Imperial Government in the recruiting market, and thus raises the total price of the recruit, I am instructed to point out to Mr. Cardwell that this is an incident of wide Imperial dominions, and that, even if India is to be considered in no other light than as the cause of an increase in the total cost of troops, India pays its full share of that total cost when it pays for those troops in the proportion in which it actually recruits and actually employs them.

28. But I have further to point out, that all arguments which imply that India is nothing but a burden, and a cause of embarrassment in military affairs, are arguments inconsistent with many notorious facts—with the anxiety of officers to secure Indian employment, and with the advantages which Indian exigencies afford in the way of augmentations and promotions in the army. It is well known that India offers the best, if not indeed the only, training ground for the British army in time of European peace; that as Indian pay and allowances are much higher than those given to the army either at home or when employed elsewhere abroad, Indian service is highly popular in the army, and that in consequence of the liberal treatment which up to the present time the Government of that country has been enabled to bestow upon the officers and men, it has contributed one great inducement to numbers of both classes to enter the British army; and, moreover, that under the new army organisation by which Her Majesty's Government hope to augment the military power of the country, and to save the expense of pensions by the introduction of a short service system and the establishment of a reserve, a very large, and certainly not the least valuable portion of that reserve will consist of men whose entire military training and experience will have been acquired at the expense of the people of India.

29. For these reasons, the Secretary of State in Council is of opinion that the adoption of any new principle of charge founded on the pleas set forth in Mr. Campbell's letter, would be unjust to the people of India.

30. I am

30. I am instructed to add that, in the opinion of the Secretary of State in Council, the adoption of any such principle would require the sanction of an Act of Parliament, as being entirely novel and at variance with the principle laid down in the existing law.

31. That principle is laid down in the 2nd clause of the Act 21 & 22 Vict. c. 106, which directs that Indian revenues shall be expended "for the purposes of the Government of India alone," and also in the 52nd clause, which directs the auditor to report on the accounts, "specially noting any case in which it shall appear to him that any money arising out of the revenues of India has been appropriated to other purposes than those of the Government of India, to which alone they are applicable."

32. In the application of this principle to particular cases of charge, there is room, no doubt, for a reasonable latitude of interpretation; and this latitude is largely made use of when, for example, such a position as that of Aden is maintained at the sole expense of the people of India. But, allowing for such latitude of interpretation, the general scope and import of the principle seem sufficiently apparent, namely, that India cannot be justly charged with any expenditure which would have to be maintained if the Indian empire did not exist. The word "alone" negatives the application of the revenues of India to any such mixed purposes, and it is deprived of all force and effect if the Indian revenues may be applied to such expenditure. It is not easy to conceive for what purpose a word so distinct and emphatic should have been introduced, if it was not to exclude the application of those revenues to such purposes. No expenditure in respect to which it cannot honestly be said that it is incurred on behalf of India can possibly come within the description of expenditure for Indian purposes alone.

33. As regards the novelty of the charges referred to in Mr. Campbell's letter, it is enough to say that the Imperial Government has supplied India with recruits and soldiers for nearly a century; but during the whole of that time, notwithstanding the comprehensive words used in the Acts of Parliament directing payment of the expenses incurred for "raising, transporting, and maintaining such forces," and "raising and supplying recruits for the same," and appropriating the revenues of India to defray "all the charges and expenses of raising and maintaining the forces, as well European as Native,"\* no attempt has ever been made until now to render the Indian finances liable to such charges.

\*28 Geo. 3, c. 8, s. 33  
33 Geo. 3, c. 52, ss. 149, 150, and  
53 Geo. 3, c. 155, s. 55.

34. In conclusion, I am instructed to say that this general question of reconstructing the whole system on which Indian charges have hitherto been regulated stands in no necessary or even natural connection with the immediate subject of the cost of recruiting. The Secretary of State for India does not contest the necessity of India paying for its recruits under whatever system is determined upon at home as necessary for the efficiency of military training. And if the present expenditure be defended on this ground, the Secretary of State for India can only represent his views on possible economies in the system, in order that these representations may be considered by the Secretary of State for War. But if the cost of recruiting be swollen by an artificial system of charge, so as to include outlays which have really nothing to do with the cost of training, but are connected entirely with the organisation of the home garrison of England, he must record, as he now does, his protest against the principle involved; namely, that of charging India with any outlay which cannot fairly be said to be occasioned by the service of India.

I have, &c.  
(signed) T. T. Pears, Major General,  
Military Secretary.

LETTER to the Under Secretary of State for War, dated India Office,  
14 April 1874.

Sir,

IN a letter from the War Office, dated the 1st July last, No. 7023/509, Mr. Campbell-Bannerman informed the Secretary of State for India that Mr. Secretary Cardwell concurred in the Fourth Report of the Committee appointed by the Secretaries of State for War and for India to make arrangements for adjusting, from the 1st April 1870, the Home Charges for Effective Services of Her Majesty's Regiments serving in India, on the principle, as far as possible, of actual charges.

In that Report, dated the 12th April 1872, the Committee, while recommending that the rates of charge specified therein should be adopted in the settlement of the War Office claims for the years 1870-71 and 1871-72, expressed their opinion that, as great changes were being made in the constitution of the Army, the rates should be reconsidered, and, if necessary, revised, in regard to the year 1872-73 and subsequent years.

In a previous Report, dated the 24th November 1869, that Committee recorded their unanimous opinion that the then existing rate of expenditure for effective services was excessive when compared with the charge incurred by the East India Company in the maintenance of their depôt at Warley, and "that, without any sacrifice of efficiency, it was practicable to effect a very large reduction in those charges," and the Members of the Committee appointed by the Secretary of State for India stated that, in their opinion, India was entitled to a considerable credit for the value to the Imperial Government of the presence in this country of the Staff and men engaged in course of training, as those troops are available to meet any emergency for which a home garrison is required, and that they considered that the periods of training on which the charge for difference of numbers of men was based were longer than was necessary with reference to the requirements of India.

In another Report, dated the 28th February 1870, the same Committee, when stating what the charge for each cavalry and infantry recruit would be under the conditions which had been placed before them, and which included charges for ten months for the training of each cavalry, and seven months for each infantry recruit, as well as the cost of two depôt companies for each battalion of infantry, added that, in their opinion, it was not necessary to maintain more than one company with the depôt in this country; and the India Office Members of the Committee, in agreeing to the Report, stated that they considered that "the proposed estimate for, and the periods of training which formed the basis of that Report were enormously in excess of what can be possibly required for the purpose of properly recruiting the British army of India."

The Secretary of State for War did not consider that it would be right to deduct from the rate for the infantry recruits the cost of one depôt company, and in a letter dated the 15th October 1870, Mr. Stansfeld stated that the Lords of the Treasury did not admit the soundness of the reasons urged by the India Office Members of the Committee for a reduction of the charge.

The practicability of introducing a different and more economical system for the enlistment and training of recruits for India was, as the Secretary of State for War is aware, strongly urged on his consideration by the Secretary of State for India in Council, in a letter from this office, dated the 8th September 1871. That letter was replied to in a letter from the War Office, dated the 24th April 1872, in regard to which a further communication was sent from this Office on the 9th August 1872, to which no reply has yet been received.

The question is, therefore, still undecided. No arrangement has been determined on as to the final adjustment of charges for effective services subsequent to the year 1871-72, and the Secretary of State for India in Council considers that the charge to which India is to be subject on this account ought no longer to remain in doubt.

In a Military Letter, dated the 15th May last, the Government of India referred to the several Reports of the Committee above mentioned, and to the fact that, in the face of the opinions expressed therein, the charges against India had increased, and they observed that, as the depôt system in England is undergoing revision, and the nature and extent of the duties assigned to depôt centres have been clearly

clearly specified, it would seem to be a convenient time to reconsider the charges made against India for maintaining battalions and regiments serving in India, and to re-adjust charges which, in the opinion of that Government, are out of proportion to the service for which they are paid.

Of that letter I am directed to forward a copy herewith.

The Secretary of State for War will observe that the objections of the Government of India in regard to the charge for recruits are of a twofold nature, viz. :—

1. To the charge for the depôts engaged in training recruits which is imposed on Indian revenues.
2. To the period of training on which the charge for each recruit is based.

In regard to the depôt charges, which are ascribed to recruiting purposes, the Government of India point out that the duties rendered by the depôts are of a very varied character, and chiefly for purposes foreign to Indian services, that it cannot now be maintained that the depôts of Indian regiments are retained exclusively for Indian purposes, or that the Imperial Government derive no advantage from their presence and duties at home, and should bear no portion of their cost. They accordingly suggest that the relative values of the depôt services should be ascertained, and that the revenues of India should be charged only with the cost of services rendered to India.

They further observe that, under the new system, recruits will be trained at the depôt for three months, when they will be passed into and become part of the Home battalion, and that it is not apparent why India should pay for the training of recruits beyond the period when the depôt training ceases.

The Secretary of State for India is not fully informed as to the existing arrangements in regard to the duties of the several depôts, but, assuming that the classification in para. 8 of the Military Letter from the Government of India is correct, he is of opinion that, even if it could be admitted that the maintenance of a separate depôt for each battalion of infantry in India is necessary, the arrangement under which the rate of payment by India was agreed to for the years 1870-71 and 1871-72 cannot, in justice, be maintained in regard to subsequent years.

The period\* of training on which India has been charged for recruits is open to equally grave objections. If the statements of the Government of India, that, under the new system, recruits will be trained at the depôt for three months, and will be then passed into and become part of the Home battalion, from which men required for the battalion on foreign service will be drawn be correct, it appears to the Secretary of State for India that the principle of charging India for a longer period of training than three months would be unjust.

Recruits for Cavalry	-	-	10	month
" for Horse Artillery	10	"		
" for Artillery	-	-	9	"
" for Infantry	-	-	7	"

That a longer period of training is not, in the opinion of the authorities at the War Office and Horse Guards, absolutely necessary, is proved by the fact that numerous recruits have been in recent years, and still are, sent to India after a much shorter training.

For instance, on the 13th January 1874, a draft of 133 men proceeded on Her Majesty's Ship "Crocodile" to join the 8th Brigade, Royal Artillery, in India. It included 68 men of less than three months' training, and of those 42 embarked in less than two months and nine in less than one month from the date of their enlistment. On the same day a draft of 76 men proceeded to join the 73rd Regiment at Bombay. It included 37 men of less than two months' training, and of those no less than 26 embarked within one month of the date of their enlistment.

The charge for difference of men on passage is open to similar objections, and it is, moreover, obvious that under the new system of short service, the rule hitherto in force, under which India receives no allowance for men who land with less than two years to serve, cannot justly be maintained.

The Secretary of State for India in Council desires again to press upon the attention of the Secretary of State for War the importance of introducing a different and more economical system for the enlistment and training of recruits for India, as advocated in the letter from this Office of the 8th September 1871. Pending, however, a definite arrangement of that nature, I am directed

to express the earnest hope of the Marquis of Salisbury that Mr. Gathorne Hardy will recognise the necessity for a revision of the rates of charge in regard to years subsequent to 1871-72, and as the best means of effecting that object, will agree to refer to the Committee on Effective Charges the re-consideration of the payment under the several heads, on a principle similar to that which has been suggested by the Government of India, viz. :—

That, in regard to the Home depôts of regiments serving in India, the value should be ascertained of the service of raising and training recruits for India, of the other general services of the depôt, and of the presence of the troops in this country; and,

That the charge for each recruit should be based on a three months' training at the depôt.

If, however, Mr. Hardy should be opinion that the matter in issue will be more authoritatively determined by a decision independent of both Offices, I am instructed to say that Lord Salisbury will cordially concur in the reference of the principles in dispute to some impartial arbitrator.

I have, &c.  
(signed) *Louis Mallet.*

Enclosure.

(Military Department, Separate.—No. 94 of 1873.)

To his Grace the Duke of *Argyll*, K.T., Secretary of State for India.

My Lord Duke,

Simla, 15 May 1873.

We have had under consideration the three Reports\* of the Joint Committees appointed by the India and War Offices to "make arrangements for adjusting the charges for effective services of Her Majesty's regiments on the East Indian Establishment on the principle of actual charges," the first two of which formed an enclosure to your Grace's Despatch, Financial, No. 14, of 20th January 1870.

2. The charges made by the Secretary of State for War against this country for recruits, as per margin,† are so out of proportion to the expense incurred under the East India Company, as per margin,‡ that the difference is clearly not mainly attributable to the enhanced pay and allowances of the soldier, to his more perfect training, or to the increased cost of his equipment, but to the altered system under which regiments are recruited, and to the manner in which the cost of troops stationed in the United Kingdom is apportioned to India.

† 136 l. 13s. 11 d. for Cavalry.

‡ 63 l. 8s. 5 d. for Infantry.

78 l. 14s. 8 d. for Royal Horse Artillery.

59 l. 2s. 10 d. for Royal Artillery, mounted.

68 l. 9s. 3 d. for Royal Artillery.

† Average for 10 years ending 1869 for all arms, 19 l. 14s. 10 d.

3. Before reviewing in detail the charges which are enumerated in the reports quoted, it is necessary to consider the principles on which the "actual charges" are assessed, with a view to ascertain how far it is equitable to make the whole cost of the Home depôts of regiments serving in India chargeable to India, on the ground that some portion of their service is given to raising and training recruits for their battalions in India, while they actually form a part of the Home garrison and perform duties of a local and Imperial character. It is assumed that the sums reclaimed by the War Office from this country should only comprise the expenditure entailed on Imperial funds for raising and equipping troops for India, and that the contributions levied on this account should not be based on the cost entailed by the distribution of troops at home, when that distribution is made for Imperial purposes, and is not necessarily involved in the provision of troops for India.

4. The system under which recruits were formerly procured at Warley, and that, much resembling it, under which the Guards are at present recruited, illustrate the minimum establishment requisite for the provision of recruits. In both cases the establishment was framed solely for the purposes to be achieved, and

and in deciding what is the necessary actual cost of a recruit, a somewhat similar establishment should alone be included. When establishments are maintained not only for recruiting, but also for the fulfilment of other duties, it is evident that, if the whole expense be charged to recruiting, the cost of the recruit is unduly enhanced, while the cost of the other services is unduly diminished, and when the former charges fall on one Government and the latter on another, it is clear that the incidence of the charge is unequally divided.

5. Under the system of *depôt* battalions, and subsequently of affiliated *depôts*, which existed until the establishment of the *depôt* centre system, the *depôts*, though nominally maintained solely for recruiting purposes, were available for, and actually performed, other general duties. It was the unanimous feeling of the Committees, reiterated in each of their reports, that the expenditure incurred for recruiting, that is, for the *depôts*, was in excess of the amount which, if devoted solely to that one purpose, would have produced the same number of recruits. In para. 10 of the first report, after stating that the *depôt* and recruiting charges were then in excess of the capitation allowance of 10 *l.*, it is added, "but the Committee have no hesitation in expressing their unanimous opinion that the charge for a recruit, as shown in the War Office return, is susceptible of very great reduction, and that whatever loss has resulted to the Imperial Government must be attributed mainly to the excessive amount of the *depôt* charges." Notwithstanding this expression of opinion the charge against Indian revenues was increased, thus throwing on this country, as the cost of a recruit, the expense of a system which the financial authorities of the War Office had declared to be unnecessarily expensive. In para. 29 of the second report the Committee again refer to these excessive charges. They state,—“In concluding their Report, the Committee would again refer to the heavy expenses of the Indian *depôts* as at present constituted. They are unanimously of opinion that the present rate of expenditure is too large when compared with that incurred prior to the mutiny in India, and, as shown in their former report, excessive when compared with the charges incurred by the East India Company in the maintenance of the *depôt* at Warley. The Committee are therefore of opinion that without any sacrifice of efficiency, it is practicable to effect a very large reduction in these charges.” In the face of this reiterated opinion the charges against India were again increased.

6. Now that the whole *depôt* system of the army at home is undergoing revision, and the nature and extent of the various duties assigned to *depôt* centres have been clearly specified, it would seem a convenient time to reconsider the charges made against this country for the *depôts* retained in England of regiments serving in India, and to re-adjust charges which, in our opinion, are out of proportion to the service for which they are paid.

7. In order to arrive at the proportion of the total *depôt* charges which may be fairly ascribed to recruiting purposes, it is necessary to review the duties on which the officers and men of the various *depôts* are to be engaged. This is clearly laid down in the Report of the Committee, presided over by Major General McDougall, on the "Organisation of the various Military Land Forces of the Country," and confirmed by the Secretary of State for War, in his speech on the introduction of the Army Estimates of 1873-74.

8. The duties to be performed at the *depôt* are thus stated—

- (1.) Training of Recruits both for the Line and the Militia.
- (2.) Training of Infantry Militia.
- (3.) Training of Rifle Volunteer Corps.
- (4.) Registry, payment, and training of Army Reserve, and enrolled Pensioners.
- (5.) Recruiting.
- (6.) Care of arms and stores of regular and auxiliary forces.
- (7.) Military instruction to officers of auxiliary forces.

9. These duties, it will be observed, are of a very varied character, and chiefly for purposes foreign to Indian services, and we consider that only that portion of the establishment which is necessary for the raising and drilling of recruits for India should be charged to India.

10. It cannot now be maintained that the depôts of Indian regiments are retained exclusively for Indian purposes, or that the Imperial Government, deriving no advantage from their presence and duties at home, should bear no portion of their cost, and it seems very desirable that the question should be finally settled as to what portion of the expense of the depôt establishments under the new system may fairly be assigned to home service generally, and what portion to recruiting purposes alone.

11. It is impossible here, from the absence of detailed information as to the relative values of the different services assigned to the depôts, to state what amount should be apportioned to recruiting. This can be more easily determined at home in communication with the War Office, the calculation being based on the principle that the revenues of India can only be applied to services rendered to India, and that no portion of its revenues should be indirectly applied to the cost of the defences of Great Britain.

12. The details of the charges made for infantry recruits will now be considered and reported upon, as far as the information available in this country will permit.

13. Even assuming that the principle on which the depôt establishment charges have been assessed be correct, it appears to us that the details charged under that principle have been calculated adversely to the interests of India. The first item is for pay. It was determined, in a letter from the Deputy Adjutant General, Horse Guards, dated 2nd July 1869, published with the Committee's second Report, that the period of recruit training should be for—

Cavalry	-	-	-	-	-	-	-	9 months.
Infantry	-	-	-	-	-	-	-	6 „

But in fixing the schedule of prices in their third report, 10 and 7 months have been taken as the basis of calculation, on what authority is not stated.

14. It is true that a recruit is a better soldier after a long training, but on the same principle it might be argued that he is not a perfect soldier under one or two years' service, and the charges might on such grounds be indefinitely increased. In comparing the present with the former cost of recruits, it is admitted that those now sent to India are for the most part more perfectly trained, and consequently more valuable than the half-trained recruits formerly sent to this country, and that, other conditions remaining the same, India might justly be debited with an enhanced charge for their provision.

15. It must, however, be remembered, in dealing with this question, that the terms of enlistment have undergone an important change. Formerly recruits were enlisted for long service, and India, when she incurred the expense of raising recruits, had the advantage of their services for many years. Now, while the cost of the recruit has been increased, the term of his service has been diminished. India, therefore, for a larger charge, receives a less service; while Great Britain will receive from India, as recruits for the army reserve, young, thoroughly trained, and seasoned soldiers, immediately available for service if required. It may be argued that the army reserve is equally valuable to the Indian and to the Imperial services, but we do not think that this argument will bear examination. The existence in Great Britain of the army reserve enables her to reduce the strength and cost of the battalions on the Home establishment to a minimum, as she can at any moment recruit them from the reserve, while that reserve is too remote to have any such effect on the strength and cost of the Indian battalions. Again, if soldiers be recalled from the reserve to replenish a Home battalion, its ranks are completed at a comparatively trifling outlay, whereas, if they are recalled for the purpose of reinforcing the Indian establishment, India will be called upon to bear the full charge for the increased strength. Soldiers discharged from Indian service will therefore be of no further value to India, but they will form a highly trained and valuable portion of the Home reserves. If the whole cost of their recruitment and training be charged to India, while so valuable a portion of their service is devoted to Great Britain, the revenues of India will indirectly be made to contribute towards the military expenditure of Great Britain, a course which would be contrary to law and to the policy of the Imperial Government.

16. Under



16. Under the new system, recruits will be trained at the depôt three months, when they will be passed into and become part of the Home battalion. These recruits will not necessarily proceed to India. In the first report of General McDougall's Committee, it is proposed that after their training, recruits shall be drafted from the depôt into, and form the lower stratum of the Home battalion, and the supplies of men required to feed the Foreign battalion shall be drawn off from the upper stratum of the Home battalion.

17. Under these circumstances, it is not evident why India should pay for the training of recruits beyond the period of three months when their depôt training ceases, and they join the Home battalion. The arrangement under which recruits will swell the ranks of the Home battalion, while older soldiers will be sent to India, will in itself be advantageous to the Home exchequer and disadvantageous to India, inasmuch as India will bear the cost of training a man who has say five years and nine months to serve with the colours, and receive one who may have only four or five years to serve, and will thus bear the maximum charge for training a soldier, and get the minimum amount of service from him. Great Britain, on the other hand, for the cost of training one recruit, will obtain the full service of one man and a portion of the service of another, making in all more than the full period of service of one man, without incurring any extra expense for establishment to train the recruit who replaces the older soldier in the Home battalion.

18. It is true that India has the advantage of getting a more highly trained recruit than she gives, but this, as stated in the preceding paragraph, entails no extra expense on the Home Government, and is counterbalanced by the increased service obtained. We therefore cannot admit that India should bear a greater charge for its recruits than is incurred for the full period they are required to remain at the depôt, and the period of seven months should, in our opinion, be reduced to the period of actual training at the depôt.

19. The next item requiring remark is that for marching money and cost of conveyance of recruits, 16 per cent. on pay.

20. The average number of recruits annually raised from 1865 to 1870 would appear to have been about 15,000. The average amount voted for marching money and conveyance of recruits was 11,666 *l.*, being about 15 *s.* 6 *d.* per recruit, while the charges made against India for the service are—

	£.	s.	d.
For Cavalry - - - -	3	8	11
„ Infantry - - - -	1	19	9

These charges would appear to be very excessive, but no detail is given by which it can be ascertained how they have been arrived at.

21. The item for recruiting staff charges, 2 *l.* 19 *s.* 1 *d.*, is not understood, as the whole expense of the recruiting agency, the depôt, is separately charged.

22. The manner in which the barrack and hospital charges are arrived at is not stated. They appear excessive, and apparently require investigation and reduction.

23. In addition to these charges and to the whole cost of the depôt is added one-third, or 33 per cent. on the total charge, for recruits who desert, die, or are unable through ill health to embark for India.

24. It is not stated how this proportion was arrived at, the memorandum referred to in the Committee's report not having accompanied it, but we believe, from a reference to army statistics, that this charge is out of proportion to the contingencies for which it is supposed to provide.

25. It must be remembered that the Committee were dealing with recruits, therefore, that the casualties amongst recruits should alone have been considered. From the Report of the Commissioners on Recruiting, it appears that average loss on the whole army during the five years from 1861 to 1865, death, desertion, and invaliding, was 5.29 per cent. This would, however,

ever, not be a fair average to take, as the desertions in the first year of service are in much larger proportion than in later years.

26. The average loss by desertion during the seven years ending in 1865\* of men of one year's service and under was 12·16 per cent. The average deaths of cavalry, infantry, and artillery soldiers under 20, 18 per cent. The number of invalids discharged during the first year of service was, for the same arms, an average of 1·28 per cent., making in all 13·62 per cent. This average is not given as perfectly correct. It is probably approximately so, and sufficiently near the truth to show that the average of 33 per cent. charged to India is excessive. Even 13·62 per cent. would be excessive, as it includes, on the one hand; the desertions and invalidings of a whole year, instead of for seven and ten months already referred to, and deaths up to 20 years of age, an age exceeding that of most recruits; while, on the other hand, no credit appears to have been given to India for smart or discharge money paid by recruits.

27. The charge for agency should, in our opinion, be withdrawn, as it is believed that such a charge is no longer incurred, or has been greatly reduced, and is in course of extinction, and that no expense which could be charged to Indian revenues has been entailed in suppressing the system under which it was paid.

28. The proposal to charge a portion of the cost of the Staff of the regiments to which depôts were affiliated, requires no remark. It was not adopted at the time, and the system under which it was proposed is no longer in force.

29. The preceding remarks have reference, principally, to the charge for Infantry recruits, as there is not before us sufficient information to enable us to discuss separately those made for the other arms of the service, but, with the necessary modifications, they will, no doubt, be found applicable to the charges made for all recruits sent to this country.

30. We would now beg to recommend:—

1st. That the charge for the Home depôts of regiments serving in India should be divided into two parts, the one representing the value of the presence of such troops at Home, and of the general service rendered by them, the other representing the value of the labour of raising and training recruits for the battalions in India. The latter may be fairly charged to this country, while the former should be borne by Imperial revenues.

2nd. That the charge for the cost of training the infantry recruit should be limited to three months, during which he remains at the depot.

3rd. That the items of charges which are arrived at by general averages should be supported by detail statements showing how they are arrived at.

31. There now only remains to consider the question of the charges for the difference of the number of men on passage.

32. The remarks which have been made as to the charges for recruits will apply equally to the payment for the difference in number of men on passage, but it is necessary in connection with this service to reconsider the drawback which should be paid to India for men landed in England with less than two years to serve.

33. Even under the old system of enlistment, the rule of giving no drawback for men landed with less than two years' service was often inequitable. The whole expense of recruiting such men, and a large portion of their pension charges, fell on India, while the Home Government had the advantage of their services as enrolled pensioners. Such men were practically not discharged; they were simply transferred from one branch of the service to another, and their value in that other branch should have been credited to the Government which bore the expense of their enrolment and a portion of the expense of their pensions. Under the new system of short service with colours, and subsequent service in the army reserve, India should receive their

\* See Army Medical Report, 1870, page 26.

the disembarkation and discharge of soldiers for Home service, such a drawback of enrolment charges as may be considered to represent their value as recruits to the army reserve, an amount which would vary in proportion to the period served in India and to that remaining due to the Imperial Government for service with the colours or in the reserve.

34. The charges made for both effective and non-effective services have increased and are increasing so rapidly, that it is very important these questions should be finally adjusted, and that every charge made by the War Office against the revenues of India should be fully substantiated, and shown to be fairly chargeable in principle, and to be just and reasonable in amount. We have, since 1869, reduced the military expenditure in this country to the extent of a million sterling, and hope to effect still further reductions, and to this end we trust that Her Majesty's Government will not fail to give that careful consideration to the questions in controversy between the India Office and the War Office as will relieve India from expenses which we cannot regard as properly chargeable.

We have, &c.  
(signed) *Northbrook.*  
*Napier of Magdala*  
*R. Temple.*  
*B. H. Ellis.*  
*H. W. Norman.*  
*A. Hobhouse.*  
*E. C. Bayley.*

EAST INDIA (RECRUITS).

COPIES of further PROCEEDINGS of the COMMITTEE, of which Mr. *Secombe* was a Member, to inquire into the EXPENSE of the RECRUITS for the REGIMENTS serving in *India*, and of CORRESPONDENCE relating thereto, &c. (in continuation of Parliamentary Paper, No. 129, of Session 1871).

(Lord George, &c.)

Ordered, by The House of Commons, to be printed,  
28 April 1874.

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EAST INDIA (PUBLIC WORKS).

14

RETURN to an Address of the Honourable The House of Commons,  
dated 11 June 1874;—for,

“RETURN of CASES in which the EXPENDITURE on PUBLIC WORKS in INDIA has  
been considerably IN EXCESS of the original Estimates during the years from  
1863 to 1873:”

“And, COPY of any DESPATCHES from the INDIA OFFICE calling the attention of the  
GOVERNMENTS of INDIA to the same.”

(Lord George Hamilton.)

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Ordered by, The House of Commons, to be Printed,  
12 June 1874.

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## EXPENDITURE ON PUBLIC WORKS IN INDIA.

FROM 1862-63 TO 1872-73 (SO FAR AS INFORMATION HAS BEEN RECEIVED).

## CASES IN WHICH ORIGINAL ESTIMATES HAVE BEEN CONSIDERABLY EXCEEDED.

Presidency or Province.	WORK.	Estimate.		Actual cost to end of 1871-72.	Excess over Original Estimate.	REMARKS.
		Original.	Revised.			
	<b>MILITARY WORKS.</b>					
Madras	Bangalore Water Supply	£ 8,370	£ Under preparation.	£ 19,738	£ 11,368	Incomplete: the scheme has been considerably extended.
Bombay	Ootacamund Lawrence Asylum	18,015	113,538	88,455	70,440	Incomplete.
"	Aboo Infantry Barracks	28,887	75,941	61,446	32,559	
"	Ahmednugur Cavalry Barracks	16,187	...	19,350	3,163	
"	Belgaum Temporary Infantry Barracks.	6,390	...	21,289	14,899	
"	Hog Island Hydraulic Lift Works - (Expenditure in India only.)	51,465	...	102,928	51,463	
"	Kirkree Gun Carriage Factory, &c.	70,759	174,507	166,875	96,116	
"	Small Arms Ammunition Factory.	11,634	30,477	27,768	16,134	
Bengal	Diamond Harbour Fortified Post	10,449	...	14,257	3,808	
"	Kidderpore Dockyard, roads and buildings.	5,594	...	7,681	2,087	
"	Kidderpore Dockyard, steam hammer and boiler shed.	3,591	...	4,726	1,135	
N.W. Provinces	Allahabad Cantonment Drainage	4,265	10,792	10,404	6,139	
"	Infantry Barracks	233,300	245,416	279,316	46,016	
"	Artillery Barracks	40,949	...	45,182	4,233	
"	Rest-house	8,128	...	9,784	1,656	
"	Cawnpore Tannery Buildings	17,888	19,685	20,045	2,157	
"	Chukrata Sanitarium Roads	80,050	137,178	92,587	12,537	
"	Temporary Huts	22,373	26,480	28,924	6,551	
"	Goruckpore Barracks, enlarged	1,146	...	3,495	1,349	
"	Hanpper Stables	5,793	6,862	6,940	1,147	
"	Saharunpore Stables, &c.	6,375	8,250	8,186	1,811	
Punjab	Baloon Temporary Huts	2,368	...	5,940	3,572	
"	Peshawur Barracks, sides 1 and 2	50,000	82,720	92,989	42,989	
"	Rawulpindie Infantry Barracks	23,000	29,380	30,825	7,825	
"	Magazine and Place of Refuge.	10,000	34,667	36,649	26,649	
Central Provinces	Asserghur Infantry Barracks	3,641	9,286	8,926	5,285	
"	Gun road and other fort works.	5,645	7,646	8,040	2,395	
"	Jubbulpore Artillery Barracks	26,304	43,102	38,552	13,248	
"	Kamptee Artillery Family quarters	11,232	15,722	14,957	3,725	
"	Mohitoor Sanitarium Buildings	1,635	...	3,486	1,851	
"	Nagpoor Infantry Barracks	4,308	...	6,852	2,544	
"	Sarocha Native Infantry Lines	1,324	...	3,344	1,020	
Burma	Rangoon Harbour Fortifications	29,501	49,050	40,345	11,444	Incomplete.
"	Toungoo Redoubt office godown.	2,381	...	3,566	1,185	
"	Commissariat godowns	4,000	...	6,469	2,469	
"	Redoubt	12,822	28,347	24,123	11,301	
"	Thayetmyo Commissariat Depot	6,221	...	10,573	4,352	
Oude	Lucknow Artillery Quarter Guard	2,375	...	3,295	920	
"	Infantry Barracks	20,846	...	25,685	4,839	
"	re-roofing verandahs	12,718	...	15,187	2,419	
Hyderabad	Fyzabad Infantry Barracks	16,550	23,770	23,988	7,388	
"	Trimulgherry Entrenched post	5,618	11,180	11,075	5,457	
"	Arsenal buildings	6,678	8,549	8,535	1,857	
"	Cantonment works	7,068	8,756	8,722	1,654	
"	Schoolrooms and Presbyterian Church.	3,611	...	4,334	723	
"	Trimulgherry Apothecaries' Quarters.	1,280	...	1,758	478	
"	Water Supply project	5,541	18,386	11,425	5,884	Incomplete.
"	Akolah Rest-house	24,321	...	27,320	2,999	
"	Chudderghaut Barracks for Escort	799	...	1,146	347	
Rajpootana	Nuseerabad Quarter Company Barracks.	20,880	...	24,767	3,887	
Central India	Gwalior Fortress Infantry Barracks	19,504	24,081	24,006	4,502	
"	Artillery Barracks	9,257	...	11,619	2,362	
"	Hospitals	15,669	20,689	20,559	4,890	
"	Officers' Quarters	10,806	...	13,340	2,534	
"	Powder Magazine	2,876	...	3,736	860	
	Carried forward	1,032,251		1,613,893	581,642	

(81.)

Presidency or Province.	WORK.	Estimate.		Actual cost to end of 1871-72.	Excess over Original Estimate.	REMARKS.
		Original.	Revised.			
		£	£	£	£	
Central India	Brought forward - -	1,032,251	...	1,613,898	581,642	
	Gwalior Cantonment Infantry Barracks.	9,870	...	15,281	5,411	
"	" " Artillery Barracks.	14,172	...	19,006	5,734	
"	" " Quarter Guard and Cells.	2,605	...	3,851	1,246	
"	" " Gun Sheds -	3,101	4,486	5,041	1,940	Incomplete.
"	" " Cattle Shed and Slaughter Yard.	1,767	2,420	2,272	505	
"	" " Morar Dam -	7,298	7,298	8,899	1,601	
"	Mhow Cavalry Barracks -	32,594	47,987	47,435	14,841	
"	" " Hospital -	18,556	20,959	21,006	2,450	
"	" " Infantry Hospital -	10,715	14,549	12,086	1,381	
"	" " Artillery Barracks -	10,224	13,674	13,364	3,140	
"	" " Nowgong Infantry and Artillery Barracks.	14,827	15,866	17,577	3,350	
Port Blair	Ross Island Infantry Barracks -	10,735	14,708	14,692	3,957	
	Military Buildings -	1,168,215	...	1,795,413	627,198	
	COMMUNICATIONS.					
Madras	Coonoor Ghaut Trace -	16,000	26,400	26,426	10,426	Incomplete.
		22,988	41,504	27,574	4,586	
"	Roads above Carcoor Ghaut	35,144	59,876	50,345	15,201	"
		12,746	18,270	17,067	4,321	"
	Bridges on road to Carcoor Ghaut -	2,642	7,100	6,557	3,915	"
"	Road from Vizagapatam to Cossipoor	5,550	11,500	10,590	5,040	"
"	Locks on Mundapetta Canal -	2,865	4,195	4,195	1,330	Incomplete.
"	Canal between Negapatam and Vedarinem.	6,400	10,819	10,533	4,133	
"	Bridges on Charnady Road -	3,272	4,014	4,235	963	
"	Road from Pani Mangalore to Hosdroog.	1,000	7,964	3,493	2,493	Incomplete.
"	Bridge across the Shunnooganady -	1,930	3,645	3,759	1,829	
"	Road from Palamotta to Tuticorin	6,736	14,070	14,396	7,660	
Bombay	Road from Poona to Sattara -	77,101	157,114	154,650	77,549	Incomplete.
"	Bridge over the Quoina -	12,500	36,074	40,405	27,905	
"	Bridges and drains on road from Sattara to Warna River.	9,059	14,491	15,960	6,901	
"	Eight bridges on the same road *	9,814	...	16,665	6,851	
"	Kurar and Koombarlee Ghât Road -	1,349	2,096	2,093	744	Incomplete.
"	Arbyle Ghaut Road -	98,669	129,941	112,673	14,004	
"	Timber bridges on Arbyle Gt. Road	4,940	...	6,887	1,947	Incomplete.
"	Road from Yellapoor to Beikul -	10,538	175,887	34,466	23,933	"
"	Iron Bridge on Yellapoor Road -	5,104	7,535	7,258	2,154	"
"	Bridges on Gairsoppa Road -	2,999	5,087	4,454	1,855	"
"	Road from Rutnagerry to Poladpoor	6,659	10,394	8,299	1,640	
"	Road from Huthiumbee to Chiploon	19,927	24,114	24,153	4,226	
"	Bridge over Moota Moola River -	10,256	...	13,779	3,523	
"	Bridge on Poona and Ahmednuggur Road.	1,234	1,912	1,905	671	
"	Road from Munmar to Malignaun -	14,749	17,367	17,374	2,625	
"	Bridge across the Seena River -	8,700	25,492	25,029	16,329	
"	Bridge on Barsee Tramway -	6,568	7,157	7,489	921	
"	Works on Agra and Bombay Road	29,348	31,096	32,493	3,145	Incomplete.
"	Road from Dundooks to Gogo -	60,282	...	110,254	49,972	
"	Bridge over the Dadur River -	3,156	...	5,156	2,000	
"	Road from Nowasree to Kalleawaree	1,683	2,214	2,284	601	
"	Road to Railway Station at Broach	1,330	...	2,500	370	
"	Dhurumsala at Surat -	1,500	...	2,554	1,054	
Bengal	Mohur and Booryah Bridges -	59,585	76,681	76,674	17,089	
"	Burrakur Bridge -	80,090	133,991	131,074	50,984	
"	Road from Nair to Bankeepoor -	93,911	125,977	119,994	26,083	
"	Inspection Bungalows, Patna Road	670	670	1,110	440	
"	Burhee and Hazareebaugh Road -	13,182	13,225	20,022	6,840	
"	Cuttack Trunk Road -	154,340	175,350	191,579	37,239	
"	Improving Boat Channel, False Point	726	1,699	1,690	964	
"	Road from Gowhaty to Schillong -	8,825	8,825	12,969	4,144	Incomplete.
"	Earthwork, Assam Trunk Road -	20,235	20,235	29,310	9,075	"
"	Road from Nowgong to Luckwa Ghât	12,150	12,150	14,735	2,585	"
"	Metalling Pheelkhanna Road -	8,624	2,624	5,520	1,896	
"	Nulhaty Road -	27,307	27,307	35,956	8,649	
"	Sooree Road, Northern Section	21,309	21,309	24,703	3,394	
N W. Provinces	Bridge over Hurree Nuddee -	3,303	5,777	5,777	1,974	
"	Cawnpoor and Jhansi Road -	7,001	7,001	9,382	2,381	
"	Road from Roorkee to Mohun -	23,778	27,902	27,902	4,124	
"	Tunnel in Mohun Pass -	3,008	5,598	5,025	2,017	
"	Bridge over the Solani River -	4,547	5,120	5,384	837	
"	Road from Hatrass to Soron -	4,564	6,452	5,610	1,046	
"	Jeelee cart road to Nynee Tal -	1,531	2,683	2,683	1,152	
"	Rohilkund Trunk Road.	78,981	87,011	114,045	35,064	Incomplete.
"	Dawk Bungalow at Nynee Tal -	1,305	2,411	2,411	1,106	
Punjab	Bridge over Markhunda River -	35,365	48,042	53,996	18,631	
	Carried forward -	1,174,170	...	1,725,301	551,131	

Presidency or Province.	WORK.	Estimate.		Actual cost to end of 1870-71.	Excess over Original Estimate.	REMARKS.
		Original.	Revised.			
		£	£	£	£	
	Brought forward -	1,174,170	...	1,725,801	531,131	
Punjab	Markhunda Bund -	3,172	6,257	5,859	2,687	
"	Bridge over Mootie Sootes River -	1,958	4,507	4,920	2,962	
"	Bridge over the Beyn Nulla -	5,263	6,870	6,746	1,483	
"	Widening Kalka and Simla Road -	2,640	53,188	53,223	51,183	Incomplete.
"	Bridge at Wangtoo over Sutlej -	500	...	1,779	1,279	
"	Bunderghat and Byjnath Road -	13,929	...	35,568	21,739	Incomplete.
"	Dalhousie and Pathanote Road -	3,123	...	5,056	1,894	
"	Metalling portion of Peshawur Road -	57,178	65,711	66,607	9,429	
"	Bridge over Bhimber River -	3,967	11,546	11,702	7,715	
"	Deena Nulla -	5,832	11,567	11,206	5,374	Incomplete.
"	Sohan River -	43,258	63,243	55,814	12,556	
"	Indus Tunnel -	4,266	4,266	10,311	6,045	"
"	Road from Attock to Mukhod -	9,060	...	11,070	2,010	
"	Kohat and Khooshaighur Road -	1,855	1,855	2,646	791	
"	Tunnel works at Bahadur Khely -	2,741	3,283	3,289	548	Incomplete.
Central Provinces	Kanhan Bridge -	45,927	124,765	124,839	78,912	*Completed 1873-74.
"	Bundole to Chappara Road -	3,563	10,979	10,710	7,147	
"	Kanhan Bridge to Chappara Road -	9,669	9,669	11,019	1,350	
"	Wardha Valley Road, 1st Section -	3,159	4,113	4,128	969	
"	" " " 2d " -	4,415	9,024	6,442	2,027	
"	" " " 3d " -	5,365	5,365	10,340	4,975	
"	Road from Saoner to Nagpoor -	7,488	7,488	10,184	2,696	
"	Inspection Bungalow at Kirkoe -	20,497	20,497	30,136	9,639	
"	Road from Drug to Chiroda -	5,581	7,815	7,035	1,454	Incomplete.
British Burmah	Iron Bridge over Wel Pook Choung -	1,771	3,276	2,904	1,138	
"	Metalling Road, Prome to Meeday -	5,810	5,810	6,215	2,405	
"	Bridging " " -	2,767	2,767	3,702	885	
"	Road from Touthoo to Toutabeng -	5,742	9,756	9,752	4,010	
"	Improvement of Fyne Kyun Creek -	23,897	27,222	31,421	7,524	
Oude	Road from Sectapore to Shahjehanpore. -	22,894	35,650	35,334	12,440	
"	Pile Bridge over Goomtee River -	1,789	1,789	2,283	494	
"	Renewal of " " -	674	674	1,674	1,000	
"	Bridge of boats at Fyzabad -	8,146	10,000	11,423	3,277	Incomplete.
Central India	Metalling road, Goona to Beowara -	9,004	24,253	21,674	12,670	"
"	Metalling Beowara section of road -	18,506	45,136	43,967	25,361	
"	Bridge over Persohn Nullah -	2,511	2,511	3,903	1,392	
"	Oodenkherie Nullah -	2,873	2,873	4,632	1,759	
"	Road between Bhoreshur and Nerbudda. -	18,065	18,065	22,517	4,452	
"	" " Nerbudda and Mhow -	8,260	11,601	12,023	3,763	
"	" " Mhow and Indore -	1,176	4,824	4,612	3,436	
"	" " Jhansie and Googooah -	3,197	5,473	4,928	1,731	
"	" " Googooah and Bookhara. -	8,264	...	10,050	1,786	Incomplete.
"	Metalling Gwalior Road, Jhansie sub-division. -	1,426	...	5,056	3,630	
"	Nogda Bridge -	1,787	2,618	2,841	1,054	
"	Road from Mercara to Codlipett -	2,000	8,406	9,185	7,185	
"	Bridge at Woritz, Periambody Ghat -	991	2,371	2,513	1,522	
	Communications -	1,590,285	...	2,481,239	890,954	
AGRICULTURAL WORKS.						
Madras	Canal from Perikeed to Deudaloor -	28,764	32,378	34,047	5,283	
"	Madras Water Supply project -	61,175	61,175	104,771*	43,596	*To end of 1871-72.
"	Raising the Cheyam Anicut -	2,970	3,500	3,556	566	
"	Restoring the Gootloor Tank -	3,940	6,050	4,852	912	Incomplete.
Bombay	Jamda Canal -	61,238	...	66,884	5,551	"
"	Ekrook Tank project -	78,837	94,561	85,943	7,106	"
"	Thur Canal -	10,266	20,217	20,139	9,863	"
"	Mitrow Canal -	42,293	57,193	59,440	17,147	"
Bengal	Orissa project, Bund at Brahminee -	3,458	3,458	6,862	3,394	
"	Kendraparah Canal; excavation -	42,436	42,436	45,849	2,913	
"	Two locks at Coosye -	13,099	18,099	15,200	2,101	Incomplete.
"	Midnapore series; excavation -	9,116	9,116	10,373	1,257	"
"	" " Head lock, Range VI. -	6,603	6,603	7,415	812	"
N. W. Provinces	Ganges Canal; Masonry walls at falls. -	4,426	4,426	7,051	2,625	"
"	Ganges Canal; Masonry walls at falls. -	1,525	2,325	2,325	700	
"	Ganges Canal, Dadah falls, Kotescapo. -	1,694	2,901	2,904	1,210	
"	Ganges Canal, Tirood Rajbuha -	4,802	...	5,990	1,188	
"	" " Ukberpore Rajbuha -	2,300	3,056	2,910	610	
"	" " Kullinpore Branch Rajbuha. -	4,459	6,930	5,781	1,822	Incomplete.
"	" " Dhulapree drainage -	2,183	3,631	3,118	985	"
Punjab	Baree Doab Canal: -					
"	" " Aqueduct and Bridge, Raowul -	6,213	...	9,083	2,870	
"	" " Lock at Deenanuggur -	676	3,191	3,397	2,821	
"	" " Overfall, Tail of Lahore Branch. -	2,839	...	4,608	1,769	
British Burmah	Shahpore Watercourse -	2,555	6,511	6,648	4,093	
"	Pataashin Embankment -	3,562	5,089	5,196	1,634	
	Agricultural Works -	401,424	...	528,702	127,278	



Presidency or Province.	WORK.	Estimate.		Actual cost to end of 1870-71.	Excess over Original Estimate.	REMARKS.
		Original.	Revised.			
		£	£	£	£	
<b>CIVIL BUILDINGS.</b>						
Madras	- Altering Cuddalore Jail -	800	1,729	1,876	1,576	
"	- New Jail at Madura -	8,580	9,579	10,156	1,576	
"	- Court House at Cuddalore -	4,000	4,400	4,897	897	
"	- Police Stations, Vizagapatam -	1,201	1,201	2,106	905	
"	- " Godavery -	367	367	1,144	777	
"	- Cemetery Walls at Bangalore -	1,964	1,964	7,191	5,227	
"	- New Wing to General Hospital, Presidency.	21,950	25,780	25,858	3,908	
Bombay	- Government House; Gunnesh Khind	109,402	109,402	181,274	21,872	Incomplete.
"	- Council Hall, Poona, alterations -	9,979	17,241	11,729	1,750	
"	- New Church at Aden -	4,991	6,821	6,801	1,810	
"	- St. Paul's Church, Poona -	5,379	9,354	9,351	3,972	
"	- Jamsetjee Jeejeebhoy Hospital, additions.	18,662	15,735	16,456	2,794	
"	- David Sassoon's Hospital, Poona -	26,686	26,686	31,006	4,320	
"	- Police Stations at Morrassa and Sannad.	289	289	1,129	840	
"	- Collector's Cutcherry at Carwar -	4,172	4,172	5,266	1,114	
"	- Mamlutdar's Cutcherry at Soopa -	895	895	1,216	321	
"	- Decorations to Government House -	3,595	3,595	4,017	422	
"	- New General Post Office, Calcutta -	53,276	57,840	56,908	5,632	
"	- Imperial Museum, Calcutta -	66,268	66,268	80,378	14,110	Incomplete.
"	- Judge's Court House, Dacca -	5,945	5,945	9,638	3,693	
"	- Collector's Cutcherry, Pubna -	4,581	4,581	5,772	1,191	
"	- Judge's Court House, Dinagepore -	43,802	43,802	50,346	6,544	Incomplete.
"	- Magistrate's Court House, Dinagepore -	2,307	2,489	3,992	1,685	
"	- New Court House, Purneah -	4,408	4,408	6,637	2,229	
"	- " " Julpigoree -	2,095	3,284	7,815	5,720	
"	- Collector's Court House, Arrah -	3,901	3,901	5,594	1,693	
"	- Record Room, Gya -	6,092	6,092	8,602	2,510	
"	- Treasury and Record Room, Nowgong.	2,573	2,573	3,988	1,415	
"	- Court House, Ferozepore -	1,503	1,503	2,076	573	
"	- Cutcherry at Burpetta -	1,156	1,156	1,655	499	
"	- Central Jail at Bhawalpore -	4,894	21,520	9,979	5,085	Incomplete.
"	- Central Jail at Hazareebaugh -	2,638	13,235	7,990	4,752	
"	- Central Penitentiary " -	26,378	32,591	32,404	5,826	
"	- Central Jail at Midnapore -	5,122	23,487	15,622	10,500	
"	- Additions to Jail at Burrisaul -	1,386	2,388	2,356	1,470	
"	- St. James's Church, Calcutta -	21,877	21,877	24,244	2,367	
"	- Church at Cuttack -	1,500	1,500	1,874	374	
"	- R. C. Chapel, Hazareebaugh -	1,257	1,825	1,629	372	
"	- New Church at Arrah -	1,500	1,611	1,992	492	
"	- " " Cachar -	1,558	1,558	6,066	4,518	
"	- " " Purneah -	1,072	1,072	1,746	674	
"	- Pauper Hospital, Calcutta -	3,652	3,652	5,696	2,044	
"	- Tramway and Jetty at Sulkeah -	8,524	8,524	5,300	1,676	
"	- Sheds in Custom House, Calcutta -	10,000	15,419	15,586	5,586	
"	- Sailor's Home, Calcutta -	17,050	17,050	28,248	11,198	
N.W. Provinces	- Collector's Cutcherry, Bustee	3,501	4,458	4,458	957	
Punjab	- Post Office at Dalhousie -	418	418	1,322	904	
"	- Jail at Dehra Ghazee Khan -	8,597	8,597	9,347	750	Incomplete.
"	- Tahsil, &c., at Pulwul -	1,240	1,752	1,902	662	
"	- " " Hurreepoor -	1,707	2,391	1,074	267	Incomplete.
"	- New Cutcherry at Lahore -	7,568	8,742	8,742	1,174	
"	- New Church at Attock -	1,609	3,150	2,932	1,323	
"	- Delhi Institute -	11,548	11,548	16,575	5,027	
Central Provinces	- Court House at Chanda -	2,375	3,865	3,750	1,375	
"	- " " Raipur -	3,159	3,901	4,306	1,147	
"	- " " Khandwa -	3,945	3,945	7,928	3,983	
"	- " " Wardah -	3,303	5,666	8,029	4,726	
"	- " " Harda -	1,547	2,376	2,460	913	
"	- Small Cause Court, Nagpore -	1,111	1,637	1,625	514	
"	- Lines for Policemen, Wardha -	1,475	2,214	2,214	739	
"	- Hospital " " -	681	1,152	1,379	698	
"	- Police Buildings, Jubbulpore -	838	838	1,287	449	
"	- Central Jail, Nagpore -	38,730	38,730	42,015	3,285	
"	- " " Raipur -	17,031	19,129	18,987	1,956	
"	- New Jail, Wardah -	2,851	4,073	4,895	2,044	
"	- " " Mandla -	2,527	2,527	3,624	1,097	
"	- " " Siroucha -	1,226	2,000	3,227	2,001	
"	- Protestant Church, Seetabuldee -	1,008	6,930	6,318	5,310	
"	- " " Chindwara -	499	1,830	1,853	1,354	
British Burmah	- Jail at Thayetmyo -	15,462	15,529	17,454	1,922	
"	- Court House at Tavoy -	3,472	3,472	4,441	969	
"	- " " Tounggoo -	4,605	6,873	6,949	2,244	
"	- Public Offices at Rangoon -	31,883	47,915	47,536	15,773	
"	- Trinity Church " -	4,945	4,945	6,166	1,221	
"	- Customs warehouse " -	20,243	25,220	24,480	4,237	
"	- Customs House, Akysab -	3,390	5,585	5,594	2,414	
Oude	- District Jail at Lucknow -	13,954	13,954	19,324	5,270	
"	- Divisional Jail at Seetapore -	17,725	17,725	22,147	4,422	
"	- New Jail at Goudah -	5,637	5,637	17,560	11,923	
"	- Cutcherry at Baraitch -	5,824	6,777	6,749	925	
"	- Lunatic Asylum, Lucknow -	3,644	3,644	5,376	1,732	
Hyderabad	- R. C. Church at Trimulgherry -	1,376	2,604	2,647	1,271	
Rajpootana	- Residency, Mount Aboe -	3,211	3,211	4,495	1,284	
Carried forward -		771,282	...	1,027,218	255,986	

Presidency or Province.	WORK.	Estimate.		Actual cost to end of 1870-71.	Excess over Original Estimate.	REMARKS.
		Original.	Revised.			
		£	£	£	£	
	Brought forward - -	771,282	...	1,027,218	255,936	
Central India -	Jail at Indore - -	4,941	6,046	6,109	1,168	
" -	Residency Office, Morar - -	2,700	3,881	3,866	86	
Port Blair -	Saw-mill, Chatham Island - -	1,352	1,352	2,446	1,094	
	Civil Buildings - -	780,275	...	1,039,839	259,064	
	<b>MISCELLANEOUS PUBLIC IMPROVEMENTS.</b>					
Madras -	Extension of Conduits, Manipatam	1,865	4,880	4,222	2,357	Incomplete
" -	Improvements to People's Park, Madras.	435	435	4,793	4,358	"
Bombay -	Moody Bay Reclamations - -	145,000	145,000	459,840	314,840	"
" -	Improving Water Supply of Sattara	1,958	3,206	2,213	255	"
" -	Filling in ditches on Esplanade -	16,125	34,021	27,986	11,861	"
British Burmah -	Alghada Reef Lighthouse - -	46,400	100,000	102,786	56,386	
" -	Double Island " - -	6,153	6,153	12,771	6,618	
" -	Screw Pile Jetty, Bassein - -	2,597	2,597	3,085	488	Incomplete.
" -	Customs House Wharf, Moulmein -	4,409	4,409	5,861	952	"
	Miscellaneous Public Improvements	224,942	...	623,057	398,115	
	<b>SUMMARY.</b>					
	Military Buildings - -	1,168,215	...	1,795,413	627,198	
	Communications - -	1,590,285	...	2,481,239	890,954	
	Agricultural Works - -	401,424	...	523,702	122,278	
	Civil Buildings - -	780,275	...	1,039,839	259,064	
	Miscellaneous Public Improvements	224,942	...	623,057	398,115	
		4,165,141	...	6,462,750	2,297,609	

## COPY OF CORRESPONDENCE

BETWEEN

The SECRETARY OF STATE and the GOVERNMENTS IN INDIA

ON

### The Subject of Excess of Expenditure over Public Works Estimates.

Public Works,  
No. 5.

India Office,  
London, 28th February 1866.

To His Excellency The Honourable The GOVERNOR in COUNCIL, Fort St. George.  
SIR,

\* \* \* \* \*  
No. 56, dated 12th September 1865.

Progress Report of the  
Lawrence Asylum Works  
for the Quarter ending  
July 1865.      Para. 3. The original estimate for these works amounted to  
Rs. 1,80,150, and I gather from the periodical progress reports  
received from you at different times that the actual expenditure  
upon them up to 31st July last, amounted to Rs. 1,76,520. It would seem, therefore,  
that they should now be near completion.

\* \* \* \* \*  
I have, &c.,  
(Signed) CHARLES WOOD.

EXTRACT Public Works Letter from Madras, dated 23rd April, No. 20 of 1866.

2. Adverting to paragraph 3 of your Despatch No. 5, dated 28th February 1866, we have the honour to explain that the expenditure noticed as being in progress is simply preliminary, in the preparation of materials, and in the provision of workshops, shelter for servants, &c. The plans and estimates from which the total cost of the buildings will be determined are still in an incomplete state; but you will observe from Item 18, in Part II. of our current Public Works Budget, that an approximate amount has been entered as Rupees 11,50,000.

Copy of Public Works Despatch to the Government of Madras, No. 16, dated 8th August 1866.

MY LORD,

Para 1. In Your Excellency's Despatch, No. 20, of 23rd April last, relative to the Lawrence Asylum Works, it is stated that an expenditure of Rs. 1,80,150, to which Lord Halifax's Despatch of 28th February preceding adverted as being in progress, is simply preliminary; that the plans and estimates for the total cost of the building are still incomplete; but that, in your current Public Works Budget, an approximate amount of Rs. 11,50,000 has been entered on that account.

2. Hence it appears that the expenditure in question has taken place on account of a work which no authority in India is competent to sanction, any work of larger estimated cost than 100,000L., requiring, as you are no doubt aware, the previous sanction of the Secretary of State.

3. I request that your Excellency will ascertain and inform me how it is that this apparent irregularity has been permitted to take place.

(Signed) CRANBORNE.

Public Works,  
No. 4.

India Office,  
London, 31st January 1867.

To His Excellency The Right Honourable The GOVERNOR in COUNCIL, Fort St. George

MY LORD,

Para. 1. Your Despatch, No. 51, of 28th September last, in reply to mine of 8th August previous, describes the causes which, operating previously to your Lordship's arrival in India, have led to the very large preliminary expenditure which has been permitted to take place on the Lawrence Asylum Works.

2. Your Lordship will, I am sure, agree with me, that the explanation rendered cannot be accepted as satisfactory. In total disregard of the most familiar rules of the Public Works Department, more than 20,000L., the utmost sum which any local Government is competent to sanction, has been expended on mere preparations for a further expenditure, which would raise the total to an amount beyond the sanctioning power of even the Supreme Government; and one of the later paragraphs of your Despatch seems to imply that this further expenditure is indispensable to prevent that which has already been made from being thrown away.

3. I am not prepared to acquiesce in this conclusion. At a time when very much larger funds than can immediately be spared for the purpose might be advantageously devoted to works on the prosecution of which the material progress of the country in no small measure depends, we must be cautious of allowing structures, required primarily as public institutions, to be designed with a view to their serving also as national memorials.

4. I am not insensible to the value of some architectural effect in public buildings in India, but, on the grounds above stated, I cannot consent to so excessive an expenditure, in this instance, as that for which provision is made in the plans and estimates you intimate your intention of shortly transmitting for my approval, and I must require of your Excellency the substitution of a project for a plain building, calculated to afford suitable accommodation for 800 children, at a cost which it is not unreasonable to expect will be far below 11½ lacs.

I have, &c.,  
(Signed) CRANBORNE.

Public Works,  
No. 36.

India Office,  
London, 24th May 1871.

To His Excellency The Right Honourable The GOVERNOR-GENERAL OF INDIA  
in COUNCIL.

MY LORD,

Para. 1. I have had before me in Council your Excellency's Despatch, No. 31, of 27th February last, and the copies, therewith forwarded, of proceedings in connection with the Lawrence Asylum Buildings at Ootacamund.

2. According to the history of these proceedings, as epitomized in a resolution of your Government dated 12th November last, the proposal for their construction was originally brought forward in the Madras Budget Estimate for 1863-64, wherein their probable cost was entered at considerably less than two lacs. But by February 1867, when detailed estimates were for the first time forwarded to your Government, the expected cost had more than quintupled, having risen to nearly 10 lacs, of which Rs. 1,30,173 had already been expended, of course without proper authority. This "past expenditure" was, however, presently afterwards sanctioned, and sanction was, about two years later, given likewise to a revised estimate of Rs. 3,94,137 for the main building of the Male Asylum, apparently in the expectation that, by some subsequent additions to that edifice, the necessity for a separate Female Asylum might be done away with. But in March 1870, while the total amount sanctioned was thus still only Rs. 5,24,300, the Madras Government apprised you that expenditure had reached Rs. 8,33,774; following up this intimation by submitting shortly afterwards revised estimates amounting to Rs. 11,80,112. To the prospective expenditure involved in these estimates, which, besides demanding more than a lac of rupees in addition to the sum of nearly four lacs previously granted for an Asylum for Boys, provides for a separate Asylum for Girls at a cost of another four lacs, you have not accorded sanction, having on the contrary called for a revised project for the conversion of the Asylum Hospital into a Female Asylum, and having at the same time warned the Madras Government of the necessity for extreme care in the preparation of the new estimates, as any expenditure in excess of them would be absolutely refused.

3. This is a brief outline of proceedings which are so justly described by your Excellency in Council as having "been characterised from the beginning by a disregard of the rules laid down with the view of ensuring financial regularity," that it is difficult to understand why the authoritative interposition of your Government in regard to them did not take place at a much earlier stage. That it should have been so long delayed is the more surprising as my predecessor, Lord Cranborne, in August 1866, and again in January 1867, drew attention to the extravagant and unauthorised expenditure that was going on. When Lord Cranborne wrote, it would still have been possible to enforce some regard for economy on the Madras Government, but the

time for that has past, and there is now no alternative but to acquiesce in the mis-employment of public money that has been so unaccountably permitted.

4. In the resolution above referred to, your Excellency in Council, after expressing dissatisfaction with the whole of the transactions reviewed, proceeds to pass special censure on the Executive Engineer, Lieutenant-Colonel Farewell, and on the Superintending Engineer, Colonel Walker, the one for substituting on his own authority, in two or three items, work of a more expensive character than had been originally intended, and the other for failing to report these changes as soon as he discovered them; and you also desire to be informed what notice the Madras Government propose to take of the conduct of the architect, Mr. Chisholm, in respect to the general fallaciousness of his estimates. Without desiring to screen these gentlemen from any censure which they may merit, I must, nevertheless, observe, that of the entire responsibility for the great irregularities under notice, it is comparatively only a very small portion that, in my opinion, justly attaches to them.

5. I should wish to be furnished with a report of the final cost of the building, and of its suitability, when completed, for the purpose for which it has been planned.

I have, &c.,  
(Signed) ARGYLL.

No. 117, PUBLIC WORKS.  
GOVERNMENT OF INDIA.  
PUBLIC WORKS DEPARTMENT.  
Buildings and Roads.  
Military.

To His Grace the Right Honourable the Duke of Argyll, K.T., Secretary of State for India.

MY LORD DUKE,

Simla, September 14, 1871.

We have the honour to acknowledge the receipt of your Grace's despatch (Public Works,) No. 36, of the 24th May last, commenting on the proceedings in regard to the Lawrence Asylum Buildings at Ootacamund, and to state that a copy thereof has been forwarded to the Government of Madras, with the remark that the Government of India must insist upon strict adherence, in future, to the rules prohibiting outlay on public works unless on proper sanctions.

2. With reference to the remarks conveyed in paragraph 3 of the despatch now acknowledged, we deem it necessary to state fully the facts of the case.

3. The expenditure actually incurred on the buildings during and up to the end of each year, from their commencement, was as follows :

Year.	Expenditure during the Year.	Expenditure to end of the Year.
	Rupees.	Rupees.
1863-64	46,481	46,481
1864-65	84,258	1,30,739
1865-66	1,15,888	2,46,627
1866-67	1,33,970	3,80,597
1867-68	86,725	4,67,322
1868-69	2,03,152	6,70,474
1869-70	1,51,084	8,21,558

4. With the purpose of enquiring how far the Government of India could have done more than it did to stop irregular expenditure, it will be convenient to divide the time that has elapsed since the commencement of the work into four distinct periods, during each of which the circumstances of the case were in some respects dissimilar.

5. The first period is from the submission of the Budget for 1863-64 (6th February 1863), in which the work was first brought forward, to the receipt of the Budget for 1865-66 (13th February 1865). In the first of these Budgets, the amount of the estimate, which it was said would be considered by the Madras Government shortly, was entered at Rs. 1,30,150, while the grant proposed and allowed for that year was Rs. 30,000. The Budget of 1864-65 (submitted on the 6th February 1864) had the following entries with regard to the work :

	Rs.
Computed expenditure to 30th April 1864	30,000
Grant proposed for 1864-65	1,50,000

The amount of the estimate was not mentioned, but it was again stated that it would "be considered by Government shortly." There was nothing (as three months of the year had still to run) to show that any money had been expended without

\* Extract paragraph 5, Madras Budget Orders for 1864-65.

"It is not satisfactory that this large work should have been commenced, as appears to be the case, without an estimate."

proper sanction, but, nevertheless, the Government of India commented on the want of a sanctioned estimate in its budget orders\* of 19th April 1864. Further, there was nothing all this time, nor up to the submission of the next budget, to show that the estimate would be beyond the power of the Local Government, and, although the amount of the estimate was not entered in the Budget for 1864-65, the other figures given supported the conclusion that the original estimate of Rs. 1,80,000 would suffice. Therefore, for this period, it may be said that the Government of India did all that it was necessary to do in the matter.

6. The next period is from 13th February 1865 to about the middle of February 1867, during which it was known by the Government of India that the estimate would be far beyond the power of sanction of the Local Government, and that work was going on without sanction having been accorded to any estimate, or even any estimate being submitted to the Government of India. In the Budget of 1865-66 there were the following entries:

	Rs.
Amount of estimate	11,50,000
Computed expenditure to 30th April 1865	1,46,481
Proposed grant for 1865-66	1,48,542

with the remark, "revised estimate will be considered by Government shortly."

\* Extract, Madras Budget Orders for 1865-66.

"The expenditure on this work was commenced in 1863-64, and continued during the current year, without the authority of the Government of India, and without apparently any estimate having been sanctioned even by the Government of Madras. This point was remarked upon in the budget orders of last year, and attention is again called to the apparent irregularity."

† Progs., Accounts, April 1866, No. 4.  
Vide Public Works Despatch No. 56, dated 27th March 1866.

The orders on this Budget, dated 3rd April 1865, passed the grant; but remarks, as in the margin,\* were made thereon. The irregular expenditure was again noticed by the Government of India in a resolution, dated 28th October 1865,† on the Madras Appropriation and Outlay Account for 1864-65, in which (para. 2) the Government desired that the revised estimate might be submitted with as little delay as possible.

7. The Budget of 1866-67 was received on 12th February 1866 and contained the following entries:

	Rupees.
Amount of estimate	9,61,067
Computed expenditure to 30th April 1866	2,78,319
Proposed grant for 1866-67	1,47,740

The remarks\* made by us on this Budget, dated 23rd March 1866, were somewhat more severe than before, but still the grant was passed. In replying to these orders on 30th April 1866, the Madras Government said the estimates would be submitted "at an early date." That Government appears to have informed Her Majesty's Government, in its despatch No. 20, dated 23rd April 1866, that the original estimate of Rs. 1,80,150 for the buildings was only preliminary, and that the approximate cost was estimated at 11½ lakhs, as entered in the Budget

\* Extract para. 10, of Madras Budget Orders for 1866-67.

"The irregularity of carrying on this work without estimate was noted in the Budget orders of 1864-65, and again in those of 1865-66. In the estimate of the latter year, it was said that the revised estimate will be considered shortly; a similar remark was again made after a year has passed. Here again there appears to have been great delay. The amount involved is very large, and the Governor General in Council must desire that the project may now be submitted, and that it may be reported when this will be done."

of the year then nearly over. In reply, Lord Cranborne, in his despatch No. 16, dated 8th August 1866, drew the attention of the Madras Government to the irregularity of the expenditure, pointing out that no authority in India had the power of sanctioning an estimate for 10 lakhs, and asked for explanations. These were given in Madras despatch No. 51, of 28th September

† See Progs., Accounts, Jan'y. 1867, Nos. 2-3.  
Forwarded with Public Works Despatch, No. 102, dated 7th August 1866.

1866, of which a copy was sent to the Government of India, in November 1866,† with the remark that the Madras Government hoped shortly to submit the estimates for transmission to the Home Government. Previously to this, two more representations had been

made to the Madras Government by the Government of India, viz., one in its letter No. 935A, dated 10th October 1866, written apparently on receipt of the despatch from the Secretary of State; and another in the orders on the Appropriation and Outlay Account for 1865-66, in which special attention was drawn to the paragraph of the Accountant General's report referring to these buildings. These orders were dated 17th October 1866. The explanation made by the Madras Government to the Secretary of State was briefly to the effect that when it commenced work it was with the expectation that the estimates would soon be ready; that plans and estimates when submitted were not approved of, and were rejected more than once; and that it was then impossible to stop work when a large amount of labour had been collected and men trained in the manufacture of materials.

8. The Budget of 1867-68 was received on 31st December 1866, and contained the following entries:

	Rupees.
Amount of estimate	11,50,000
Computed expenditure to 31st March 1867	3,74,179
Proposed grant for 1867-68	1,40,000

The same course was followed, as in former years, by the Government of India, who, in Budget Orders dated 9th February 1867, made remarks as in the margin.

Extract para. 11 of the Madras Budget Orders for 1867-68.

"The expenditure on this work is being incurred without proper authority. The Government of India have repeatedly invited the attention of the Government of Madras to this matter, which has attracted the notice of the Secretary of State. The Governor General in Council must ask that no further delay be allowed to occur in the submission of the estimate."

9. With the Madras Government letters, dated respectively 16th February and 15th March 1867, estimates aggregating Rs. 9,83,824 were received, which included past expenditure; and the former of these dates may be taken as the end of the second period. Just about the same

time a letter from Lord Cranborne to the Government of Madras, No. 4, dated 31st January 1867,\* was received. He did not consider the explanation satisfactory, and did not approve of the large expenditure proposed, but did not order the suspension of work. During all this period of just two years, it cannot be doubted that Government was fully aware of the irregular expenditure to which it drew attention on—

\* Progs., Military, June 1867, No. 108.  
Forwarded with Public Works Despatch No. 102, dated 7th August 1869.

3rd April 1865, | 10th October 1866,  
28th October 1865, | 17th " " and  
23rd March 1866, | 9th February 1867.

10. It is difficult to see what course could have been adopted, unless the extreme measures of stopping the work altogether, pending the submission of estimates, had been resorted to. Against so extreme a measure there is the fact that the Madras Government so frequently said that the estimates would be soon ready, that the Home Government with equal knowledge of the circumstances did not order this course, and that to stop work would doubtless have led to ultimate loss. Any order of this kind would, no doubt, have been met by protests on the part of the Madras Government in the sense of the explanation made to Her Majesty's Government.

11. As before stated, with the two letters dated, respectively, the 16th February and 15th March 1867, estimates were forwarded, and sanction was asked for an aggregate expenditure of Rs. 9,83,234, including Rs. 1,30,173 of past expenditure.

The sanction then given was—

	Rupees.
Past expenditure	1,30,173
Male Asylum	4,03,979
Total	<u>5,34,152</u>

At the same time certain suggestions were made for reducing\* the cost of the Male Asylum, and for the omission of new buildings which had been proposed for the Female Asylum and the Church. There was no excess expenditure over these sanctions till some time in the year 1868-69. That the expenditure sanctioned was being exceeded was first brought to the notice of the Government of India, on 29th September 1869, by the Government

\* The estimate for the Male Asylum was subsequently reduced to Rs. 8,94,137.  
Progs., Military, April 1869, Nos. 25-6.  
Forwarded with Public Works Despatch No. 102, dated 7th August 1869.

of Madras, in a statement sent in reply to a call for one giving a comparison of sanctions and cost of works; and the interval between the submission of the estimates early in 1867 and this date, forms a third period in which no action was necessary on the part of the Government of India, as no excess was being incurred to its knowledge. During this interval (in May 1869) the Government of India, on learning that the commencement of the female branch had been sanctioned, the estimates not having been submitted, directed that work should be suspended pending regular sanction, unless the estimates had been already despatched; and here attention may be drawn to the fact that during all these years Controllers in Madras and Bombay were not, in common with those of other provinces, obliged to report items of irregular expenditure, which consequently did not come before the Government of India until the annual accounts were submitted long after the close of each year, and therefore the excess incurred in 1868-69 would not, in ordinary course, have become known to the Government of India till a later date than that on which it did actually become known. The regular report of such items in these two provinces was first proposed in Resolution No. 599-601 A, dated 26th July 1869, paragraph 6.

Proceedings, August 1869, No. 13.  
Forwarded with Public Works Despatch No. 164,  
dated 15th December 1869.

12. The fourth period commences on 29th September 1869, when, as above shown, it was known that the sum sanctioned for expenditure had been exceeded. On 6th October 1869, explanation was called for of the large excess outlay (Rs. 7,72,148 against a sanction of Rs. 5,34,152) which had been incurred up to July 1869. A few days later, in resolution No. 50 A-G, dated 29th October 1869, on the Madras appropriation and outlay account for 1868-69, attention was specially drawn to the paragraph of the Accountant-General's report which referred to the excess expenditure to the end of that year. On 2nd February 1870, the Madras Government replied to the former of these references, saying that the submission of the required explanation was delayed pending the receipt of further information from the Superintending Engineer. With Madras letter No. 879, dated 29th March 1870, a statement was received shewing that the expenditure up to end of November 1869 had been Rs. 8,33,794, and with its No. 886, dated 30th March 1870,\* a revised estimate for the male asylum, amounting to Rs. 4,96,475, was submitted,

\* Progs, Military, May 1870, Nos. 106-8.  
Forwarded with Public Works Despatch No. 31,  
dated 27th February 1871.

and it then became known for the first time that work had been begun, besides that on the male asylum. Sanction to the estimate was refused pending explanation as to the responsibility for excess on that building, and it was specially asked if any of the

† See No. 531B-M, dated 22nd May 1870.  
Progs, May 1870, Nos. 106-8.  
Forwarded with Public Works Despatch No. 31,  
dated 27th February 1871.

remaining excess was on account of expenditure on the female asylum after the receipt of the orders of Government stopping work on it.† This letter seems to have been considered as an order to stop work, for in July 1870 the Government of Madras telegraphed for permission to go on with it, which permission was refused, and ultimately (in November 1870) sanction was given to certain estimates, which again made the expenditure regular. It was the remarks made in passing these estimates which called forth the remarks made in your Grace's despatch under acknowledgment. During this fourth period, therefore, irregular expenditure was being incurred with the knowledge of the Government of India from 29th September 1869 to May 1870, when work was stopped; but in the meantime two calls, as shown above, were made for the estimates, besides an additional one in the Budget Orders of 1870-71.

13. On the whole, it seems to us that, under the old system, which did not enable the Government of India to know from the accounts the fact that expenditure was being incurred on any particular work until after the close of the year in which it took place, there was nothing to prevent a large expenditure on any work without proper sanction, if the Local Government did not carry out the rules laid down. It is a well known and long established rule that the mere fact of a grant for a work being passed in a Budget by the Government of India is no authority for the commencement of work, except on a regularly sanctioned estimate, so this is no excuse. Moreover, the exclusion of a grant, because the estimate was not previously sanctioned, would probably be of little good, as a Local Government that would infringe one rule would be likely to infringe another, and to allow of expenditure without appropriation as well as without estimate. Under that system, therefore, the position in which the Government of India was liable to be placed, and was actually placed in this particular instance, was to learn, when work was being vigorously prosecuted and a large expen-



diture had been incurred, that no proper sanction had been accorded. In such cases there are only two courses open, viz.,—

- (1.) to stop work until the required sanction has been given;
- (2.) To call attention to the irregularity, and desire the speedy submission of estimates.

The first course is rarely resorted to, and would probably often lead to ultimate waste, and the second was the one adopted on this occasion: with what success has been shown above.

14. We would further add, in conclusion, that, under the system now in force, the Controllers of Public Works Accounts at Madras and Bombay are required to report to our Government items of irregular expenditure; therefore, there is now a check upon such proceedings as are noticed above.

We have, &c.

MAYO.  
 NAPIER OF MAGDALA.  
 JOHN STRACHEY.  
 R. TEMPLE.  
 J. F. STEPHEN.  
 B. H. ELLIS.  
 H. W. NORMAN.

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Copy Public Works Despatch to the Government of Bombay, No. 9, dated 31st March 1868.

Para. 1. I have received from the Government of India copy of their Secretary's letter to the Secretary to your Government, No. 1c., of 3rd January last, commenting on the proceedings connected with the construction of the new Government House at Gunnesh Khind, near Poonah.

2. I consider it to be my duty to signify to your Excellency my entire concurrence in the observations made in that letter, and to express my regret in finding that your Government have practically set at nought the control which the Government of India are by law required to exercise over the expenditure of public money.

SIR STAFFORD H. NORTHCOTE.

Public Works,  
No. 19.

India Office,  
London, 8th February 1872.

To His Excellency the Right Honourable the GOVERNOR GENERAL OF INDIA in Council.

My LORD,

Para. 1. In the accounts of the revenue and expenditure of the Public Works Department in 1869-70 and 1870-71, transmitted with your Excellency's letter, dated the 28th of November 1871, No. 146, reference is made to the outlay incurred on the construction of the Government House at Gunnesh Khind, in the Bombay Presidency.

2. In the earliest entry on account of the work, namely, in the Budget estimate for 1865-66, its expected cost is stated at Rs. 3,55,000, a sum which appears to have been fixed upon rather with reference to the receipts available from the sale of the Dapooree estate, than to the ascertained requirements of the new building.

3. On the 5th of October 1867, the Government of Bombay forwarded estimates

	Rs.	
* Land - - - - -	11,941	
Roads and garden - - - - -	1,17,255	
Main building - - - - -	6,10,632	
Quarters for personal Staff - - - - -	27,268	
Outbuildings - - - - -	1,51,214	
Rent of Houses for Governor and Staff, since sale of Dapooree estate - - - - -	20,500	
Water supply - - - - -	14,349	
Miscellaneous - - - - -	7,025	
	Rs. 9,60,184	

for the edifice, showing an aggregate amount of Rs. 9,60,184, the details of which are given in the margin.\* It was stated at the same time that the work had already progressed too far to render any stoppage possible, with a view to a material revision of the design.

4. The extravagant scale of expenditure, and the grave irregularities of procedure in the case, were severely animadverted upon in your Secretary's letter in reply, dated the 3rd of January 1868; and, although the amount was within your competence to sanction, your Government declined to do so without a reference to the Secretary of State, though, in consequence of the inconvenience which would have been occasioned to the Governor of Bombay by a stoppage of the works, no order was made on the subject.

5. The regret with which Her Majesty's Government thereupon found that the control of the Governor General in Council had been practically set at nought by the Government of Bombay, was expressed in a despatch addressed to that Government by Sir Stafford Northcote on the 31st of March 1868, No. 9, a copy of which was at the same time forwarded to your Government, with an intimation of his concurrence in the view that it was then too late to stop the work.

6. In the Budget of 1869-70, the estimate of Rs. 9,60,184 for the Government House was followed by a supplementary entry of Rs. 15,000 for a "hospital for the establishment of his Excellency the Governor at Gunnessh Khind;" and, in your orders thereon, you directed that the outlay on this subsidiary work should be considered as part of the expenditure on the Government House, and be treated accordingly.

7. In the diary of the proceedings of the Bombay Government for December 1869, various estimates for minor works in connection with the main building were mentioned as being postponed for the present, in consequence of their being in excess of the sum allotted for expenditure during the year, although that sum had completed the amount of the revised estimate for the whole work; and your Excellency was in consequence led to request that the project might be reviewed as a whole, and be re-submitted at an early date.

8. Accordingly, in the Bombay Budget for 1870-71 the work was entered at 13 lacs, of which about 11½ had been already spent.

9. About the same time, the attention of the Government of Bombay was called by their Controller of Public Works Accounts to the fact that several supplementary estimates which had been passed had raised the cost of the new Government House from Rs. 9,60,184 to Rs. 10,25,764, for the difference between which sums the sanction of the Government of India had not been obtained.

10. Another revised estimate was, consequently, called for from the Superintending Engineer, which appears, from an entry in the Abstract of Proceedings of the Bombay Government on the 21st of October 1871, to have been submitted on the 6th of the preceding April. The amount therein shown was Rs. 16,56,559 for the main edifice, in addition to the cost of certain out-buildings and residences for some members of His Excellency's establishment, which it was proposed to treat as separate works.

11. On the 21st of October 1871, the Government of Bombay, having in the meantime received a further letter from the Secretary to your Government, recorded a resolution, stating that (omitting works which had not been commenced or received their sanction, some of which would probably not be required), the amount of the estimate had risen to Rs. 13,68,637, and the expenditure to Rs. 15,78,364\* up to the 31st of March 1871, from which date the account was to be closed, the work being considered completed. It was added, however, that the Budget provision of Rs. 25,000 in the current year was to be made available for any additional works that might be needed, which would be dealt with distinctly from the main project.

12. From this summary it appears that a work, for which an allotment of 3½ lacs was originally granted, on the express instructions of the Government of India that that amount should not be exceeded, was constructed on such a scale that the Government became committed to an expenditure exceeding 9½ lacs before any design or estimate had been approved; and that, notwithstanding the censure conveyed in the remarks of the Government of India and the Secretary of State, on the breach of rules involved in the action of the Government of Bombay, a similar course was subsequently pursued, until the expenditure actually amounted to six lacs in excess of that for which authority was so unwillingly conveyed on the former occasion; while

it has only been kept within its ultimate limit by carrying out the subsidiary works under a separate account, in opposition to your Excellency's instructions. I observe also that, at the same time that this expenditure was taking place at Gunneskhind, alterations and additions were being made to the Council House at Poona, which, in the year 1869.70, exceeded a lac of rupees.

13. I cannot refrain from expressing the grave displeasure with which Her Majesty's Government view this conduct on the part of the Government of Bombay; and I desire that they may be informed accordingly.

14. I desire to have a more detailed report upon the causes which have rendered possible such a long continued course of extravagance as regards these buildings, and an explanation of the circumstances under which successive estimates have been so greatly exceeded.

I have, &c.,  
(Signed) ARGYLL.

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Public Works,  
No. 16.

India Office,  
London, 4th February 1869.

To His Excellency the Right Honourable The GOVERNOR GENERAL of INDIA in  
Council.

MY LORD,

Para. 1. I have had before me in Council your Despatch dated 8th December (No. 184) 1868, reporting your sanction of an estimate, amounting to Rs. 17,70,648, for the building to accommodate the High Court at Calcutta.

2. In 1864 it was decided that the original rough estimate of 16 lacs for this building should be regarded as a maximum not to be exceeded under any circumstances, and the then Secretary of State expressed an opinion that this amount was amply sufficient.

3. It is, therefore, to be regretted, that this estimate should have been so greatly exceeded. I concur with your Government that it would have been injudicious, for the reasons stated, to omit the upper storey. As I observe you propose that the additional space thereby obtained, not being required for the purposes of the High Court, should be made available for some other office, I desire to be informed in due course of the determination of your Government regarding the utilization of this floor.

I have, &c.,  
(Signed) ARGYLL.

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Public Works,  
No. 35.

India Office,  
London, 18th April 1872.

To His Excellency The Right Honourable The GOVERNOR GENERAL of INDIA in  
Council.

MY LORD,

Para. 1. I have had before me in Council your Excellency's Letter, No. 20, of 16th February last, relative to the Madras Water Supply Project.

2. The case therein stated may be briefly summarized as follows.

3. When the scheme, which is of a mixed character, comprising irrigation under the Cholaveram and Red Hill Tanks, as well as the supply of the city of Madras with water for sanitary and miscellaneous purposes, was originally framed in 1866, the cost of its execution was estimated at Rs. 6,11,759, while the returns from irrigation alone were estimated at Rs. 68,568, or more than 11 per cent. on the outlay.

4. Early last year, it came to the knowledge of your Government that the first estimates of expenditure were being exceeded, and, revised estimates having thereupon been called for and submitted, it now appears that the total cost of the project will not be less than Rs. 12,25,558, or rather more than double the amount

stated in the first instance, the augmentation being due partly to rise of prices of labour and materials, but chiefly to the introduction into the plan of operations of various additions, which, being essential to its complete efficiency, ought to have been foreseen and included in it from the beginning.

5. Moreover, while the estimates of outlay have thus enormously increased, those of revenue have fallen off in still greater measure, the expected returns from irrigation having dwindled from Rs. 68,658 to Rs. 29,772, and no other item of revenue being suggested by the Madras authorities, except one of Rs. 32,000, payable by the municipality as water rate. The gross total of receipts would thus be Rs. 61,772, from which, after deduction of Rs. 16,395 for maintenance, &c., would remain a net balance of only Rs. 45,377, or no more than 3·75 per cent. on the outlay.

6. The misleading character of the original estimates is acknowledged by the Madras Government to reflect more or less discredit on all who were concerned in their preparation; but, though the engineer officers who designed the project are justly censurable for heedlessly omitting from their calculations some necessary and heavy items, it is Mr. Thornhill, who was at the time collector of the Madras district, who chiefly misled the local Government, and to whom the larger share of blame belongs. According to a statement put in by this gentleman in 1863, the extent of land irrigable from the projected works was about 15,000 acres, with an assessment of Rs. 33,385, susceptible possibly of increase to Rs. 82,160. Two years afterwards, it was pointed out by Mr Thornhill's successor in the Collectorate, that the above estimate of land was in excess by no less than 11,096 acres, the real extent being under 4,000 acres, and it was added that the difference was owing to Mr. Thornhill's having been a "rough estimate," and to its having included every acre of unoccupied assessed land, "on the supposition that there would be an unlimited supply of water, and that the whole of the land would be converted into wet," without reference to level or other circumstances.

7. I desire to be informed in what manner the displeasure with which this culpable negligence on Mr. Thornhill's part must needs have been regarded by the Madras Government has been notified.

8. Now that "the hopeful expectations entertained by the authors and advocates of the scheme have," as the Madras Government observe, "been so rudely dispelled," the question arises how the prospect for the future may be improved. You recommend that such charges for the water supply to the city should be insisted on as will render the scheme remunerative, and ensure repayment of the capital within a reasonable time; and I have no hesitation in acting on the advice. It appears that whereas at Bombay the water rate is one rupee for 1,000, and at Calcutta one rupee for 2,000 gallons, at which latter rate the demand for water is rapidly increasing, it is proposed that at Madras the quantity obtainable for one rupee shall be no less than 168,750 gallons, the total amount which would at that rate be payable by the community being only Rs. 32,000, while four lacs are paid on the same account by the inhabitants of Bombay, and considerably more than five lacs by those of Calcutta. With whatever justice it may be pleaded, that "the resources of the Madras municipality bear no comparison to those of the other Presidency cities," it is not to be supposed that a population of three quarters of a million cannot well afford to pay more than 3,200*l.* a year for water, or that they might not be required to pay much more for the supply of five thousand four hundred millions (5,400,000,000) of gallons, without being in any sense aggrieved. If the rate at present proposed, viz., one rupee for 168,750 gallons, were, as you suggest, somewhat more than doubled, so as to produce 7,200*l.* a year in all, it would still be barely one fourth of the Bombay or one fourteenth of the Calcutta rate. A rate so enhanced would, however, with the aid of the expected receipts from irrigation, yield a revenue equal to 7 per cent. on the outlay; and if from this 4 per cent. were deducted under the name of interest, 3 per cent. would remain to accumulate to an amount equal to the principal in about 21 years, at the end of which period the charge for water might, if the municipality should so decide, be abolished altogether.

9. I quite approve, therefore, of the Madras Government being enjoined by you to require that the enhanced rate in question be adopted.

I have, &c.,  
(Signed) ARGYLL.

No. 34 PUBLIC WORKS.  
GOVERNMENT OF INDIA.  
PUBLIC WORKS DEPARTMENT.  
Irrigation.

To His Grace the Right Honourable the DUKE OF ARGYLL, K. T., Secretary of State for India.

MY LORD DUKE,

Fort William, March 26, 1873.

With reference to para. 7 of your Grace's despatch, No. 35, of the 18th April last, we have the honour to forward, for the information of Her Majesty's Government, copies of the correspondence noted below on the subject of the erroneous estimate of the anticipated returns from the Madras Waterworks project.

2. Your Grace will perceive from these papers that Mr. Thornhill, the Collector of the district, as well as Mr. Fraser, the Executive Engineer, have both been exonerated from blame in the matter, the Madras Government taking on itself the responsibility of the error in having omitted to verify the calculations of the latter officer.

We, have, &c.

NORTHBROOK,  
NAPIER OF MAGDALA.  
R. TEMPLE.  
B. H. ELLIS.  
H. W. NORMAN.  
A. HOBHOUSE.  
E. C. BAYLEY.

Documents accompanying.

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|---|--|
| 1.—From Madras, No. 1,169, dated 7th August 1872, and enclosure.    | } Pros. (Irrign.) Sept. 1872, Nos. 73-5. |
| 2.—To Madras, No. 768 I, dated 9th September 1872.                  |  |
| 3.—From Madras, No. 2,521, dated 25th October 1872, and enclosure.  |  |
| 4.—To Madras, No. 1,021 I, dated 28th November 1872.                |  |
| 5.—From Madras, No. 172 I, dated 18th January 1873, and enclosures. |  |

Public Works,  
No. 54.

India Office,  
London, 4th June 1873.

To His Excellency the Right Honourable The GOVERNOR GENERAL of INDIA in Council.

MY LORD,

Para. 1. I have had before me in Council your Excellency's letter, No. 34, of the 26th March last, and papers therewith transmitted, from which it appears that, in the matter of the Madras Waterworks project, Mr. Thornhill, formerly Collector of the district, and Mr. Fraser, Executive Engineer, have both been exonerated from blame, the Madras Government taking upon itself the responsibility of having omitted to verify the calculations of the last-named Officer.

2. Under this explanation, the censure which, relying on the representation of the case originally made to me, I had passed on Mr. Thornhill, is withdrawn; and the subject might be allowed to drop, but for the singular statement with which the Madras Government have qualified their assumption of responsibility in regard to it. "At the time that the Madras Waterworks project was brought forward," they observe, "there was no one whose special duty it was to examine completely its several bearings, and to take care that all requisite information with regard both to its engineering and revenue details was duly obtained and reviewed." I had previously been under the impression that the special duty referred to devolved in all cases, not on one person only, but on a whole series of authorities; on the Superintending or

other Engineer, in the first instance, by whom the project was prepared ; then on the Chief Engineer and Secretary by whom it was placed before the Government ; and finally, on all the members of the Government individually and collectively. If this has not always been the custom, I trust that it has now become so ; but, if so, I shall be glad to be informed in what precise manner the change has been effected, the state of affairs represented as having hitherto prevailed being anything but satisfactory.

I have, &c.  
(Signed) ARGYLL.

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No. 112, PUBLIC WORKS.  
GOVERNMENT OF INDIA.  
PUBLIC WORKS DEPARTMENT.  
Irrigation.

To His Grace the Right Honourable The DUKE of ARGYLL, K.T., Secretary of State for India.

MY LORD DUKE,

Simla, 26th September 1873.

We have the honor to transmit, for information, the accompanying explanation received from the Government of Madras, on the points commented on in para. 2 of your Grace's Despatch, No. 54, of the 4th June last in connection with the Madras Waterworks project.

We have, &c.,  
(Signed)

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Public Works Department,  
Ootacamund, 8th September 1873.

No. 109.

No. 2,221.

FROM COLONEL G. W. WALKER, R.E., Secretary to the Government of Madras, Public Works Department.

To the SECRETARY to the GOVERNMENT of INDIA, Public Works Department.

Irrigation No. 9.

SIR,—I am directed to acknowledge receipt of your letter, No. 428 I, of 7th July 1873, requesting that a report may be submitted to the Government of India on the points adverted to in paragraph two of the Secretary of State's despatch, No. 54, of the 4th June.

2. In that paragraph the Secretary of State remarks that "the subject might be allowed to drop, but for the singular statement with which the Madras Government have qualified their assumption of responsibility in regard to it. 'At the time that the Madras Waterworks project was brought forward,' they observe, 'there was no one whose special duty it was to examine completely its several bearings and to take care that all requisite information with regard both to its engineering and revenue details was duly obtained and reviewed.' I had previously been under the impression that the special duty referred to devolved in all cases, not on one person only, but on a whole series of authorities; on the superintending or other engineer, in the first instance, by whom the project was prepared; then on the chief engineer and secretary by whom it was placed before the Government; and finally, on all the members of the Government individually and collectively."

3. Upon this I am to submit that to say that a particular duty devolved upon "a whole series of authorities" including "all the members of the Government individually and collectively" is to say that it did not devolve specially upon any one of those authorities; and this is all that the Government of Madras intended to affirm.

4. Arrangements have now been made for ensuring a thorough practical examination of the accuracy and value of the data, on which irrigation projects may be recommended for sanction, by the appointment of a chief engineer for irrigation whose business it is to examine and report fully on all schemes of this kind. The Madras Waterworks project was sanctioned before this appointment was made, and though several authorities were, in various degrees, responsible that no matter of importance in connection with the scheme was overlooked, there was really no one who could devote to it as a whole the time and attention necessary for such a searching examination and personal verification of the data afforded as was needful to secure this object, and now renders such mistakes as occurred in this instance virtually impossible.

I have, &c.  
(Signed) G. W. WALKER, Colonel, R.E.  
Secretary to Government.

Public Works,  
No. 63.

India Office,  
London, 27 June 1872.

To His Excellency the Right Honourable the Governor General of India in Council.

MY LORD,

PARA. 1. I have had before me in Council the letter from your Government, No. 45, of 8th April last, requesting confirmation of the sanction provisionally accorded to revised estimates submitted by the Government of Bombay, amounting to Rs. 46,54,000, for the Moota Valley Irrigation Project.

2. Of the amount in question, the greater portion has already been laid out, and the expenditure of the remainder is apparently indispensable, in order to ensure its having been laid out to good account. Practically, therefore, your Government had no alternative but to sanction the revised estimates, nor has Her Majesty's Government any but to confirm your sanction. Together, however, with this assent to the application contained in the letter under acknowledgment, I feel it incumbent on me to signify my concurrence in the general tenor of the observations made by your Government when provisionally passing the new estimates.

3. For the Moota Project, as at first prepared, and for certain additions to it made at the suggestion of your Government, the original estimate was Rs. 30,58,894, on which net annual returns, equal to nearly 10 per cent., were confidently promised. On the outlay as now estimated, the expected returns will be less than 8 per cent.; and it is, moreover, apprehended that many years must elapse before this reduced percentage will be fully realized.

4. Among the causes assigned for the augmentation of the original estimates by nearly 17½ lacs, or considerably more than 50 per cent., the principal are,—

Additions to the original design;

Enhanced rates on, and larger quantities of, work; and

Additional land compensation;

and in respect to each of these, more or less of responsibility plainly attaches to one or other of the officers by whom the project was prepared.

5. Thus, although under the first of the three heads may be included nothing which is not either an absolute necessity or a decided improvement, still the greater the necessity the more easily might that necessity have been foreseen. It may be, for instance, that, without the "water cushion" formed by the supplementary weir which has been constructed a little below the main dam, the masonry at the base of the latter would have been seriously endangered by the fall of a great river from a great height above; but, if so,—since it must have been known beforehand that there would be this fall of water,—the means of counteracting it ought to have been provided for from the beginning.

6. Under the second heading, it is observed that the actual rates for masonry have proved to be much in excess of the estimated, but for the difference, considerable as it is, there may perhaps be some excuse in the uncertainty almost inseparable from questions of the kind. In the present instance, the rates, while greatly under-estimated by Colonel Fife, were yet more over-estimated by Colonel Kennedy, being set down at Rs. 16 and Rs. 18 per 100 cubic feet by the former, and at Rs. 30 by the latter, while the real figures were Rs. 20 and Rs. 22. For the still larger excess, however, above the estimated quantity of masonry work, no such apology is admissible. It is attributed by Colonel Fife to oversight in the preparation of the estimate; but to guard against the evil consequences of such oversights is one of the chief purposes for which estimates are required.

7. A still more unaccountable error is that in the estimate for land compensation, the figures given for which have risen from Rs. 2,07,000 to Rs. 3,98,079. On reference to the early papers on the subject, it appears that some pains were taken in 1869 by Lieutenant Buckle (by whom, under Colonel Fife's instructions, the plans and estimates were originally drawn up), to procure from the Revenue Department accurate information as to the value of the land; but this only renders it the more difficult to understand how a valuation should have been made of not much more than half the proper amount.

8. I have followed your Government in adverting somewhat minutely to these particulars, because the moral to be drawn from them seems to me of general application. The Government of Bombay was very properly informed by you that "the Government of India would have hesitated to entertain the Moota Valley Project,

"if its full cost had been correctly estimated at the outset;" but recent experience, with regard both to this and to other large irrigation schemes in various parts of India, shows plainly that the importance of the utmost care in the preparation of estimates for irrigation works is far from being justly appreciated by many officers of the Public Works Department. According to present arrangements, all such works, when of any magnitude, are to be paid for out of borrowed money, but their cost is permitted to be so charged only on the understanding that it will, within a moderate period, be reimbursed out of earnings; and very serious financial embarrassment cannot fail to be frequently the result, if much more care than hitherto be not taken in collecting and examining data for the estimates on which such understanding must be based. And this additional care is required even more in respect to estimates of revenue than to those of expenditure. It is disheartening enough to find a work which had been begun in the belief that its cost would be only 30 lacs, costing more nearly 50 lacs by the time it is finished; but still more disappointing will it be to see the work, when completed, remaining for years unremunerative, because the cultivators, for whose benefit it has been designed, require to be gradually habituated, and as it were coaxed, to avail themselves of the water which they had been previously represented as most eager to use and quite willing to pay for.

I have, &c.,  
(Signed) ARGYLL.

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No. 2, PUBLIC WORKS.  
GOVERNMENT OF INDIA,  
PUBLIC WORKS DEPARTMENT.  
Irrigation.

To His Grace the Right Honourable the DUKE OF ARGYLL, K.T., Secretary of State for India.

MY LORD DUKE, Fort William, January 2, 1873.

THE remarks in your Grace's Despatch No. 63 of 27th June last, on the excess of the revised over the original estimate for the Moota Irrigation Project, have been duly communicated to the Bombay Government, and further, an extract from it has been communicated as a cautionary circular to the officers of the Irrigation Department.

2. We have now caused a return to be prepared of the comparison with the original estimates of all the principal works completed in 1871-72 throughout the Public Works Department, which we submit herewith for your Grace's information.

3. This Return shows that, of 656 works completed, 410 were within the original estimate, and in 245 the cost was in excess of the estimate. Taking the works in which there was excess together with those in which there was saving, it appears that in the case of 263 works in the Military Branch, completed at an aggregate cost of 740,091*l.*, there was, on the whole, an average saving of three per cent. on the estimates; in 121 works of Irrigation completed at a cost of 192,950*l.*, there was on the average an excess of eight per cent. over the estimates; in 156 Civil Buildings completed at a cost of 390,627*l.*, there was on the average an excess of 13 per cent. over the estimates; in 108 Road and Navigation projects, completed at a cost of 531,994*l.*, there was an excess of three per cent. on the average over the estimates; and in eight Miscellaneous projects completed at a cost of 78,333*l.*, there was a saving on the average of 12 per cent. on the estimates. Taking the whole 656 works completed at a cost of 1,934,813*l.*, there was an excess on the average of two per cent. over the estimates.

4. On the whole, we think this Return may be considered to show that the estimates of the Public Works Department are not, as a rule, unreliable.

We have, &c.,  
(Signed) NORTHBROOK.  
" R. TEMPLE.  
" B. H. ELLIS.  
" H. W. NORMAN.  
" A. HOBHOUSE.  
" E. C. BAYLEY.



## ENCLOSURE to Despatch No. 2, Public Works.

General Abstract showing Cost of Works completed during 1871-72, compared with original sanctioned estimated Cost.

	Works executed for less than original estimated cost.					Works executed for more than original estimated cost.					Total.				
	No.	Aggregate Amount of Estimates A.		Difference.	Percentage of difference to A.	No.	Aggregate Amount of Estimates B.		Difference.	Percentage of difference to B.	No.	Aggregate Amount of Estimates C.		Difference.	Percentage of difference to C.
		Rs.	Rs.				Rs.	Rs.				Rs.	Rs.		
Military -	178	52,83,315	47,34,808	5,48,507	10	85	28,68,816	26,74,806	3,05,490	12	263	76,52,181	74,09,114	+ 2,43,017	3
Agricultural -	62	6,19,885	5,52,540	67,345	10	59	11,62,086	13,76,959	2,14,873	18	121	17,81,971	19,29,499	- 1,47,528	8
Civil Buildings -	95	9,98,004	9,30,070	62,984	6	61	24,57,047	29,76,201	5,19,154	21	156	34,50,051	39,06,271	- 4,56,220	13
Communications -	69	19,51,973	17,52,779	1,99,194	10	39	31,81,822	35,67,156	3,85,334	12	108	51,83,795	53,19,985	- 1,86,140	3
Miscellaneous Public Improvements.	6	8,24,004	6,91,090	1,32,914	16	1	74,019	82,224	8,205	11	8	8,98,028	7,88,314	+ 1,14,709	15
Total -	410	96,72,181	86,61,287	10,10,894	10	245	92,48,790	1,06,76,846	14,38,056	15	656	1,89,15,971	1,98,48,183	- 4,32,162	5

COPY Public Works Despatch to the Government of India, No. 20, dated 27th February 1873.

MY LORD,

1. Your Excellency's despatch, No. 2, of 2nd January last, acknowledging receipt of my despatch, No. 63, of 27th June preceding, on the subject of the excess of the revised over the original estimate for the Moota irrigation project, was accompanied by a comparative statement of the estimated and actual cost of all the principal works completed in 1871-2 throughout the Public Works Department, which statement you observe "may, you think on the whole, be considered to show that the estimates of the Public Works Department are not, as a rule, unreliable."

2. However just this inference may in itself be, I do not perceive its relevancy to the point in connection with which it is stated.

3. The remarks in my despatch of 27th June referred solely to irrigation works, and although from the statement furnished it would appear that on 656 works of all descriptions, i.e., buildings, military and civil, roads, irrigation, navigation, and miscellaneous undertakings, completed at an aggregate expense of about two millions sterling, the excess of actual above estimated outlay had been on an average only 2 per cent., yet on the 121 works of irrigation comprised within the larger total, the corresponding excess had averaged 8 per cent. Besides, the entire cost of these 121 irrigation works was only 191,950*l.*, which, even if it had been all saving instead of outlay, would not have very much more than covered the excess over originally estimated expenditure in the single case of the Moota project, which had immediately suggested my remark that "the importance of the utmost care in the preparation of estimates for irrigation works is far from being justly appreciated by many officers of the Public Works Department."

I have, &c.

(Signed) ARGYLL.

No. 88 I.

GOVERNMENT OF INDIA.  
PUBLIC WORKS DEPARTMENT.  
Irrigation.

To His Grace the Right Honourable the DUKE OF ARGYLL, K.T., Secretary of State for India.

MY LORD DUKE,

Simla, August 12, 1873.

WITH reference to the despatch addressed to your Grace by the Government of Bombay, No. 25, of the 6th June last, we have the honour to transmit, for the information of Her Majesty's Government, copy of the orders passed by us on Colonel Fife's explanation of the increase of the estimates of the Moota project, and on the proposal to extend the canal to Wurwund, 57 miles beyond Poona.

2. It will be seen that we have considered the reasons put forward as sufficient to justify us in according our sanction to the extension.

We have, &c.

NORTHBROOK.  
NAPIER OF MAGDALA.  
R. TEMPLE.  
B. H. ELLIS.  
H. W. NORMAN.  
A. HOBHOUSE.  
E. C. BAYLEY.

Document accompanying.

- 1.—Letter to Government of Bombay, No. 516, dated 11th instant.

No. 516 L  
GOVERNMENT OF INDIA.  
PUBLIC WORKS DEPARTMENT.  
Irrigation.

To the Acting Secretary to the Government of Bombay Public Works Department.

SIR,

Simla, August 11, 1873.

YOUR letter No. 252 I—1250 of the 26th May last, and accompaniments, in regard to the Moota project, having been duly submitted for the consideration of His Excellency the Governor General in Council, I am desired to communicate the following observations thereon.

2. First, in regard to Colonel Fife's explanation of the serious increase of the estimates, which called forth the strictures of the Government as well as of the Secretary of State. I am to remark that while the Government of India in its review,\* of the revised estimates for the project in April 1872 admitted a portion of the excess over the original estimate to be due to its

orders directing the enlargement of the reservoir, it considered that the greatly increased quantities which were found to be necessary as the works progressed, ought to have been foreseen. With the information before it at the time, no other conclusion was possible; but His Excellency in Council admits that the further explanation, now submitted by Colonel Fife, exonerates the officers concerned, inasmuch as it appears that great pains had been taken to ascertain the nature of the rock on which the dam was to be founded, and His Excellency considers, therefore, that Colonel Fife is entitled to be relieved of the strictures passed on this portion of the proceedings in regard to the work.

3. The explanation as to the increase in rates is, however, scarcely so satisfactory, for even supposing that the failure of the material in the immediate neighbourhood of the work could not have been foreseen, His Excellency in Council still thinks it would have been wiser to have adopted the higher rates recommended by Colonel Kennedy, the more especially that Colonel Fife now admits (paragraph 3) that while framing the original estimates, he was aware that much higher rates than those assumed therein, were being paid on works in progress in Khandeish.

4. On the second point, I am to observe that in letter No. 15 I of the 13th January last, the Government of India ordered the scheme to be restricted to Poona, "pending a re-consideration thereof more especially with regard to the data on which the estimated returns were based." On the recommendation of Colonel Fife, the Bombay Government now request sanction to carry the canal to Wurwund, 57 miles beyond Poona. The grounds of the proposal appear to be as follows:—

The cost of the scheme as far as Poona is estimated at	-	-	Rs.	36,79,385
made up thus:—				
Expenditure to end of last February	-	-	Rs.	27,69,640
Further estimated expenditure	-	-		2,74,926
Cost of piping and other arrangements for distribution	-	-		8,29,701
Establishment	-	-		3,05,118
		Total	-	<u>36,79,385</u>

The interest on this sum taken at only 4 per cent, (Rs. 1,47,175), and the cost of maintenance (Rs. 25,000), will constitute an annual charge of Rs. 1,72,715, while the receipts as detailed in paragraph six of your letter will amount to only Rs. 1,47,400, so that there will be an annual deficit, according to these calculations, of Rs. 25,315.

	Rs.
Gross revenue anticipated (paragraph 7 of letter) - - -	3,01,825
Maintenance charges - - -	44,782
Net Revenue	- 2,57,043
Deduct annual loss on line above Poona - - -	25,315
* Interest on Rs. 12,36,447, @ 4 per cent. - - -	49,457
	74,772
Net Balance	- 1,82,271

5. If, however, the canal is carried on to Wurwund as proposed at a further estimated cost of Rs. 12,36,447, there will probably be an eventual net revenue of Rs. 2,57,043, of which three-fourths will be available annually for the repayment of the capital outlay.

6. These calculations are not precisely correct, for interest should be reckoned at the rate of  $4\frac{1}{2}$  per cent as ordered in Circular No. 68 of 9th November 1871, and no provision appears to have been made in the account for either tools and plant, or "repairs pending the completion of the works;" moreover, it does not seem advisable to omit from the estimates the provision for distributary

channels, for only lately in one of the projects carried out in Bombay, the Kistna Canal, it was found that unless distributaries were made by Government, the people would not or could not avail themselves of the water.

7. Notwithstanding these omissions, it is clear that the further outlay contemplated by the extension to Wurwund will materially improve the prospects of the entire scheme, and the Governor General in Council is therefore pleased to sanction the extension proposed.

8. The water-rates assumed are believed to be reasonable for that part of India, and it is hoped will, without difficulty, be realized.

9. The sum to be paid by the municipality of Poona is so small that a re-consideration of this source of revenue seems necessary, and the Government of India will be glad to receive a further report as to the possibility of raising an additional income therefrom.

10. In paragraph 24 of his report, Colonel Fife remarks that there are constructive difficulties which will prevent the restriction of the height of the dam to the full extent (15 feet) desired by the Government of India, owing to its not being possible to force the surplus water through the waste-weir channel, unless the dam be raised five feet higher. This is not quite understood, as in the original project the dam was intended to have been 15 feet lower, but if it be really more economical to give the additional five feet to the weir, the Government of India will not object to that increased height being given.

11. Referring to paragraphs 3 and 4 of your letter, I am to say that the Governor General in Council is not prepared to admit the correctness of the remarks made therein, for, apart from the question whether the scheme had not, for all practical purposes, been sufficiently matured to warrant its commencement, the very strong terms in which on sanitary grounds connected with the troops, the Government of Bombay deprecated any delay, were sufficient to induce the Government of India to accord an early approval to the commencement of the work.

12. With these remarks, I am to request the submission for formal sanction of a corrected abstract of expenditure, together with a full and detailed estimate of the returns to be expected.

13. A copy of this letter will be forwarded to the Secretary of State for information.

I have, &c.,

Colonel, R.E.,  
Depty. Secy. to the Govt. of India.

Public Works,  
No. 114.

India Office,  
London, 18th December 1872.

To His Excellency The Right Honourable The GOVERNOR GENERAL OF INDIA in Council.  
MY LORD,

Para. 1. I have received and considered in Council Your Excellency's Letter, No. 112, of 9th September last, reporting proceedings relative to a scheme for enlarging the Chembrumbaukum tank, distant 17 miles from the city of Madras, and described as one of the finest and largest tanks in the Madras Presidency.

2. A previous scheme for the same purpose, whereof the cost was estimated by the Madras Government at  $3\frac{1}{2}$  lacs, but was expected by your Government to become more nearly six lacs, was sanctioned in the autumn of 1867, in full confidence apparently that the annual returns, being calculated by the Madras authorities at about 20 per cent. on the amount of the smaller estimate, would not fail to be at least nine per cent. on that

of the larger. According to this earlier project, an addition of 16 feet was to be made to the height of the bund (more than four miles long) by which the tank is sustained, the capacity of the tank being thereby raised from 55 to 196 millions of cubic yards, and means of irrigation provided for a greatly extended area. Subsequently, however, to the sanctioning of this project, it was discovered to be vitiated by two serious errors, and the consequence is that it has been abandoned, although not until after an expenditure upon it of Rs. 1,11,141, or about 11,000%, and that, in substitution for it, the present plan, which is to add only six instead of sixteen feet to the height of the tank, and the annual returns from which are expected to be under five per cent. on the estimated outlay, has been submitted by the Madras Government, and sanctioned by Your Excellency's Government, without apparently any hesitation except on one point of very secondary interest.

3. Your Government has ruled that to the cost proper of the new scheme, estimated at Rs. 3,02,859, shall be added the Rs. 1,11,141 "expended in prosecuting the original scheme on erroneous data," thereby raising the total to Rs. 4,14,000, and reducing to only 4.21 the expected per-centage of net revenue, and also that of this total the sum of Rs. 1,94,964, already expended from loan funds, may continue to the same debit as a special arrangement, but that the balance must be provided from the ordinary grants of the province. The principle by which you have been guided in thus deciding, instead of acceding to the proposal of the Madras Government that the actual cost of the new scheme should be borne by extraordinary, and the money wasted on the old scheme refunded from ordinary, funds, is not explained; and I do not myself perceive how any part of the expenditure can, consistently with the rules in force, be treated as extraordinary, seeing that no portion of it is expected to yield even so much as five per cent. of annual profit. On the other hand, if, as appears to be the case, what is called the "six feet" be quite distinct from, and independent of, the abortive "sixteen feet project," to charge the new project with money wasted on the old one cannot but have the effect of making the six feet project appear an even less profitable investment than it really is. These, however, are comparatively unimportant questions, from which I pass to one of considerably greater consequence.

4. The two serious errors mentioned as having been committed in the original project were to the following extent.—1. That the contour of the proposed full level of the lake, "instead of reaching only up to or a little beyond where the trunk road crosses the new Bungairo, really passed through the depression at that point, and then spread out so as to submerge 2,130 acres of land," of which 1,770 were worth at least Rs. 200 per acre, so that their purchase would of itself have necessitated an extra outlay of Rs. 3,54,000, or more than the whole amount of the original estimate. 2. That the drainage basin which had been depended upon as the main source for the future increased water supply, so far from sufficing to fill the enlarged tank, has not, in more than one out of three consecutive years of actual observation, furnished more than one fourth of the quantity needed to fill even the existing tank. As to how it was that Mr. W. Fraser, the Executive Engineer by whom the scheme was drawn up, came so extraordinarily to mistake the contour of the projected lake, nothing is said in your Excellency's letter under reply, or in its enclosures, possibly because the fact was perceived to admit of only one explanation. For the over-estimate of the water supply, however, some excuse is suggested in a note drawn up, under date 30th November 1870, by Major Mullins, at that time Chief Engineer for Irrigation to the Madras Government. This note is not to be found among the papers by which your Excellency's letter under reply was accompanied, but I have had portions of it extracted from the printed volume of Madras Public Works consultations for the first quarter of 1871, and appended for facility of reference to this despatch. In the language of the note, "Mr. Fraser's argument with reference to the data at his disposal was fair enough." Moreover, "he took pains to ascertain from rainfall and revenue records what the facts were, and no better data were then to be had." Yet, as Colonel Mullins proceeds to intimate, Mr. Fraser did not trouble himself to collect data with reference to the particular drainage basin really in question, but contented himself with the records of rainfall of the Madras Observatory, a locality at least 17 miles distant from the nearest point of the tract of country draining towards the tank. If he had been at the pains of making proper inquiries on the spot, he could not have failed to learn, as Colonel Mullins himself subsequently did, that "considerable falls of rain might occur at Madras without the tank getting more than a nominal amount of water;" and also that in no more than eight out of twenty-one consecutive years had the tank received enough water to allow of any passing over its surplus weirs. Neither, in that case,

could he easily have failed to perceive that the tank did not really require enlarging at all, for that, if filled to the extent of its present capacity, its contents would be more than sufficient to irrigate the whole of its *ayacut*, or of the cultivable land commanded by it.

5. I have no desire to press with special severity on Mr. Fraser. The proceedings of his under review are spoken of by the chief adviser in irrigation affairs of the Madras Government in terms rather of commendation than otherwise, and have not been visited with one word of censure by either that Government or the Government of India. Presumably, then, they were characterised by no greater remissness than any officer of the Department might be guilty of, without thereby forfeiting his claim to have acquitted himself fairly well. It is apparently not so much himself as the system that was to be blamed. But, if so, no condemnation can be too severe for a system, according to the ordinary routine of which it is possible for a project to be submitted with all the parade of detailed elaboration and of no less than 23 sheets of plans, for an expenditure thereon of  $3\frac{1}{2}$  lacs to be authorised on the assumption that the annual return would be at least 9, and might be 20 per cent., and for the project to be, after an interval of three or four years, abandoned on account of its containing inherent defects that would inevitably cause the result of its continued prosecution to be, instead of high profit, heavy loss, yet not abandoned without more than 11,000% being expended subsequently to the detection of these glaring and fatal defects. For that this is no exceptional case is clear from the fact of my having, within the last few months, found myself called upon to animadvert on similar heedlessness in the preparation of irrigation projects, in three several instances,—those of the Moota Valley, the Madras Water Supply, and the Orissa Works, with regard to each of which confident promises of signal financial success were at first held out, and of which one has already proved; and the other two threaten to prove, and long to continue, signal financial failures. There must plainly be something radically wrong in a system under which such results are of such frequent occurrence, and I must desire your Excellency's Government to give to the subject your immediate and most serious attention, with a view to the application of a proportionately radical remedy. Recent disclosures are, I confess, causing me to contemplate, with no small apprehension, the possible consequences of the large extension of works of irrigation on which the Indian Government is engaged, and of the wisdom of which I had previously entertained no doubt. Several irrigation schemes on a gigantic scale are already in process of execution, and many more are in preparation, which, it was sanguinely hoped, would benefit the people of India, not more by their direct influence in agriculture than indirectly by causing a largely augmented flow into the national exchequer, but, unless very much more thought has in general been bestowed upon them than those specially adverted to above would seem to have received, it is only too probable that the thirty millions sterling which have been provisionally accepted as the amount in round numbers required within the current decade for the extension of irrigation, may eventually prove to have been expended, not in diminution, but in augmentation of the national debt of India.

I have &c.,  
(Signed) ARGYLL.

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No 22, PUBLIC WORKS.  
GOVERNMENT OF INDIA.  
PUBLIC WORKS DEPARTMENT.  
Irrigation.

To His Grace the Right Honourable the DUKE of ARGYLL, K.T., Secretary of State for India.

MY LORD DUKE,

Fort William, February 12, 1873.

We have the honour to acknowledge your Grace's Despatch, No. 114 (P W), dated 18th Decembrr last, in which, after commenting specially on the errors in the estimates connected with the additions to the Chembrumbaukum Tank near Madras, your Grace takes occasion to remark generally on the estimates for irrigation works, with reference to the failure to realize immediately the expected returns in the cases of the Moota project, the Madras water supply, and the Orissa works; and suggests that

there must be something wrong in a system under which such results are of such frequent occurrence.

2. We shall communicate your Grace's remarks on the proceedings in the Chembrumbaukum case at once to the Government of Madras, and shall circulate to Bombay, and the other Local Governments, your Grace's observations, in view to the exercise of every precaution in submitting projects for irrigation works in future.

3. We desire now to assure your Grace that the subject of the reliability of estimates of the cost, and probable returns from irrigation works, has already engaged our attention very largely. On the occasion of the present Viceroy's recent visit to the Bombay Presidency, including Sindh, his Excellency discussed the matter fully with the local authorities, and the result was the abandonment and curtailment of several projects as already reported in our Despatch No. 8, dated 13th January last. The Governor of Madras has lately visited the Viceroy in Calcutta, and the subject has also been discussed between their Excellencies in regard to the works of the Madras Presidency. We believe that your Grace may fully rely on the best exertions of the Governments of Bombay and Madras to support the desire of Her Majesty's Government for the fullest scrutiny and greatest caution being observed in regard to irrigation projects for the future.

4. In regard to the Lieutenant Governorship of Bengal, your Grace is already aware from the correspondence forwarded relating to the Orissa scheme, how careful Mr. Campbell has been to dispel any ideas that may have been entertained of the rapid realization of revenue from those works, and we have no doubt that his Honour will be equally cautious in any other cases in which projects may be submitted to him to obtain the sanction of our Government or of your Grace.

5. In the drier climates of the North Western Provinces and the Punjab, there is less risk of over-sanguine estimates, and there are reliable examples of more or less successful irrigation works to guide the Local Governments and ourselves. In the Central Provinces and other local administrations, we shall take care that whatever works are undertaken shall be so carefully investigated and so limited in expenditure as to risk no sum that may not reasonably be laid out in trying to establish irrigation where it is apparently much wanted.

6. Your Grace will have seen an example of our caution in this matter in the postponement of the Sardah Canal Works reported in our Despatch No. 19, dated 4th instant.

7. We do not think that any change of system in the submission and sanctioning of projects is called for. We must rely primarily on the care of the Local Governments, and we shall be sorry to do anything to impair their primary responsibility for the correctness of the estimates, both of capital outlay and of revenue, made by their own officers. We further employ our Inspector-General of Irrigation to review engineering details, so as to carry to one province the experience gained in another. Mistakes in carrying out a large series of operations may no doubt occur. All we can do is to enjoin caution, and exercise ourselves the greatest care. We hope that the results of our operations on the whole will not be found otherwise than beneficial both to the Government and the country.

8. Before concluding however, we wish to record one remark as regards the profits of irrigation works. That is, that in no case, even the most favourable, can it be expected that the income realized will pay immediately interest on the capital spent. In every case there must be a period of growth during which charges for interest on capital will accumulate against the work. Where water is scarce, and irrigation well understood by the people, this period may be short; where, on the other hand, irrigation is new to the people, and water comparatively plentiful, the period will be long. The Ganges Canal which on the average of the last five years has paid over five per cent. on its capital, was 12 years before it began to realize so much as four per cent. The Orissa works which, had they been constructed sooner, might have saved half a million of people from death in the famine of 1866, will doubtless take much longer before they will realize even this rate of interest. Lord Mayo's Government saw reason to accept Colonel Rundell's estimate of the probable ultimate returns from those works, but expressed no opinion as to when such returns would begin to come in. But the anxiety of Lord Mayo's Government for legal power to enforce a compulsory rate was an emphatic expression of the belief, that, without such a rate, a long period of slow growth

of revenue from irrigation works could not be avoided. We wish that this should be fully understood. For if the result of our expenditure were to be judged of by the immediate returns, the effect might be to deprive the country of extensions of irrigation essential to the prevention of famine and to the progress of prosperity.

9. As an instance of this, we may draw attention to the accompanying copy of papers lately received from the Government of Bengal in regard to the Orissa works. Mr. Campbell forwards, with strong commendation and an expression of concurrence, a memorandum, in which Colonel Haig shows that, even in a season of very plentiful rain, the use of artificial irrigation in parts of Orissa doubles the produce of the rice crops. Thus it is clear that as soon as the cultivators realize this fact, irrigation must extend, and the works must pay. The period which will be required for the spread of this knowledge may be long, but its ultimate spread is certain. Meanwhile, the loss of interest is not a heavy price to pay for insurance against a repetition of the calamity of 1866.

We have, &c.,  
NORTHBROOK.  
R. TEMPLE.  
B. H. ELLIS.  
H. W. NORMAN.  
A. HOBHOUSE.

*Documents accompanying.*

Letter from the Government of Bengal,  
Public Works Department, Irriga-  
tion Branch, No. 12 I, dated 6th  
January 1873, and enclosures.

Public Works,  
No. 29.

India Office,  
London, 31st March 1874.

To His Excellency the Right Honourable the GOVERNOR GENERAL of INDIA in Council.  
MY LORD,

Para. 1. I have received your Excellency's letter, No. 24, of 4th of February last, reporting the completion and opening for traffic of the Kanhan Bridge at Kamptee, at a total cost, inclusive of  $6\frac{1}{2}$  miles of new road, of Rs. 12,48,394.

2. The history of this undertaking reflects but little credit upon any of the officers concerned. In my Despatch, No. 38, of the 24th of July 1866, I had occasion to animadvert on the inefficiency and carelessness of those in charge of the original unfinished work, when an accident occurred which led to its abandonment, after an expenditure upon it of Rs. 1,57,561, of which Rs. 1,14,153 was entirely lost. Had a proper examination been then made of the bed of the river at the new site selected, before a revised project was submitted, much of the expenditure which the latter has involved would in all probability have been saved. My assent to the preference for a masonry instead of an iron bridge was given in the belief that there would be no great difference of expense between the two; but it was soon afterwards discovered that this belief had been arrived at on very inadequate data, for in 1869 you found it necessary to sanction a second revised estimate exceeding that of 1866, by nearly 100 per cent., nor did this even suffice, the total actual outlay having exceeded the revised estimate by nearly the same amount as that by which the second estimate exceeded the one that preceded it. Now that the bridge is at length finished, the entire cost of itself and its approaches has been nearly 12½ lacs, an expenditure which, as your Excellency is aware, is considerably in excess of what your Government is competent to sanction for a single undertaking.

3. What were the causes of the excess over the last revised estimate is not stated, and the fact of its having taken place without authority also seems to require explanation, since, if your order of the 26th July 1869 had been duly attended to by the local Controller of Public Works Accounts, intimation of the probability of the large irregular expenditure must have been received by your Government in time to allow of its being stopped.

( 29 ) •

4. Under all the circumstances, I cannot but think it surprising that when, in November last, the Chief Commissioner of the Central Provinces reported the Kanhan Bridge to be finished and open for traffic, the reply of your Government should have been limited to a simple expression of satisfaction at the successful completion of so important a work; and I must further express my opinion that, unless some practical mark of your displeasure is inflicted upon those who are responsible for so grave a miscalculation, errors of this discreditable kind will continue to be committed.

I have, &c.,  
(Signed) SALISBURY.



EAST INDIA (PUBLIC WORKS).

RETURN of CASES in which the EXPENDITURE on PUBLIC WORKS in INDIA has been considerably IN EXCESS of the original Estimates during the years from 1863 to 1873; and, COPY of any DESPATCHES from the INDIA OFFICE calling the attention of the GOVERNMENTS of INDIA to the same.

*(Lord George Hamilton.)*

Ordered, by The House of Commons, to be Printed,  
12 June 1874.

EAST INDIA (TRANSPORTS).

15.

RETURN to an Address of the Honourable The House of Commons,  
dated 4 August 1873;—for,

“RETURN of Cost, Tonnage, Power, and Consumption of Coal, also Expense  
of Service, of the TRANSPORTS ‘SERAPIS,’ ‘CROCODILE,’ ‘MALABAR,’  
‘JUMNA,’ and ‘EUPHRATES’ (in continuation of Parliamentary Paper,  
No. 361, of Session 1873), for the Year 1870-71.”

“And, similar RETURN for the Year 1871-72.”

India Office, }  
5 August 1873. }

T. T. PEARS,  
Military Secretary.

(Colonel Barttelot.)

Ordered, by The House of Commons, to be Printed,  
18 June 1874.

YEAR 1870-71.

RETURN of Cost, Tonnage, Power, and Consumption of Coal of the TROOP SHIPS "SERAPIS," "CROCODILE," "MALABAR," "JUMNA," and "EUPHRATES," showing also the Expense of conducting the Service in conveying the INDIAN RELIEFS to and from India during the Season 1870-71.

PARTICULARS REQUIRED.	"SERAPIS."	"CROCODILE."	"EUPHRATES."	"JUMNA."	"MALABAR."	REMARKS.
<b>DESCRIPTION OF TROOP SHIP.</b>						
1. Tonnage - - - - -	4,173	4,173	4,173	4,173	4,173	
2. Builder - - - - -	Thames Iron Ship Building Company.	Messrs. Money Wigram & Sons.	Messrs. Laird Brothers.	Messrs. Palmer Brothers & Co.	Messrs. R. Napier & Sons.	
<b>TROOP SHIPS—ENGINES.</b>						
3. Description of Engines - - - - -	Horizontal direct	Horizontal direct	Horizontal direct	Horizontal three cylinders.	Horizontal direct	
4. Makers' Name - - - - -	Messrs. Humphreys & Tennant.	Messrs. Humphreys & Tennant.	Messrs. Laird Brothers.	Messrs. Maudslay, Sons, & Field.	Messrs. R. Napier & Sons.	
5. Nominal Horse-Power - - - - -	700	700	700	700	700	
6. Mean Speed at Measured Mile - Full Power	13.378	14.003	14.718	14.656	14.670	These ships are fitted with superheating apparatus and surface condensers.
7. Ditto - - ditto - - - Half Power	No trial - -	No trial - -	11.623	11.771	12.248	
8. Indicated Horse-Power at Measured Mile - Full Speed	3698	4044	4989.7	4893.6	4893.4	
9. Ditto - - ditto - - - Half Speed	No trial - -	No trial - -	2078.8	2466	2645.1	
<b>COST OF TROOP SHIPS.</b>						
10. Cost of Ships - - - Ready for Service	£. 206,266	£. 205,366	£. 210,126	£. 211,263	£. 210,201	
10a. Expenses in addition to the foregoing, incurred in the case of the "Serapis" and "Crocodile" until 31st March 1867, and for the "Euphrates," "Jumna," and "Malabar," until their arrival in India; being in the first two instances, Pay and Allowances, &c. of Officers and others whom it was considered expedient to appoint to the Ships before they were complete; and in the remaining cases of Pay and Allowances of Officers and Crews, Messing and Victualling, and General Cost of Navigation of the three Ships from England to India - - - - -	897	807	15,157	18,058	15,716	

292.

Ships, and Results of the Troop Season, 1870-71.		European	European	Indian (a)	Indian (b)	Indian (c)
11. On which side of the Isthmus stationed	- - -	European	European	Indian (a)	Indian (b)	Indian (c)
12. Mean Speed of each Ship for the Season	- - -	8-961 knots	9-004 knots	8-667 knots	8-719 knots	8-006 knots.
13. Total Distance run by each Ship for the Season	- - -	23-563 - (c)	26-103 - (d)	23-904 - (e)	17-991 - (f)	18-606 - (e).
14. Total Coals consumed by each Ship for the Season	- - -	6,239 tons	5,675 tons	8,005 tons	6,175 tons (g)	6,558 tons.
15. Average Number of Troops carried each Voyage, distinguishing Officers, &c. :	Officers	46	54	50	51	49
	Ladies	19	12	13	11	13
	Children	12	11	11	13	8
	Female Servants	2	2	2	2	1
	Second Class Passengers, viz.:					
	Male	1	1	1	1	1
	Female	1	-	1	1	2
	Children	2	-	1	1	4
	Staff Serjeants	9	10	9	11	10
	Women	7	7	7	8	6
	Children	12	14	15	13	11
	Troops	915	864	809	918	878
Women	71	82	77	88	68	
Children	94	121	113	117	101	
16. If any breakdown of Hull or Machinery, state cause, number of days' delay, and probable expense of reft or alterations, and if alterations are paid for by Admiralty or Contractor :						
Breakdown of Hull	- - -	Nil	Nil	Nil	Nil	Nil.
Breakdown of Machinery	- - -	See Remarks *	Nil	Nil	Nil	Nil.

(a) "Euphrates" and "Maison" on the last homeward voyages of the season came through the Suez Canal and brought troops to Portsmouth.

(b) "Jumna" at the commencement of the season went out through the Suez Canal, embarked a few troops at Portsmouth, and at Suez received the troops which "Crocodile" had taken to Alexandria from Bombay.

(c) Inclusive of voyage on which screw shaft broke, and assistance was rendered by the "Crocodile."—(See Remarks at Item 16).

(d) Inclusive of voyage from Malta to Alexandria and back, when taking on the troops transferred from the "Serapis."

(e) Inclusive of voyage home with troops through Suez Canal.

(f) Inclusive of voyage from England to Suez through the Canal to commence season.

(g) Inclusive of coal consumed on voyage from England to Suez through the Canal to commence season.

\* On the last outward voyage of the "Serapis" in March 1871, her main screw shaft broke shortly after leaving Malta, and she was compelled to put back in tow of the "Crocodile" (and partly in that of the S.S. "Diomed"); her troops were then transferred temporarily to the "Crocodile," which proceeded with them to Alexandria. A delay of 18 days in the performance of the Troop Service resulted from this accident. The cost of making good defects at Malta Yard was 261 £, and the sum of 2,000 £ was paid to the owner of the "Diomed" for the assistance rendered to the "Serapis," both sums being borne by the Crown.

TO AND FROM INDIA DURING THE SEASON 1870-71.

Return of Cost, Tonnage, Power, and Consumption of Coal of the Troop Ships "Serapis," "Crocodile," "Malabar," "Jumna," and "Euphrates," &c. - continued.

PARTICULARS REQUIRED.	OUT.	HOME.	TOTAL.	REMARKS.	
<b>Further Particulars respecting the Troop Ships, and Results of the Troop Season, 1870-71—continued.</b>					
Officers - - - - -	424	403	827	<p>Exclusive of the details conveyed in the "Malabar" from Bombay to Beypore on the second homeward voyage, of the 3rd Battalion Rifle Brigade, &amp;c., conveyed in the "Euphrates" from Bombay to Aden on the fourth voyage, and of a small number of passengers (523) conveyed for Imperial Service.</p> <p>On the voyages outward the deaths were, 4 adults and 12 children; and 3 children were born. On the voyages homeward the deaths were 25 adults and 21 children, and 11 children were born; making a total of 62 deaths and 14 births.</p>	
Ladies - - - - -	111	96	208		
Children - - - - -	69	121	181		
Female Servants - - -	21	6	28		
2nd Class Passengers, viz.:—					
Male - - - - -	4	16	20		
Female - - - - -	6	12	18		
Children - - - - -	4	30	34		
Staff Serjeants - - -	69	91	159		
Women - - - - -	60	52	112		
Children - - - - -	85	110	204		
Troops - - - - -	7,827	6,516	14,343		
Women - - - - -	703	533	1,236		
Children - - - - -	783	1,010	1,793		
<b>Total Number of Officers, Troops, &amp;c. conveyed during the Overland Season, 1870-71</b>	<b>10,156</b>	<b>9,003</b>	<b>10,159</b>		
Equivalent to Adults - - - - -	- - - - -	- - - - -	18,053		
Average each Voyage - - - - -	- - - - -	- - - - -	1,062		

RETURN RELATIVE TO THE OVERLAND TROOP TRANSPORT SERVICE

PARTICULARS REQUIRED.	"SERAPIS"	"CROCODILE"	"EUPHRATES"	"JUMNA"	"MALABAR"	REMARKS.
Cost of Working the Troop Ships and Victualling, &c. the Troops:—	£.	£.	£.	£.	£.	
18. Total Value of Stores expended on Hull, Engines, &c. for the Season.	5,065	5,304	8,070	10,205	3,085	The sums shown under "Serapis" and "Crocodile" represent 8-5ths of the actual expenses incurred by the Imperial Government during the year, being the proportion chargeable to India. The amounts inserted against the ships on the Indian side include the cost of repairs, &c. during the whole year, and in the case of the "Jumna" a charge of 20 per cent. on work done and stores supplied at Portsmouth Yard. This rate is only estimated, as the exact rate to be charged is not yet arranged between the Imperial and Indian Governments.
19. Cost of Coals consumed during the Season - -	6,842	5,860	17,100	12,136	13,924	* See Note at No. 14.
20. Cost of Victualling Troops, including Messing -	8,980	10,042	11,413	7,771	9,841	
21. Bedding for Troops, Women, and Children - -	1,234	1,378	1,275	1,023	960	
22. Cost of Victualling Ship's Company, including Messing.	3,268	3,293	9,374	5,235	8,802	In the case of the "Serapis" and "Crocodile," the amounts specified represent 3-5ths of the cost of the year, being the proportion borne by Indian revenues. In the case of the "Euphrates," "Jumna," and "Malabar," which were employed principally on the Indian side of Suez (see Note at Item 11), the amounts represent the total cost for the year. The large difference between the "Jumna" and the other ships is attributable principally to the complement having been reduced while the ship was at Portsmouth under repair during the summer of 1870.
23. Total Amount of Officers' and Men's Pay, including any Allowances.	8,358	8,697	15,294	13,712	14,460	
TOTAL Working Expenses - - £.	34,347	34,574	63,228	59,082	57,972	

TO AND FROM INDIA DURING THE SEASON 1870-71.

RETURN of Cost, Tonnage, Power, and Consumption of Coal of the Troop Ships "Serapis," "Crocodile," "Malabar," "Jumna," and "Euphrates," &c.—continued.

PARTICULARS REQUIRED.	Amounts.	REMARKS.
Capital Charges of the Service, in addition to Cost of Construction of the Troop Ships:	£-	
24. Cost of Construction of Tugs and Boats for use at Alexandria and Suez - - - - -	15,632	
25. Cost of Purchase and Laying Down of Moorings at Alexandria and Suez - - - - -	4,794	
26. Cost of Construction of Suez Hospital - - - - -	55,303	
27. Miscellaneous Charges connected with the formation of the Service - - - - -	4,848	
TOTAL - - - £.	80,577	
Miscellaneous Charges of the Service incurred in the Year 1870-71:		
28. Transit Charges for Troops in Egypt - - - - -	25,437	Includes the dues paid for the passage through the Suez Maritime Canal of the "Jumna" on the first outward voyage of the season, and of the "Malabar" and "Euphrates" on the two last home-ward voyages. •
29. Wages, Coals, &c. for Tugs and Boats in Egypt - - - - -	4,223	
30. Wages, Coals, &c. for Tugs and Boats at Bombay - - - - -	7,550	
31. Expenses of Establishments at the Admiralty, in Egypt and in India, &c. - - - - -	14,215	
32. Travelling Expenses of Officers, Books and Stationery, Pilotage, Telegraphic Communications, Hospital Stores and Medicines for the Troops, and other Contingencies, including the Sum of 2,000 L. paid to owner of S.S. "Diomed," on account of assistance rendered by that vessel to H.M.S. "Serapis," when disabled - - - - -	9,348	
TOTAL - - - £.	60,778	

PARTICULARS REQUIRED.	On £.809,844, the Working Expenses (Payments from Indian Revenues), after abating Amount repayable for Imperial Passengers.		REMARKS.
	£. s. d.	£. s. d.	
Officers	83 18 -	115 - 9	(a) The rates in these three cases represent the Cost to Government, after allowing for the Contributions received under the Royal Passage Warrant.
(a) Ladies	67 15 5	99 3 2	
(a) Children	27 5 2	39 16 3	
(a) Female Servants	83 17 9	49 11 7	
Second Class Passengers	41 16 6	57 10 5	
Ditto - Children	27 17 8	38 6 11	
Staff Serjeants	15 10 -	21 3 8	
Wives	14 15 10	20 9 -	
Children	8 9 2	11 5 10	
Troops	12 10 3	16 16 2	
Wives	11 16 1	16 1 -	
Children	6 19 4	9 1 9	
	Equivalent to £. 16 16 7 per Adult.	Equivalent to £. 22 16 4 per Adult.	

33. Estimated Gross Cost of Service to and from India per Head for each Class, calculated on the Total Number of Troops (Indian Reliefs) conveyed during the Season 1870-71, being the Numbers shown at Item 17



Return of Cost, Tonnage, Power, and Consumption of Coal of the Troop Ships "Serapis," "Crocodile," "Malabar," "Jumna," and "Euphrates," &c.—continued.

ABSTRACT OF COST.

PARTICULARS REQUIRED.	"SERAPIS."	"CROCODILE."	"EUPHRATES."	"JUMNA."	"MALABAR."	SHIPS OR SERVICE GENERALLY.	TOTAL.	REMARKS.
<b>CAPITAL CHARGES:</b>								
Construction and Equipment of the Troop Ships (see Item 10) -	£. 206,255	£. 205,365	£. 210,120	£. 211,253	£. 210,201	- -	1,043,200	
Additional Expenses relating to the Troop Ships (see Item 10a) -	897	807	15,167	18,069	15,715	- -	50,634	
Construction of Tugs for Egypt; Moorings for Egypt; Construction, &c. of Suez Hospital, and Miscellaneous Charges (see Items 24 to 27).	- -	- -	- -	- -	- -	80,577	80,577	
TOTAL CAPITAL CHARGES - - - £.	207,152	206,172	225,283	229,311	225,916	80,577	1,174,411	
<b>WORKING EXPENSES OF THE SERVICE:</b>								
Expenses of the Troop Ships, and Victualling, &c. of the Troops (see Items 18 to 23).	34,347	34,574	63,228	59,082	57,972	- -	249,203	
Miscellaneous Expenses (see Items 28 to 32) - - - -	- -	- -	- -	- -	- -	60,773	60,773	
TOTAL WORKING EXPENSES (Payments from Indian Revenues) - - - - £.	34,347	34,574	63,228	59,082	57,972	60,773	809,976	
<i>Abate.</i> —Amount received from the Imperial Government for Passage of Naval and Military Officers and others, conveyed in the Troop Ships during the Season on Imperial service; and Credits on account of the Passage of Officers, &c., on other Indian Service.	- -	- -	- -	- -	- -	- -	6,132	
							303,844	Equivalent to 16 <i>l.</i> 16 <i>s.</i> 7 <i>d.</i> per Adult.
<b>CHARGES ON ACCOUNT OF CAPITAL AND INSURANCE.</b>								
Towards replacement of Capital, Four per Cent. on Capital Cost, less proportion of Estimated Value of the Troop Ships, for breaking up, at the end of 25 years.	- -	- -	- -	- -	- -	43,613		
For Interest on unredeemed Capital, at Five per Cent. - -	- -	- -	- -	- -	- -	51,872		
For Insurance on Ships, Tugs, and Boats - - - -	- -	- -	- -	- -	- -	26,328		
						121,813		
<i>Abate.</i> —Amount received from the Imperial Government as Contribution for depreciation and insurance on "Serapis" and "Crocodile."	- -	- -	- -	- -	- -	13,721		
TOTAL CHARGES (not Payments) on Account of CAPITAL and INSURANCE - - - -	- -	- -	- -	- -	- -	- -	108,092	Equivalent to 5 <i>l.</i> 19 <i>s.</i> 9 <i>d.</i> per Adult.
<b>GRAND TOTAL of WORKING EXPENSES and CHARGES on Account of CAPITAL and INSURANCE - - - - £.</b>							411,936	Equivalent to 22 <i>l.</i> 16 <i>s.</i> 4 <i>d.</i>

8 RETURN RELATIVE TO THE OVERLAND TROOP TRANSPORT SERVICE

STATEMENT relating to the OVERLAND TROOP SERVICE for the Four Seasons,  
1867-68 to 1870-71.

		1867-68.	1868-69.	1869-70.	1870-71.	Total of Four Seasons.
Numbers conveyed	Military Officers, and their families - -	1,187	1,054	1,441	1,253	4,935
	„ Second-class Passengers - -	30	73	77	73	283
	„ Staff Serjeants and their families -	465	420	676	516	2,077
	„ Rank and File, and their families	16,330	16,232	22,288	17,840	72,690
	Total Military - - -	18,012	(a)17,779	(c)24,482	(f) 19,682	79,956
Total Individuals, including Naval Passengers		18,410	18,141	25,430	20,334	82,324
Casualties, &c.	Deaths - - - - -	42	50	83	62	237
	Births - - - - -	45	45	35	14	139
Transit of Isthmus	Average Time occupied by each Division of Troops	H. M. 14 20	H. M. 13 48	H. M. 14 4	H. M. 14 13	H. M. 14 6(average)
	Portsmouth to Bombay:	Days.	Days.	Days.	Days.	Days.
Length of Voyages, including Transit of Isthmus	Shortest Voyage - - - - -	31	31	33	30	Least 30
	Longest Voyage - - - - -	44	(b) 37	38	36	Greatest 44
	Queenstown to Bombay:					
	Shortest Voyage - - - - -	31	32	32	30	Least 30
	Longest Voyage - - - - -	40	(b) 34	(d) 36	(g) 31	Greatest 40
	Bombay to Portsmouth:					
Shortest Voyage - - - - -	31	30	29	32	Least 29	
Longest Voyage - - - - -	38	38	40	(h) 41	Greatest 41	
Miles run by the five Indian Troop Ships on the Troop Service <i>vid</i> Egypt		107,950	91,154	(e)114,200	110,000	423,304

(a) Exclusive of 1,680 persons conveyed in relief to Malta.

(b) Exclusive of extra detention in exchanging two regiments at Malta.

(c) Exclusive of 826 persons conveyed in relief to Gibraltar, and 442 conveyed in relief to Aden from Bombay.

(d) Exclusive of extra detention in exchanging a regiment at Gibraltar.

(e) Including run by "Euphrates" from Bombay to Suez, to commence season.

(f) Exclusive of 66 persons conveyed in relief to Beypore from Bombay, and of 715 persons conveyed in relief to Aden from Bombay.

(g) Excluding voyage on which "Serapis" broke her screw shaft when 36 days were occupied.

(h) Includes time occupied in landing and embarking troops at Cannanore and Beypore, and calling at Aden. On the voyages when "Crocodile" and "Malabar" were detained in consequence of "Serapis" breaking her shaft, 44 days were occupied.

Admiralty, S.W.,  
13 May 1874.W. R. Meads,  
Director of Transport Services.C. Cruttenden,  
Deputy Director of Transport Services, and Assistant for India.

YEAR 1871-72.

RETURN of Cost, Tonnage, Power, and Consumption of Coal of the TROOP SHIPS "SERAPIS," "CROCODILE," "MALABAR," "JUMNA," and "EUPHRATES," showing also the Expense of conducting the Service in conveying the INDIAN RELIEFS to and from India during the Season 1871-72.

PARTICULARS REQUIRED.	"SERAPIS."	"CROCODILE."	"EUPHRATES."	"JUMNA."	"MALABAR."	REMARKS.
<b>DESCRIPTION OF TROOP SHIP.</b>						
1. Tonnage - - - - -	4,173	4,173	4,173	4,173	4,173	
2. Builder - - - - -	Thames Iron Ship Building Company.	Messrs. Money Wigram & Sons	Messrs. Laird Brothers.	Messrs. Palmer Brothers & Co.	Messrs. R. Napier & Sons.	
<b>TROOP SHIPS—ENGINES.</b>						
3. Description of Engines - - - - -	Horizontal direct	Horizontal direct	Horizontal direct	Horizontal three cylinders.	Horizontal direct	
4. Makers' Name - - - - -	Messrs. Humphreys & Tennant.	Messrs. Humphreys & Tennant.	Messrs. Laird Brothers.	Messrs. Maudslay, Sons, & Field.	Messrs. R. Napier & Sons.	
5. Nominal Horse-Power - - - - -	700	700	700	700	700	
6. Mean Speed at Measured Mile - Full Power	13.378	14.003	14.718	14.656	14.570	
7. Ditto - - ditto - - - Half Power	No trial - -	No trial - -	11.523	11.771	12.248	
8. Indicated Horse-Power at Measured Mile } Full Speed	3698	4044	4989.7	4893.6	4893.4	These ships are fitted with superheating apparatus and surface condensers.
9. Ditto - - ditto - - - Half Speed	No trial - -	No trial - -	2078.8	2466	2645.1	
<b>COST OF TROOP SHIPS.</b>						
10. Cost of Ships - - - Ready for Service	£. 206,255	£. 205,365	£. 210,126	£. 211,253	£. 210,201	
10A. Expenses in addition to the foregoing, incurred in the case of the "Serapis" and "Crocodile" until 31st March 1867, and for the "Euphrates," "Jumna," and "Malabar," until their arrival in India; being in the first two instances, Pay and Allowances, &c. of Officers and others whom it was considered expedient to appoint to the Ships before they were complete; and in the remaining cases of Pay and Allowances of Officers and Crews, Messing and Victualling, and General Cost of Navigation of the three Ships from England to India - - - - -	897	807	15,157	18,058	15,715	

10 RETURN RELATIVE TO THE OVERLAND TROOP TRANSPORT SERVICE

## Further Particulars respecting the Troop Ships, and Results of, the Troop Season, 1871-72.

11. On which side of the Isthmus stationed	- - -	- - -	- - -	See Remarks (a).	- - -	- - -
12. Mean Speed of each Ship for the Season	9,186 knots	8,886 knots	8,760 knots	8,766 knots	8,801 knots.	
13. Total Distance run by each Ship for the Season	24,812	25,772	30,303 - (b)	16,700 - (c)	24,872	
14. Total Coals consumed by each Ship for the Season	5,779 tons	5,221 tons	7,576 tons	4,901 tons (d)	7,332 tons.	
	Officers - - - - -	61	40	43	57 (e)	53
	Ladies - - - - -	17	11	9	14	16
	Children - - - - -	15	14	8	13	10
	Female Servants - - - - -	4	2	3	2	9
	2nd Class Passengers :					
	Male - - - - -	1	1	2	-	1
	Female - - - - -	1	1	2	1	1
	Children - - - - -	3	3	5	3	3
	Staff Serjeants - - - - -	9	11	12	7	8
	Women - - - - -	7	8	8	9	6
	Children - - - - -	14	9	14	10	13
	Troops - - - - -	875	874	856	841	820
	Women - - - - -	76	75	80	67	86
	Children - - - - -	118	128	123	99	127
15. Average Number of Troops conveyed each Voyage, distinguishing Officers, &c.						
16. If any breakdown of Hull or Machinery, state cause, number of days' delay, and probable expense of repair or alteration, and if alterations are paid for by Admiralty or Contractor :						
Breakdown of Hull	- - - - -	Nil	Nil	Nil	Nil	Nil.
Breakdown of Machinery	- - - - -	Nil	Nil	Nil	Nil	Nil.

(a) During the summer of 1871 the "Jumna" was stationed at Bombay; the other ships were at Portsmouth. After the commencement of the season the distinction of station ceased, the service then being worked through the Suez Canal, and Portsmouth became the rendezvous for all the ships.

(b) Including a voyage home *via* the Cape of Good Hope at termination of season.

(c) The "Jumna" commenced the season's service at Bombay, made a voyage to Portsmouth and back with troops, and then returned with a few officers and men (equal to 99 adults) from Bombay to Malta; after which she was employed on Imperial service, making two trips between Malta and Gibraltar, and returning to Portsmouth. The distance run (16,709 knots) comprises the voyage between Bombay and England and back, and that from Bombay to Malta.

(d) This is the quantity of coal consumed in the 16,709 knots specified in the above note.

(e) These numbers are based on those conveyed on the voyage between Bombay and England and back, and are exclusive of the few officers and men brought from Bombay to Malta (see Note (c) at Item 13).

RETURN of Cost, Tonnage, Power, and Consumption of Coal of the Troop Ships "Serapis," "Crocodile," "Malabar," "Jumna," and "Euphrates," &c.—*continued.*

PARTICULARS REQUIRED.	OUT.	HOME.	TOTAL.	REMARKS.
Further Particulars respecting the Troop Ships, and Results of the Troop Season, 1871-2— <i>continued.</i>				
17. Total Number of Troops conveyed during the Season.				Exclusive of interchanges of troops between the United Kingdom and Malta on an outward voyage, and between Bombay and Aden on two homeward voyages; and of 441 passengers conveyed for Imperial Service; but inclusive of the few officers and men conveyed in the "Jumna" from Bombay to Malta, and who were brought on to England by packet ( <i>see Note (c)</i> , at Item 13).
Officers - - - - -	505	410	915	
Ladies - - - - -	137	96	233	
Children - - - - -	84	144	228	
Female Servants - - - - -	48	6	54	
2nd Class Passengers:—				
Male - - - - -	12	18	30	
Female - - - - -	12	11	23	
Children - - - - -	26	34	60	
Staff Serjeants - - - - -	80	92	172	
Women - - - - -	68	61	129	
Children - - - - -	92	134	226	
Troops - - - - -	9,068	6,120	15,188	
Women - - - - -	845	531	1,376	
Children - - - - -	1,091	1,052	2,143	
TOTAL Number of Officers, Troops, &c. conveyed during the Season, 1871-72 - - - - -	12,068	8,709	20,777	On the voyages outward the deaths were, 7 adults and 16 children; and 18 children were born. On the voyages homeward the deaths were 44 adults and 29 children, and 14 children were born; making a total of 96 deaths and 82 births.
Equivalent to Adults - - - - -			19,448	
Average each Voyage - - - - -			1,075	
				The average is calculated on the 18 complete voyages made with Indian reliefs; excluding that of the "Jumna" between Bombay and Malta, with only 99 adults ( <i>see Note (c)</i> , at Item 13).

12 RETURN RELATIVE TO THE OVERLAND TROOP TRANSPORT SERVICE

PARTICULARS REQUIRED.	"SERAPIS."	"CROCODILE."	"EUPHRATES."	"JUMNA."	"MALABAR."	REMARKS.
Cost of Working the Troop Ships and Victualling, &c. the Troops:—	£.	£.	£.	£.	£.	
18. Total Value of Stores expended on Hull, Engines, &c. for the Season.	10,472	8,062	25,804	8,304	24,155	The sums shown under "Serapis" and "Crocodile" represent four-fifths of the actual expense incurred by the Imperial Government during the year, being the proportion chargeable for this year to Indian revenues under special arrangement between the Imperial and Indian Governments. The amounts inserted against the other three ships include the cost of repairs, &c. during the whole year; and, in addition, a charge of 20 per cent. on work done and stores supplied at Portsmouth Yard. This rate is only estimated, as the exact rate to be charged is not yet arranged between the Imperial and Indian Governments.
19. Cost of Coals consumed during the Season - -	8,404	7,493	12,330	8,277	10,417	* See Notes at Items 13 and 14.
20. Cost of Victualling Troops, including Messing -	9,787	10,023	10,805	5,774	10,041	
21. Bedding for Troops, Women, and Children - -	1,635	1,641	1,625	797	1,588	
22. Cost of Victualling Ship's Company, including Messing.	4,970	4,933	5,370	6,343	4,846	
23. Total Amount of Officers' and Men's Pay, including any Allowances.	12,238	13,226	16,154	15,372	17,521	The sums shown under "Serapis" and "Crocodile" represent four-fifths of the actual expense incurred by the Imperial Government during the year, being the proportion chargeable for this year to Indian revenues under special arrangement between the Imperial and Indian Governments. In the case of the "Euphrates," "Jumna," and "Malabar," the amounts represent the total cost for the year.
TOTAL Working Expenses - - - £.	47,506	45,378	72,088	44,957	68,568	

Return of Cost, Tonnage, Power, and Consumption of Coal of the Troop Ships "Serapis," "Crocodile," "Malabar," "Jumna," and Euphrates," &c.—continued.

P A R T I C U L A R S R E Q U I R E D.	Amount.	R E M A R K S.
Capital Charges of the Service, in addition to Cost of Construction of the Troop Ships:		
24. Cost of Construction of Tugs and Boats for use at Alexandria and Suez - - - - -	15,632	
25. Cost of Purchase and Laying Down of Moorings at Alexandria and Suez - - - - -	4,794	
26. Cost of Construction of Suez Hospital - - - - -	55,303	
27. Miscellaneous Charges connected with the Formation of the Service - - - - -	4,848	
TOTAL - - - £.	80,577	
Miscellaneous Charges of the Service incurred in the Year 1871-72:		
28. Transit Charges in Egypt - - - - -	32,014	This item consists of the dues paid to the Suez Maritime Canal Company for the passages of the Troop Ships, and for the Troops conveyed.
29. Wages, Coals, &c. for Tugs and Boats in Egypt - - - - -	3,814	
30. Wages, Coals, &c. for Tugs and Boats at Bombay - - - - -	4,776	
31. Expense of Establishments at the Admiralty, in Egypt and in India, &c. - - - - -	15,929	
32. Travelling Expenses of Officers, Books and Stationery, Pilotage, Telegraphic Communications, Hospital Stores and Medicines for the Troops, and other Contingencies - - - - -	6,503	
TOTAL - - - £.	63,036	

14 RETURN RELATIVE TO THE OVERLAND TROOP TRANSPORT SERVICE

PARTICULARS REQUIRED.	AMOUNTS.		REMARKS.
	On £.390,956, the Working Expenses (Payments from Indian Revenues), after abating Amount repayable for Imperial Passengers.	On £.442,274, the Working Expenses and Charges (not Payments) on account of Capital and Insurance.	
	£. s. d.	£. s. d.	
Officers	82 10 8	111 4 2	(a) The rates in these three cases represent the Cost to Government, after allowing for the Contributions received under the Royal Passage Warrant.
(a) Ladies	68 8 7	97 2 1	
(a) Children	27 8 2	38 17 7	
(a) Female Servants	34 4 3	48 11 -	
Second Class Passengers	41 5 4	55 12 1	
Ditto - Children	27 10 2	37 1 4	
Staff Serjeants	15 13 10	21 4 2	
Wives	15 3 5	20 13 10	
Children	8 7 3	11 2 5	
Troops	12 8 4	16 11 1	
Wives	11 17 11	16 - 0	
Children	6 14 6	8 15 11	
	Equivalent to £. 16 18 8 per Adult.	Equivalent to £. 22 14 9 per Adult.	

33. Estimated Gross Cost of Service to and from India per Head for each Class, calculated on the Total Number of Troops (Indian Reliefs) conveyed during the Season 1871-72, being the Numbers shown at Item 17

TO AND FROM INDIA DURING THE SEASON 1871-72.



RETURN of Cost, Tonnage, Power, and Consumption of Coal of the Troop Ships "Serapis," "Crocodile," "Malabar," "Jumna," and "Euphrates," &c.—continued.

ABSTRACT OF COST.

PARTICULARS REQUIRED.	"SERAPIS."	"CROCODILE."	"EUPHRATES."	"JUMNA."	"MALABAR."	SHIPS OR SERVICE GENERALLY.	TOTAL.	REMARKS.
<b>CAPITAL CHARGES:</b>								
Construction and Equipment of the Troop Ships (see Item 10) -	£. 206,255	£. 205,365	£. 210,126	£. 211,253	£. 210,201	- -	1,043,200	
Additional Expenses relating to the Troop Ships (see Item 10 <sup>(a)</sup> ) -	887	807	15,157	16,068	15,715	- -	50,634	
Construction of Tugs, for Egypt, Moorings for Egypt, Construction, &c. of Suez Hospital, and Miscellaneous Charges (see Items 24 to 27).	- -	- -	- -	- -	- -	80,577	80,577	
<b>TOTAL CAPITAL CHARGES - - - £.</b>	<b>207,162</b>	<b>206,172</b>	<b>225,283</b>	<b>229,311</b>	<b>225,916</b>	<b>80,577</b>	<b>1,174,411</b>	
<b>WORKING EXPENSES OF THE SERVICE:</b>								
Expenses of the Troop Ships, and Victualling, &c. of the Troops (see Items 18 to 23).	47,506	45,378	72,088	44,957	68,568	- -	278,497	
Miscellaneous Expenses (see Items 28 to 34) - - - -	- -	- -	- -	- -	- -	63,836	63,836	
<b>TOTAL WORKING EXPENSES (Payments from Indian Revenues) - - - £.</b>	<b>47,506</b>	<b>45,378</b>	<b>72,088</b>	<b>44,957</b>	<b>68,568</b>	<b>63,836</b>	<b>342,333</b>	
<i>Abate.</i> —Amount chargeable to the Imperial Government for the Employment of the "Jumna" (see Note at Item 13), and for Passage of Naval and Military Officers and others conveyed in the Troop Ships during the Season on Imperial Service, and Credits on account of the Passage of Officers, &c. on other Indian Service.	- -	- -	- -	- -	- -	- -	12,977	
							329,356	Equivalent to 16 <i>l.</i> 18 <i>s.</i> 8 <i>d.</i> per Adult
<b>CHARGES ON ACCOUNT OF CAPITAL AND INSURANCE:</b>								
Towards Replacement of Capital, Four per Cent. on Capital Cost, less proportion of Estimated Value of the Troop Ships, for breaking up, at the end of 25 years.	- -	- -	- -	- -	- -	43,612		
For Interest on unredeemed Capital, at Five per Cent. - - -	- -	- -	- -	- -	- -	49,515		
For Insurances on Ships, Tugs, and Boats - - - -	- -	- -	- -	- -	- -	26,931		
						120,058		
<i>Abate.</i> —Amount chargeable to the Imperial Government as Contribution for Depreciation and Insurance on "Serapis" and "Crocodile."	- -	- -	- -	- -	- -	(a) 7,140		
<b>TOTAL CHARGES (not Payments) on account of CAPITAL and INSURANCE - - - -</b>							<b>112,918</b>	Equivalent to 5 <i>l.</i> 16 <i>s.</i> 1 <i>d.</i> per Adult.
<b>GRAND TOTAL of WORKING EXPENSES and CHARGES on account of CAPITAL and INSURANCE - - - £.</b>							<b>442,274</b>	Equivalent to 22 <i>l.</i> 14 <i>s.</i> 9 <i>d.</i> per Adult.

(a) Represents one-half only of the usual Contribution, being the proportion chargeable to the Admiralty for this Year, under special arrangement between the Imperial and Indian Governments.

Admiralty,  
4 June 1874.

W. R. Mends,  
Director of Transport Services.

C. Cruttenden,  
Deputy Director of Transport Services and Assistant for India.

16 RETURN—OVERLAND TROOP TRANSPORT SERVICE TO AND FROM INDIA, 1871-72.

**EAST INDIA (TRANSPORTS).**

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RETURN of Cost, Tonnage, Power, and Consumption of Coal, also Expense of Service, of the TRANSPORTS "SERAPIS," "CROCODILE," "MALABAR," "JUMNA," and "EUPHRATES" (in continuation of Parliamentary Paper, No. 301, of Session 1873), for the Year 1870-71; and, similar RETURN for the Year 1871-72.

(*Colonel Barttelot.*)

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*Ordered, by The House of Commons, to be Printed,*  
18 June 1874.

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16  
 RETURN of all LOANS raised in *England* under the Provisions of any Acts of Parliament, chargeable on the REVENUES of *India*, outstanding at the Commencement of the Half-year ending on the 30th September 1874, with the Rates of Interest payable thereon, and the Date of the Termination of each Loan, the Debt incurred during the Half-year, the Monies raised thereby during the Half-year, the Loans paid off or discharged during the Half-year, and the Loans outstanding at the Close of the Half-year, stating, so far as the public convenience will allow, the purpose or service for which Moneys have been raised during the Half-year.

DESCRIPTION OF LOAN.	RATE OF INTEREST.	DATE OF TERMINATION OF LOAN.	Amount of Debt outstanding on 1 April 1874.	Amount of Debt incurred during the Half-year ended 30 September 1874.	Moneys raised during the Half-year ended 30 September 1874.	Amount of Debt paid off or discharged during the Half-year ended 30 September 1874.	Amount of Debt outstanding on 30 September 1874.
<b>LOANS BEARING INTEREST.</b>							
East India Bonds	4 per cent.	At any time after 12 calendar months' notice.	£. 8,996,700	-	-	-	8,996,700
India Debentures	4 per cent.	16th August 1873	5,799,000	1,000	* 1,000	-	5,800,000
India 5 per Cent. Stock	5 per cent.	Not redeemable until 5th July 1880, but after that day upon one year's notice by the Secretary of State for India in Council.	17,200,000	-	-	-	17,200,000
India 4 per Cent. Stock	4 per cent.	Not redeemable until 10th October 1888, but after that day upon one year's notice by the Secretary of State for India in Council.	14,100,000	7,479,416	† 7,553,028	-	21,679,416
TOTAL DEBT in ENGLAND, bearing Interest			£. 41,095,700	7,480,416	-	-	48,576,116
<b>LOANS NOT BEARING INTEREST.</b>							
East India Bonds	-	On presentation of the Bonds	20,917	-	-	-	20,917
India Debentures	-	16th August 1873	1,000	-	-	1,000	-
TOTAL DEBT in ENGLAND, not bearing Interest			£. 21,917	-	-	1,000	20,917
TOTAL DEBT in ENGLAND			£. 41,117,617	7,480,416	-	1,000	48,597,033

\* For repayment of Debentures which became due on the 16th August 1873.

† Towards the redemption of the Dividend on the Capital Stock of the East India Company

† Towards the Expenditure incurred in relief of the Famine in Bengal

£.  
 2,488,196  
 5,064,832  
 £. 7,553,028

T. W. Keith, Accountant.

Louis Mallet,  
 Under Secretary of State for India.

**EAST INDIA (LOANS RAISED IN ENGLAND).**

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RETURN of all LOANS raised in *England* under the Provisions of any Acts of Parliament, chargeable on the REVENUES of *India*, outstanding at the Commencement of the Half-year ending on the 30th September 1874, with the Rates of Interest payable thereon, and the Date of the Termination of each Loan, the Debt incurred during the Half-year, the Moneys raised thereby during the Half-year, the Loans paid off or discharged during the Half-year, and the Loans outstanding at the Close of the Half-year, stating, so far as the public convenience will allow, the purpose or service for which Moneys have been raised during the Half-year.

*(Presented pursuant to Acts 36 Vict. c. 32, and 37 Vict. c. 3.)*

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*Ordered, by The House of Commons, to be Printed,  
11 February 1875.*

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EAST INDIA (CUSTOMS TARIFF).

16

FURTHER CORRESPONDENCE

RELATING TO

THE INDIAN TARIFF ACT OF 1875.

*(In continuation of House of Lords Paper (10) of this Session.)*

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Presented to both Houses of Parliament by Command of Her Majesty.

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LONDON:  
PRINTED BY GEORGE EDWARD EYRE AND WILLIAM SPOTTISWOODE,  
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1876.

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## Further Correspondence relating to the Indian Tariff Act, 1875.

No. 3 of 1876.

GOVERNMENT OF INDIA.

FINANCIAL DEPARTMENT.

Separate Revenue, Customs.

To the most Honourable the MARQUIS OF SALISBURY, Her Majesty's Secretary  
of State for India.

Fort William,  
25th February 1876.

MY LORD MARQUIS,

WE have the honour to acknowledge the receipt of your Lordship's Despatches, No. 6 (Separate Revenue), of the 15th of July, and No. 51 (Legislative), of the 11th of November last.

2. In the last-mentioned Despatch two subjects are discussed, which, although arising out of the passing of the Indian Tariff Act of 1875, may conveniently be considered separately:—

The first relates to the manner in which your Lordship's instructions regarding the communication to the Secretary of State of Bills proposed to be introduced into the Legislative Council shall in future be carried into effect. Upon this subject we propose shortly to address your Lordship.

The second relates to the substance of the Tariff Act; and we propose now to reply to this portion of your Lordship's Despatch of the 11th of November, as well as to the Despatch of the 15th of July, which deals with the same subject.

3. It will be convenient first to describe briefly the course of legislation upon the Indian customs tariff, the actual condition of the tariff previous to the passing of the Tariff Act of 1875, the circumstances under which that Act was passed, and the changes it introduced.

4. In the year 1859 the import duties consisted of 3½ per cent. *ad valorem* upon cotton twist and yarn, of 5 per cent. upon other articles of British produce and manufacture, and of double those rates upon similar foreign articles. The export duties consisted of 3 per cent. upon exports other than grain, upon which article a small special duty was imposed. A limited number of articles were exempted from import and export duty.

5. In the course of the year 1859 it became necessary to increase every available source of revenue, and the tariff was accordingly amended. All differential duties were abolished, the import duties upon articles of luxury were raised to 20 per cent. *ad valorem*, those upon other articles to 10 per cent., and upon cotton twist and yarn to 5 per cent.; special rates were imposed upon beer, wine, spirit, and tobacco. The export duties were not altered, excepting that the duty upon grain was raised, and that silk, tobacco, and spirit were added to the free list.

6. In 1860, when Mr. Wilson was Financial Member of Council, the tariff was again revised. The import duty of 20 per cent. *ad valorem* was reduced to 10 per cent., and the duty on cotton twist and yarn was raised to 10 per cent., so that the import tariff consisted of a uniform rate of 10 per cent. *ad valorem*, with special rates upon beer, wine, spirit, and tobacco. Mr. Wilson, being impressed with the importance of encouraging the export trade, added wool, hides, jute, flax, and tea, to the list of free exports. The high rates fixed by the tariff of 1860 were regarded from the first as

imposed only for the purpose of meeting the financial difficulty of the time, and they have been gradually reduced by subsequent legislation. In 1861 the duty upon cotton twist and yarn was reduced to 5 per cent.; this duty was further reduced in 1862 to 3½ per cent., and the duty on cotton and other manufactures was reduced to 5 per cent. in the same year. In 1863 the duty upon iron was reduced to 1 per cent. In 1864 the general rate of import duties was reduced to 7½ per cent.; and in 1867 a great number of articles were added to the free list. Export duties were abolished from time to time, the only increase being that the duty on grain was raised in 1867. In 1871 the valuations were revised.

7. At the end of the year 1874 the import duties consisted of a general rate of 7½ per cent. *ad valorem* upon sundry enumerated articles, of 5 per cent. upon cotton and other manufactures, of 3½ per cent. upon cotton twist and yarn, of 1 per cent. upon iron, and of a special rate upon wine and spirit. The articles subject to export duty were reduced to eight classes, viz., grain (excepting wheat), indigo, shell lac, tanned hides, seeds, spices, oils, and cotton goods of Indian manufacture.

8. The net revenue received from sea customs (excluding salt) in 1874-75 was 2,451,852*l.*,\* of which 1,773,723*l.* was derived from imports, and 678,129*l.* from exports. Half of the revenue from imports was derived from cotton yarn and piece-goods, which together brought in 882,712*l.* The greater part of the revenue upon exports was derived from rice, which brought in about 450,000*l.*†

9. The trade of India had greatly increased since the year 1859. The particulars of the different staples, as well as a more detailed account of the changes in the tariff, will be found in a Memorandum which was prepared last year, and which is appended to this Despatch. The only item of import in which there had been a serious decrease was copper.

10. Having briefly described the condition of the customs tariff, we have next to state the circumstances which induced us last year to make some further alterations in it.

11. During the two preceding years representations had been made to us that the valuations fixed by the Tariff Act of 1871 required revision. We had also received suggestions for alterations in the customs duties themselves. The Chambers of Commerce of Madras and Bombay had represented that the tariff required revision in several important particulars, and we had received from your Lordship, for our consideration whenever the state of Indian finance should admit of remission of taxation, representations from the Manchester Chamber of Commerce that the increase in the number of Indian cotton mills, mainly in the Bombay Presidency, and the probability that by importing raw cotton from Egypt and America (upon which no duty was imposed) those mills which had hitherto been confined to the manufacture of coarse goods from indigenous cotton would compete with the English goods of the finer descriptions, rendered it expedient, in the interests of the Indian consumer and in justice to the English manufacturer, to remove the duty of 5 per cent. *ad valorem* levied upon the import of cotton yarn and piece-goods. It was also very desirable to classify the articles comprised in the Indian tariff according to the classification adopted at home, for the purpose of securing uniformity in commercial statistics.

12. Under these circumstances, we determined to follow the course which had been taken in the years 1866 and 1869, and by our Resolution of the 25th of November 1874 we appointed a Committee, upon which commercial interests were adequately represented, composed of the members whose names are given in the margin, for the purpose of revising the valuations, and of considering the various suggestions for the amendment of the customs tariff. We requested the Committee to consider the propriety of removing from the import tariff any articles the retention

Despatches, No. 2, of 26th of March,  
and No. 5, of the 26th of October,  
1874.

Mr. A. Money, C.B., Bengal Civil Service,  
Member of the Board of Revenue, Calcutta.  
Hon. J. B. Bullen Smith, Member of the  
Legislative Council.  
Hon. B. A. Dalryell, Madras Civil Service,  
Member of the Legislative Council.  
Mr. T. C. Hope, Bombay Civil Service,  
Acting Commissioner of Customs, Bombay.  
Mr. J. C. Murray, President of the Chamber  
of Commerce, Calcutta.  
Mr. T. B. Lane, Bengal Civil Service,  
Officiating Collector of Customs, Calcutta.

\* The usual custom for purposes of account of converting rupees into pounds sterling at the rate of 2*s.* the rupee has been followed, but the present value of a rupee in gold is 1*s.* 8½*d.*, so that a deduction of about 13½ per cent. should properly be made from the figures given in this Despatch.

† This sum was less than usual on account of large purchases of rice having been made by the Government in Burma to meet the scarcity in Bengal.

of which might be unimportant in the interests of the revenue, or any of the existing export duties which, in their opinion, were seriously prejudicial to the trade in the articles subject to them. Their opinion was especially invited upon the representations which we had received for the removal of the import duty on cotton goods and twist, and generally upon any items in which they might consider that the tariff required amendment. They were informed that customs duties in India were not imposed or maintained for the purpose of affording protection to any branch or class of industry, but for revenue purposes only.

13. The Committee were unable to put us in possession of their complete report before the Budget for 1875-76 had to be passed, and we could, therefore, only make provision in the Budget for the loss expected to follow from the revision of the valuations.

14. Besides revising the valuations, the Committee recommended that the export duties upon grain other than rice and paddy, seeds, oils, spices, and cotton goods, should be removed, and that the import duty upon copper and certain other metals should be reduced from  $7\frac{1}{2}$  to 5 per cent. in order to obviate the effect of the introduction of a higher valuation. They proposed, in order to meet the loss incurred by these changes, that the duties upon wine and spirit, machinery, and certain articles of luxury should be raised.

15. With regard to the representations by the Manchester Chamber of Commerce as to the import duty upon cotton yarn and cotton manufactures, the Committee observed:—

“ In so far as the complaints alleged that the tariff valuations were excessive, they have been found to be just, and the Committee have already recommended reductions. “ But it is also urged that the duty is ‘absolutely prohibitory to the trade in yarn and cloths of the coarse and low-priced sorts,’ which the Indian mills make largely under “ the protection of the duty; and it is suggested that ere long the finer yarn and cloth “ will, with the help of importations from Egypt and America, be manufactured also. “ It must, of course, be admitted that the Indian mills have injured the English ones to “ the extent to which their manufactures have displaced the manufactures of Man- “ chester, less their exports to other countries, and the amount of the injury they have “ inflicted on the handlooms of India in localities which Manchester goods have not “ been able to reach. But the duty, though contributing to this result, cannot be said “ to be the sole cause of it, since India, with many disadvantages, possesses certain “ natural capabilities for producing goods of this low quality, which will probably secure “ the trade in them to her, even if the duty be removed. On the other hand, if the duty “ were as prohibitory as it is represented to be, the market would not be habitually “ overstocked, as it has been for years.

“ The Committee think it more to the purpose to consider what proportion the par- “ ticular goods which have to meet Indian competition bear to the whole cotton import “ duty, and how far this competition justifies the demand for abolition of the entire duty “ which has been brought forward. The Indian mills can make mule twist up to 32s., “ and water twist up to 20s., as also long cloths, T cloths, drills, domestics, jeans, and “ sheeting. The prospect of the finer kinds of yarn and cloths being made with profit or “ success is notoriously so remote, and the enterprise so doubtful, that it is quite un- “ necessary to take it into present calculation. The duty levied in Bombay in 1873-74

	Rs.
On twist	16,412
On long cloths, &c.	1,87,926
Total	Rs. 2,04,338

“ upon the similar Manchester goods which have “ to stand the Indian competition was about two “ lacs of rupees (20,000L.) If the total duty on “ such goods paid in all India be taken, though “ the mills beyond the Bombay Presidency are as “ yet comparatively unimportant, it would barely “ exceed four lacs (40,000L.) The demand that because one class of goods represented “ by four lacs of duty in all India has in one part of India to meet a local competition “ the Government shall remit the remaining 77 lacs (770,000L.), which competition “ cannot affect, appears to the Committee quite unreasonable, and it is unnecessary even “ to inquire whether the finances could afford the remission.

“ The scheme of removing the duty on coarse goods only, though reasonable in theory, “ is difficult in practice, as explained by the Chairman of the Bombay Chamber of “ Commerce in his published speech of January 5th, and has, he admits, been in England “ pronounced unworkable.



“ The alternative of an excise duty on the Indian mill products remains, but part of it would have to be re-funded on exportation, and the Committee see no more need for establishing a cumbersome and expensive excise machinery now than there was in 1861 and 1862, when Mr. Laing decided against it.\* There are numerous heads in the import tariff which embrace some articles which are also to a certain extent produced in India; and the Committee consider any alteration in favour of cotton goods to be uncalled for.”

\* “ Free trade does not mean that there shall be no taxes, but that taxes shall be levied solely with a view to revenue, and not partly for revenue and partly for protection.

“ That every customs duty on an imported article should have a corresponding excise duty on similar articles produced at home has therefore become an axiom; and it only admits of one exception—where the amount of import duty is so moderate that it does not seriously affect trade, while it makes it obviously inexpedient to establish an excise machinery for the sake of levying a trifling duty. “ This is the case with regard to corn in England, where a duty of 1s. a quarter, equal to 5 per cent. on the cheaper sorts of foreign grain, is retained, and it is precisely our case with regard to piece-goods. “ We cannot dispense with customs duties on our imports generally, and while this is the case no reasonable man can object to our retaining an old accustomed duty of 5 per cent. on manufactured goods.”—*Speech of Mr. Laing in the Legislative Council on the 16th of April 1862.*

16. We carefully considered the proposals made by the Committee. Having obtained from them certain necessary explanations, and having calculated the financial effect of the changes which they recommended, we had to consider whether we should confine our legislation to revising the valuations and introducing the altered classification, or couple with the revised valuations and the new classification some changes in the customs duties based upon the recommendations of the Committee.

17. We decided to take the latter course. Indeed, in regard to those metals the valuation of which had been considerably raised by the Committee, it would have been highly inexpedient to have adopted the new valuation, unless accompanied by the reduction of the rate of duty from  $7\frac{1}{2}$  to 5 per cent. which the Committee recommended. Moreover, all the changes we desired to make, which had any substantial effect upon the customs revenue, were so entirely in accord with the previous policy of the Government of India which has been described in the sixth paragraph of this Despatch, and which had been approved by Her Majesty's Government from time to time, that we felt no hesitation in adopting them.

18. The changes that we made in the customs duties by the Tariff Act of 1875, apart from the revision of the valuations, were as follows:—

The export duties upon grain other than rice, seeds, oil, spices, tanned hides, and cotton goods were removed.

The import duties upon sundry articles were reduced from  $7\frac{1}{2}$  to 5 per cent.

Against this, the wine and spirit duties were raised, and some other small increases of duty were made.

A duty of 5 per cent. *ad valorem* was imposed upon raw cotton not the produce of Continental Asia or Ceylon.

These changes were in accordance with the recommendations of the Committee, with certain additions and modifications, which we proceed to explain.

19. We thought it desirable, in addition to the export duties recommended for abolition by the Committee, to remove the duty on tanned hides: raw hides were already free, and we thought it objectionable to leave the duty on the manufactured article. We extended the proposal of the Committee that the duty on certain metals should be reduced from  $7\frac{1}{2}$  to 5 per cent. to the whole of the general imports. We considered that the time had arrived for bringing down this duty to the rate at which it stood before the Mutiny, and the results of a similar reduction of the duty in 1864 from 10 to  $7\frac{1}{2}$  per cent. satisfied us that the temporary sacrifice of revenue would soon be recouped by increased imports.

20. We did not agree with the Committee as to the expediency of raising the duty on machinery, a measure which would have been contrary to the policy which had hitherto prevailed, and to the opinions expressed by Her Majesty's Government; neither did we think it desirable to raise the import duties on the articles upon which the Committee proposed to impose an increased duty, with the exception of wine and spirit. We were satisfied that those recommendations had only been made by the Committee because they thought it to be their duty to propose the least objectionable means of meeting the remissions which they

Despatch from Secretary of State (Separate Revenue), No. 1, of 19th January 1859.

advocated, and not upon the ground that the increased duties were desirable in themselves.

21. We agreed with the Committee that no sufficient reason had been shown for the removal of the import duties on cotton yarn and piece goods. The report of the Committee showed that the cotton goods imported into India mainly consist of the higher qualities, which cannot be manufactured from the cotton grown in India. Those who have the best opportunities of knowing the facts stated that the attempts made by Indian manufacturers to make the finer descriptions of cotton manufactures and yarn from Indian cotton had proved unremunerative and had been abandoned. We believe that this has arisen, not, as your Lordship appears to think, from the imperfect development of the Indian manufactures, but from the inferior quality of the Indian raw cotton. It was shown by the Committee that, in regard to the great bulk of the trade in cotton goods, the importers were subject to little or no competition from the Indian manufactures.

<sup>a</sup> Despatch of November 11th, paragraph 12.

22. The opinion of the Committee was supported by the statistics of the cotton trade. In the three years from 1859-60 to 1861-62 the average annual value of the imports of cotton twist, yarn, and piece goods was in round numbers 11,000,000*l*.

In the four years from 1862-63 to 1865-66 the average annual value was 12,150,000*l*. The duty was reduced in 1862, but the high price of cotton goods which prevailed, owing to the American war, had a prejudicial effect upon imports.

The financial year 1866-67 is omitted, as it only embraces 11 months.

In the four years from 1867-68 to 1870-71 the average annual value was 17,966,000*l*.

In the four years from 1871-72 to 1874-75, the average annual value was about the same as in the four preceding years, that is to say, 17,970,000*l*; but the tariff valuations were lowered in 1869 by about 15 per cent., and if allowance be made for this, there would be an increase of about 250,000*l*. over the average for the preceding period.

In the year 1874-75 the value was 19,387,270*l*., which is the highest return for any year since 1859. The trade of 1874-75 was said not to have been prosperous; but looking at these figures together, and making every necessary allowance, we could see nothing in them to lead us to suppose that the demand in India for English cotton manufactures had diminished or was likely to diminish. On the contrary, we thought it more probable that, as the demand for English cotton manufactures had hitherto steadily progressed, notwithstanding the competition which had always existed in the lower classes of goods from Native hand-loom weavers and manufactories, so it would continue to progress, although the lower classes of goods might in future be produced in larger quantities by the Indian manufactories. The duties were levied at a small cost, and without inconvenience to the people; the net revenue derived from them in 1874-75 amounted to 882,712*l*., and they could not be removed without imposing new taxes.

23. While, however, Indian manufacturers had hitherto confined their operations to working up indigenous cotton, we understood from the advertisements of some of the Bombay cotton mills, and from the statement of the Manchester Chamber of Commerce,

Memorial of the Manchester Chamber of Commerce to the Secretary of State of the 31st of January 1874. that it was intended "to import Egyptian and American raw cotton into India (no duty being charged thereon), to manufacture the finer yarn and cloth, which will thus compete with goods received from England upon which duty is levied." We looked with satisfaction upon the extension of manufactures in India; but we considered that we were bound at the same time, in the interests of the public at large, to guard the revenue now derived from the finer qualities of cotton goods. All such goods manufactured in India would, unless some tax be imposed upon them, escape payment of the duty now imposed upon similar goods imported from abroad, and the revenue would suffer in proportion. If Indian manufactures of this class should largely increase, an important source of revenue would be seriously affected. We therefore imposed a duty of 5 per cent. upon foreign raw cotton imported into India, so that as nearly as possible the same tax might be levied upon all finer qualities of cotton goods, whether produced in India or imported from abroad.

24. We were aware that the quantity of foreign cotton hitherto imported into India and used in the Indian manufactures was trifling. But we considered that it was more fair to the Indian manufacturers to impose the duty at once, when it could create little

or no disturbance, than to leave its imposition to some future time, when capital might have been largely invested in the manufacture, and the trade might be injured by the imposition of a new tax. We followed the principle that, in order to guard an important source of revenue, it is necessary to impose a tax upon articles manufactured within the limits of a country equal to the duty imposed upon similar articles imported from abroad. The circumstances of the production of the lower qualities of cotton goods did not appear to us to be such as to make the imposition of an excise upon such goods manufactured in India either necessary or expedient; but cotton manufactures of finer qualities stand in a different position, and we adopted the alternative of an import duty upon the raw material as being preferable to any system of excise. We considered that, in imposing the duty of 5 per cent. *ad valorem* upon raw cotton not the produce of Continental Asia or Ceylon, we guarded an important source of revenue in a manner that was both fair in itself and the least inconvenient to Indian manufacturers.

25. With respect to the financial effect of the Tariff Act, the customs revenue for the first half of the year 1875-76 had been so flourishing that, although the immediate sacrifice of customs revenue was calculated at 246,000*l.* upon the receipts of 1874-75, the loss as compared with the estimates of the year 1875-76 was only calculated at 70,000*l.*, and there is now good reason for expecting that, notwithstanding the reductions, the customs revenue for 1875-76 will fall little if at all short of the original estimate. We believed that the finance of future years would not be seriously affected by these measures, while they would produce a very beneficial effect upon the trade of India.

26. We were sensible that our alterations of the tariff, if compared with the recent customs legislation of Great Britain, made but a small advance in the direction of a perfect system of customs, but we could not propose any larger changes without risking the stability of the finances. We were content with remedying some of the most obvious defects, leaving it to our successors to proceed further in the same direction when the condition of the finances might allow of further progress being made.

27. Having stated the circumstances which led to the passing of the Tariff Act, and the changes it effected, we have now to reply to your Lordship's Despatches upon the subject. On the 9th of August 1875 we received the Despatch, No. 6, of the 15th of July. In that Despatch the removal of the import duty upon cotton manufactures was strongly pressed upon us. The Tariff Act had been passed before we received that Despatch; we did not reply at once, in the expectation that your Lordship would communicate with us again after the receipt of the report of the Tariff Committee, and of our communications relating to the passing of the Act.

28. On the 30th of September the Viceroy received a telegraphic message to the effect that your Lordship could not assent to the duty on raw cotton imposed by the Tariff Act, or to the maintenance of the duty on cotton manufactures at its present rate; but being sensible of the inconvenience of altering a tariff by correspondence, and thinking that it would tend to a complete understanding between the Home and Indian Governments, and lead to a better result, if personal communication on the matter could be arranged, your Lordship asked whether we assented to Sir Louis Mallet being sent out to "discuss the whole subject" with us.

29. We felt the desirability, on a matter of some difficulty and complication, of the personal explanations that we could convey to your Lordship through Sir Louis Mallet, as well as the advantage we should derive from having an opportunity of consulting him upon a subject with which he is so conversant; we therefore cordially accepted the suggestion. We added that we did not fully understand your Lordship's objections to the Tariff Act; that further explanations on both sides seemed to be necessary before your Lordship could deal with the Act, with the full knowledge which a subject affecting many interests of trade and finance particularly required; and that Sir Louis Mallet's visit would enable your Lordship to understand our views and the position of the question far better than was possible by correspondence.

30. We deferred giving any further explanations by letter because we understood that the decision upon the whole subject would have been postponed until Sir Louis Mallet arrived in Calcutta. Before his arrival, we received your Lordship's Despatch of the 11th of November. That Despatch, instead of authorizing Sir Louis Mallet to discuss with us the substantial merits of the question, as we expected, contained a decisive expression of your Lordship's opinion, coupled with certain instructions, and limited

Sir Louis Mallet's duties to discussing with us the manner in which your Lordship's views could best be carried into effect. Sir Louis Mallet's letter of the 10th of January, a copy of which is appended, makes this quite clear. We deeply regret that his serious illness deprived us of the advantage of hearing the considerations which Sir Louis Mallet was commissioned by your Lordship to place before us; and we feel that, under these circumstances, we are entering upon the consideration of your Lordship's Despatch of the 11th of November under considerable disadvantages.

31. We are informed, in the 8th paragraph of that Despatch, that some of the provisions of the Tariff Act, especially those which diminish the burthen of the export duties, are judicious, but that your Lordship is unable to accord a similar approval to some parts of the measure which apply to the import duties; that your Lordship is unwilling, on this account, to advise the disallowance of the whole measure, and so to postpone the benefits which a portion of it was calculated to confer; and we are therefore requested to reconsider our legislation, especially upon two points of importance. Those points are explained in the 9th and remaining paragraphs of the Despatch; they relate — 1st, to the import duty of 5 per cent. imposed by the Act upon raw cotton other than the produce of Continental Asia or Ceylon, which duty we are informed that your Lordship is unable to sanction; and, 2ndly, to the import duty upon cotton manufactures,

Paragraph 13. which your Lordship considers should be reduced, and "provision made for its entire removal within a fixed term of years." In considering this question we are directed to bear in mind "the paramount importance of guarding the Indian treasury from financial embarrassment."

32. As regards the import duty upon raw cotton, which is the only provision contained in the Tariff Act of which your Lordship has disapproved, although, for the reasons which have been given in paragraphs 23 and 24 of this Despatch, we are of opinion that it was advisable to guard the Revenue derived from the finer classes of cotton goods by the imposition of a duty which would place the home manufacture on a footing of equality with the imported goods, we do not desire to enter into any further discussion upon the subject, and we propose, as we shall explain further on, to introduce a Bill for the purpose of removing the duty.

33. The other measure to which your Lordship's Despatch refers, namely, the immediate reduction of the import duty upon cotton goods, and the provision for its entire removal within a fixed term of years, involves a reduction of customs duties far beyond the scope of the Tariff Act of 1875, and is a measure of very great financial importance.

34. We feel in some difficulty as to the interpretation that we should put upon the following words of the Despatch of the 11th of November:—

"The entire removal of the duty should, however, not be adjourned for an indefinite period, but provision should be made for it within a fixed term of years."

35. The term "provision" may be read to mean that new taxes should be imposed, if necessary, to meet the loss of revenue which would follow from the removal of the import duty upon cotton manufactures. If this be the meaning which the Despatch was intended to convey, we feel it to be our duty to represent to your Lordship that we deprecate in the strongest manner the imposition of any new direct tax or excise in order to abolish the import duty on cotton manufactures. No measure is, in our opinion, more certain to create irritation, if not serious discontent, in India than the introduction of such new taxes in order to remove a duty which, in our opinion, confirmed by that of the Tariff Committee, is open to no serious objection, which is levied without any difficulty, and which is not felt by the people of India.

36. We consider, however, that as no reference is made in the Despatch to the imposition of new taxes, the term "provision" was most probably intended by your Lordship to indicate either an enactment expressly providing for the removal of the duty within a fixed term of years, or the immediate reduction of the duty in an amended Tariff Act, coupled with an announcement which would commit the Government to its entire removal within a fixed term; and that the instruction conveyed to us, that we should bear in mind the paramount necessity of guarding the Indian treasury from financial embarrassment, was intended to govern our deliberations. In short, that your Lordship only desired to urge upon us the importance of removing the duty, if it was possible to do so by a modification of the tariff without imposing any other fresh taxes.

37. We have carefully considered the question in this aspect, and proceed to state, for your Lordship's consideration, the conclusions at which we have arrived. The duty

on cotton yarn and piece-goods produced in the year 1874-75 a net sum of 882,712*l.* Supposing the import to be the same as it was in 1874-75, the receipts in 1876-77, allowing for the reduced valuations, would be 718,000*l.* on piece goods and 95,000*l.* on yarn, or 813,000*l.* in all. If the duty is to be gradually abolished within a fixed term of years, the most natural course would be to reduce it from 5 to 3½ per cent. (which is the rate of duty now levied on yarn) in the coming financial year 1876-77. This is estimated to entail a sacrifice of revenue of 215,400*l.* The duty might be lowered prospectively by 1½ per cent. in the year 1877-78, and be altogether removed in the year 1878-79. By the reduction in 1876-77 the duty upon cotton goods would have been brought down to the same rate (3½ per cent.) as the duty on yarn; the duty on yarn would, therefore, have afterwards to be dealt with, as well as that upon goods, and the loss to the revenue for the year 1877-78 would be 256,100*l.*, and 341,500*l.* for the year 1878-79; the total loss of 813,000*l.* being spread over three years.

38. Before examining whether the condition of the general finances is likely to admit of a remission of 215,400*l.* of revenue during the year 1876-77, we have to consider if the Tariff Act of 1875 can be so amended as to reduce the duty on cotton manufactures, and meet the loss of revenue by an increase of the duties levied upon other articles.

39. We assume that your Lordship does not desire that the export duties which have been removed shall be re-imposed, for their removal has been approved in the Despatch to which we are now replying, or that new duties upon exports shall be imposed. We consider that the increase in the wine and spirit duties, which was made in accordance with the recommendation of the Tariff Committee, is as great as can be imposed with the probability of advantage to the revenue. The only other change in the tariff which might provide means for reducing the import duty on cotton manufactures is an increase of the duty upon general imports. That duty was reduced from 7½ to 5 per cent. by the Tariff Act. Your Lordship has not expressed any disapproval of this reduction; but as it might be considered desirable to raise this duty again to the old rate for the purpose of reducing the duty upon cotton manufactures, we have considered what could be done by such an alteration of the Act.

40. The immediate loss incurred by the reduction of the duty upon general imports was estimated at 172,000*l.* *per annum* calculated upon the imports for the year 1874-75. Some of this loss has already been recouped by increased imports, which would fall off if the duty be raised again to 7½ per cent. It would be inexpedient to re-impose the rate of 7½ per cent. upon those metals the valuation of which has been considerably raised by the Tariff Act. Altogether we should not put the increase to the customs revenue of the year 1876-77 which would be realised if the general duties were raised from 5 to 7½ per cent. at more than from 100,000*l.* to 120,000*l.* This would not suffice of itself to meet any substantial reduction of the import duty on cotton goods, and the change would have a prejudicial effect upon the import trade generally, and especially upon some important articles, such as raw silk, which are among those the duty on which has been reduced. We are, therefore, of opinion that it would be inexpedient to raise the duty upon general imports. The loss of revenue from this measure will be but temporary, unless our expectations of increased imports based upon former experience should not be realised; so that it will not eventually stand in the way of the reduction of the duty upon cotton manufactures, or any other reduction of custom duties.

41. Your Lordship has described this measure as having made large remissions in other import duties affecting articles of a less primary importance than cotton manufactures, and observed that it has impaired the validity of the plea that the duty on cotton manufactures must be maintained owing to financial exigencies. But we desire to recall to your Lordship's recollection that the immediate sacrifice of revenue from the reduction that we made in the general duties amounted only to 170,000*l.*, and that one of our declared reasons for the measure was our conviction that the loss would be recouped within a very few years, while the removal of the duty on cotton manufactures involves a permanent sacrifice of more than 800,000*l.*

42. As the funds required to make a substantial reduction in the import duty upon cotton manufactures cannot be provided by an alteration of the Tariff Act, we have next to consider whether the present aspect of the finances makes it probable that a sacrifice of revenue of more than 200,000*l.* could be safely sustained in the year 1876-77.

43. It is difficult to make any accurate forecast of the finance of next year before the regular estimates are received. At present, however, the prospect is by no means

encouraging. While the general condition of the various branches of revenue is satisfactory, with the exception of a failure in the land revenue of Madras owing to drought, an element of great uncertainty and danger has been introduced by the recent fall in the price of silver in London. Whether the fall be permanent or temporary, it would be unsafe to rely upon any considerable recovery before the budget.

44. The immediate effect upon the finances is exceedingly embarrassing, for the fall in the price of silver raises the cost of all payments we have to make in gold in England. This charge (which is called loss by exchange in the accounts) is now estimated for the current year at 1,616,000*l.* If the rate of exchange for 1876-77 has to be taken at 1*s.* 8½*d.* the rupee, which is not an improbable supposition, the charge will be raised to 2,561,000*l.*, which will give an addition to our estimates of expenditure for 1876-77 of no less than 945,000*l.* Supposing that the surplus for the current year will be about 1,000,000*l.*, and that there are no other disturbing influences to affect the finance of 1876-77, this additional charge of itself would make it impracticable to remit revenue to the extent of 200,000*l.* without estimating for a deficit or imposing fresh taxes.

45. This great increase of charge under the head of loss by exchange would doubtless be partly met, so far as the estimates of the coming year are concerned, if your Lordship should decide upon borrowing any considerable sum of money in England during the year 1876-77, thereby reducing the amount of our remittances; but the relief, assuming the value of silver to remain at or below its present rate, even if after full consideration such a measure should appear to be desirable in itself, would be only temporary and would not justify any abandonment of revenue.

46. Such is the present aspect of affairs—it may be better or worse when we receive the regular Estimates for 1875-76; but, in our opinion, we should not be justified in proposing to the Legislative Council at the present time any measure for reducing the customs duty upon cotton manufactures.

47. We desire, moreover, to represent, for your Lordship's consideration, that even if some reduction were practicable at the present time, it would be undesirable, either by legislation or by an authoritative announcement, to engage for the "entire removal within a fixed term of years" of a duty which brings in a revenue of more than 800,000*l.* Such prospective measures are open to grave objection upon general principles of finance at any time and in any country; but in India, where the revenue is subject to serious fluctuations, and with the probability of a permanent depreciation in the value of silver, with all the serious consequences that must ensue, it would be impossible, in our opinion, to engage to give up so large an item of revenue within a fixed term of years consistently with the safety of the finances. By so doing we should either compel our successors to impose new taxes for the purpose of meeting this large loss of revenue, and we have already represented to your Lordship the serious effects that will result from the imposition of new taxes for this purpose; or, if the condition of the finances should allow of a remission of taxes, we should pledge our successors to remove the duty upon cotton manufactures, while some other remission of taxation might be more necessary for political or financial reasons. To go no further than customs duties, the duty upon the export of sugar, the produce of British India, by land, should undoubtedly be removed as soon as the state of the finances will admit of its removal. Your Lordship's

predecessors have upon several occasions urged upon us the advisability of removing the export duty upon rice; the best authorities agree that at present this duty may safely be retained, but circumstances may change—the course of trade may make it necessary to reduce or to remove altogether the export duty upon rice or those now imposed upon indigo and shell lac. These export duties are, in our judgment, open to more serious objections on principle than can be brought against the moderate import duty now imposed upon cotton manufactures.

48. Before bringing our observations upon this portion of the subject to a close, we think it is our duty to say that, after carefully examining the records of the Government of India since the year 1859, we can find no precedent of a measure so seriously affecting the future of Indian finance as the prospective removal of a tax which brings in a revenue of 800,000*l.* per annum having been directed by the Home Government. In regard to the customs tariff, full authority was conveyed to the Government of India in 1859, on the part of Her Majesty's Government, to settle the future administration of the customs revenue without reference home. This has been the uniform

practice from that time until now, and in passing the Tariff Act of 1875 we only pursued the same course. We desire earnestly to represent to Her Majesty's Government the danger of imposing upon the Government of India any measures which involve a serious prospective sacrifice of revenue, for such measures must cripple the resources and fetter the action of the Government of India, upon whom the responsibility for the administration of the Indian finances primarily devolves.

49. The result, therefore, of the reconsideration which, in compliance with your Lordship's instructions, we have given to our legislation in the Tariff Act of 1875 is, that we propose to follow the course pursued under somewhat similar circumstances in the year 1865, and to introduce a Bill into the Legislative Council for the purpose of repealing the provision contained in the Tariff Act which imposes the duty of 5 per cent. *ad valorem* upon raw cotton, of which your Lordship disapproves. We do not think that it would be desirable to raise the general rate of duty upon imports from 5 to 7½ per cent. for the purpose of reducing the duty upon cotton manufactures, because to do so would be injurious to trade, the sum to be gained would not allow of any considerable reduction in that duty, and the reduction of the general rate of duty is not expected to cause any permanent loss to the revenue. We are by no means insensible to the advantage of reducing the duty upon cotton manufactures, but we regret that our financial prospects are such as to preclude us from including such a reduction at the present time in an amendment of the Tariff Act. For the reasons that we have given, we entertain very serious objections to any measure which would commit future Governments to the entire removal of that duty.

50. Although the observations contained in this Despatch have replied to the references which your Lordship has made for our opinion in regard to the Tariff Act of 1875, the question of the customs duty on cotton manufactures is one of such importance that we desire to refer to some portions of the Despatches of the 15th of July and of the 11th of November, which we have not already noticed. In the latter Despatch no reference is made to the report of the Tariff Committee, or to the opinions which we have expressed upon that report. We are, therefore, not in possession of your Lordship's reasons in full for pressing upon us the removal of the import duty upon cotton manufactures. Probably it was intended that these reasons should have been supplied by Sir Louis Mallet. Unfortunately he has not been able to supply them, and we can therefore only deal with the observations contained in the Despatches themselves.

51. The views expressed in your Lordship's Despatch, No. 6, of the 15th of July, appear to be in accordance with the report of the Tariff Committee, and with our own opinion, that the duty on cotton manufactures cannot be justly termed protective in the objectionable sense of the term. In that Despatch your Lordship says that "the effect of the 5 per cent. duty is probably insignificant," and, "if it were true that this duty is the means of excluding English competition, and thereby raising the price of a necessary of life to the vast mass of Indian consumers, it is unnecessary for me to remark that it would be open to economical objections of the gravest kind." Your Lordship adds, "I do not attribute to it any such effect."

52. The duty must then be considered apart from the question of protection, and upon its own merits. Cotton manufactures, as we have shown in the 8th paragraph of this Despatch, are by far the most important of all the imports into India, and anything which materially affects this trade demands and should receive the careful attention of the Government of India. Although it has increased in amount lately, and has been relieved of a charge of 80,000*l.* per annum by the revision of the valuations last year, it is said not to be flourishing, and the recent and present condition of the exchanges has probably tended to reduce profits. In deference to your Lordship's opinion, as well as on this account, although the duty is now lower than that which is imposed in most foreign countries or British Colonies, we should have been glad to make some reduction in it if the condition of the finances had rendered it possible to do so.

53. Your Lordship, however, in the Despatches of the 15th of July and 11th of November, has mainly pressed upon us the desirability of removing this duty for political reasons. It is apprehended that discussions will take place in which the conflicting interests of England and of India will be urged, that Parliament will insist upon the repeal of the duties, and that an irritation, which would be avoided if the duties were dealt with at once, may thus be created to the injury of both countries.

54. We trust that this anticipation may not be realized, but, while we should much regret that any such feelings should be excited on the part of any portion of our fellow-

countrymen at home, it is our duty to consider the subject with regard to the interests of India; we do not consider that the removal of the import duty upon cotton manufactures is consistent with those interests, and we hope that the statement contained in this Despatch of the whole circumstances of the case, and of the condition of the Indian finances, will show that the real effect of the duty is not what is supposed, that it cannot be removed without danger to the Indian finances, and that the imposition of new taxes in its stead would create serious discontent.

We have the honour to be,  
My Lord Marquis,  
Your Lordship's most obedient and humble Servants,

(Signed)

NORTHBROOK.  
NAPIER OF MAGDALA.  
H. W. NORMAN.  
A. HOBHOUSE.  
E. C. BAYLEY.  
W. MUIR.  
A. J. ARBUTHNOT.  
A. CLARKE.

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A P P E N D I X.

No. 96, dated 7th January 1876.

From R. B. CHAPMAN, Esq., Secretary to the Government of India, Financial Department, to  
Sir LOUIS MALLET, C.B., Under Secretary of State for India, on special duty in India.

I AM directed to forward to you a copy of the Secretary of State's Legislative Despatch, No. 51, Despatch (Separate Revenue), No. 6, dated of the 11th November 1875, together with copies of the 15th July 1875. Despatches noted in the margin, which are referred to in the Despatch (Financial), No. 864, dated idem. Despatch of the 11th November.

With reference to the 8th paragraph of that Despatch, I am to say that the Government will be glad to be informed upon what subjects you desire to confer with them, and to be put in possession of the views which you wish to express in such manner as may be most convenient to yourself.

I am to add that any information which you may require upon financial or other cognate questions will be placed at your disposal, and that the officers of Government have been instructed to communicate with you freely, and to give you any assistance in their power.

Ordered, that a copy of this letter be sent to the Military, Revenue, Agriculture, and Commerce and Public Works Departments, for information and guidance, with special reference to the intimation contained in the last paragraph.

Dated 10th January 1876.

From Sir LOUIS MALLET, C.B., to the Secretary to the Government of India,  
Financial Department.

I HAVE the honour to acknowledge the receipt of your Letter of the 7th instant, enclosing a copy of a Legislative Despatch of 11th November last, No. 51, from the Secretary of State for India in Council, on the subject of the Customs Tariff Bill of August last, together with copies of former Despatches from the Secretary of State which contain an expression of his views with regard to the import duties on cotton manufactures.

With reference to the 8th paragraph of the Secretary of State's Despatch, dated 11th November last, you add that the Government of India will be glad to be informed upon what subjects I desire to confer with them, and to receive any statements which I wish to make to them in the manner most convenient to myself.

In requesting you to convey to the Government of India my thanks for this communication, I beg to say that the principal object of my visit to Calcutta is to ascertain how far it may be found practicable to agree with that Government upon a mode of giving effect to Lord Salisbury's wishes with regard to the import duties on cotton manufactures and upon foreign raw cotton.

The passage through the Legislative Council of the Indian Tariff Act of last August, before the receipt of Lord Salisbury's Despatch (Separate Revenue), No. 19, of the 15th July, has placed the two Governments in a position of much embarrassment on a subject to which Lord Salisbury attaches great importance, and which has attracted much public attention both in England and India.



Lord Salisbury is extremely reluctant in such a case to adopt any course such as the disallowance of the Act, or an interference from home with the discretion of the Government of India as to the precise method of remedying what he considers as the defects of that measure.

Considering, therefore, the difficulty of arriving at any satisfactory conclusion on a matter involving so many complex and conflicting considerations, the Secretary of State has instructed me to endeavour, by personal communication, to give and receive explanations on the various questions upon which a difference of opinion or a misunderstanding exists between the Governments, so as to lead if possible to a common agreement as to the policy to be pursued within the limits prescribed in his Despatch of the 11th November last.

As my stay in Calcutta cannot be prolonged beyond the middle of February, I venture to suggest that the most convenient manner of communicating Lord Salisbury's views and discussing the various questions which require consideration would be at a conference at which Members of Council and any officers of the Government might be invited to attend, and if the Governor General in Council concurs in this view, I have only to add that I am entirely at the services of the Government of India for this purpose.

Enclosure to Despatch No. 3 from Government of India.

RECENT HISTORY OF THE INDIAN CUSTOMS TARIFF AND TRADE.

1. In order to give a sketch of the recent changes and present state of the tariff, it is hardly necessary to go back further than to Mr. Wilson's tariff of 1860. The general rate of import duty was then fixed at 10 per cent. *ad valorem*, the articles named in the margin being placed on the free list. Special rates of duty were fixed for wines and spirit, and tobacco.

Bullion and coin.  
Precious stones and pearls.  
Grain and pulse.  
Horses and other living animals.  
Ice.  
Coal, coke, bricks, chalk, and stones.  
Cotton wool.  
Books.  
Machinery.  
Wool.  
Flax.  
Hemp.  
Jute.  
Hides and skins, raw.  
Conveyances and carriages.  
Manures.  
Seeds for distribution.  
Agricultural implements.  
Maps and prints.

In 1861, the duty on cotton yarn was reduced from 10 to 5 per cent.

In 1862, the duty upon cotton yarn was further reduced from 5 to 3½ per cent., and the duty on cotton and other piece goods was reduced from 10 to 5 per cent. The duty on beer and light wines was reduced. Paper and bottles were put on the free list. Conveyances and carriages were withdrawn from the free list.

In 1863, the duty on iron was reduced from 10 to 1 per cent.

The duty on beer and wine was again reduced.

In 1864, the general rate of duty was reduced from 10 to 7½ per cent.

In 1865, the exemption of machinery from duty was limited to machinery for the development of the resources of the country.

In 1867, the tariff valuations were revised by a Committee. A large number of minor articles were exempted from duty, and the duties were made leviable on a list of articles, instead of upon all articles excepting those on the free list. Flax and jute manufactures, and hides and skins, were made subject to duty.

In 1871, the valuations were revised and fixed at their present rate.

In 1874, untanned hides and skins were freed from duty.

2. The gross revenue derived from sea customs duties on imports, excluding salt, has been as follows for each year since 1860-61:—

	£
1860-61	2,151,501
1861-62	1,933,040
1862-63	1,540,855
1863-64	1,465,863
1864-65	1,406,760
1865-66	1,483,927
1866-67 (11 months)	1,505,261
1867-68	1,828,316
1868-69	1,904,541
1869-70	1,749,903
1870-71	1,761,374
1871-72	1,649,879
1872-73	1,646,777
1873-74	1,675,796
1874-75	1,809,543

N.B.—These and the other figures in this memorandum are taken, unless where otherwise explained, from the "Annual Statement of the Trade and Navigation of British India" for the year ending 31st of March 1874. The annual statement for 1874-75 has not yet been published, and the figures where given for that year are taken from the monthly returns of March last.

3. In 1872-73, the articles from which the principal revenue was derived were as follows:—

	£	£
<b>COTTON—</b>		
Yarn thread, &c.	108,729	
Piece goods	707,311	
		816,040
<b>LIQUOR—</b>		
Ale, beer, &c.	9,488	
Spirits	184,692	
Wines and liqueurs	67,070	
		261,250
Metals and railway materials		102,480
<b>SILK—</b>		
Raw, &c.	46,263	
Piece goods	26,553	
		72,816
Apparel		44,730
Woollen manufactures		35,857
Sugar, &c.		32,692
Fruits, &c.		25,245
Provisions		24,869
Drugs		23,468
Glass		21,300
		1,460,747
Remainder		191,325
		<u>1,652,072</u>
<b>TOTAL</b>		

N.B.—These figures are taken from a return recently presented to the House of Commons (No. 109, of March 19th, 1875). The total differs slightly from that given in the statement of Trade and Navigation.

4. The customs tariff of 1860 imposed an export duty of 3 per cent. *ad valorem* upon all articles of Indian produce, excepting those named in the margin, together with the following special duties:—

Grain and pulse	2 annas per maund.
Indigo	3 rupees per maund.
Lac dye and shell lac	4 per cent. <i>ad valorem</i> .
Saltpetre	2 rupees per maund.

In 1865, the duty on saltpetre was reduced to 1 rupee per maund, and in 1866 to 3 per cent. *ad valorem*.

In 1867, the articles subject to export duty were enumerated, the remainder being freed from duty. Thus the duty on 88 articles was abolished, leaving only nine classes of articles subject to duty.

The export duty on grain was raised from 2 to 3 annas per maund.

In 1871, the classes of articles subject to export duty were reduced to eight:—

Cotton goods	3 per cent.
Grain	3 annas per maund.
Hides and skins (tanned)	3 per cent.
Indigo	3 rupees per maund.
Lac, shell, and dye	4 per cent.
Oils	3 per cent.
Seeds	3 per cent.
Spices	3 per cent.

The duties on wheat and on lac dye have since been taken off.

5. The gross revenue derived from customs duties on exports has been as follows for each year since 1860-61:—

	£
1860-61	530,880
1861-62	564,261
1862-63	606,008
1863-64	599,386
1864-65	586,657
1865-66	491,807
1866-67 (11 months)	338,617
1867-68	519,497
1868-69	600,248
1869-70	480,191
1870-71	640,322
1871-72	687,768
1872-73	798,975
1873-74	724,072
1874-75	661,694

\* Exported from British Burma. Several years after, all other teak timber was also exempted.

6. In 1872-73, the different articles exported contributed to the revenue as follows :—

Grain—	£	£
Rice	612,148	
Paddy	10,050	
Gram	2,108	
Wheat	8,399	
Other sorts	17,424	
		650,129
Seeds		47,175
Indigo		47,110
Hides		20,833
Cotton manufactures		13,146
Oils		10,727
Lac		8,173
Spices		5,131
Other articles		5,334
<b>TOTAL</b>		<b>807,758</b>

From Parliamentary Return ; see note to para. 3.

The increase in the produce of the export duties of late years has principally arisen from the great extension of the rice trade of British Burma.

7. It is interesting and important to trace the progress of the import and export trade of India both generally and in regard to particular articles.

YEARS.	Imports.		Exports.	
	£	£	£	£
1859-60	24,265,140	27,960,203		
1860-61	28,493,716	32,970,605		
1861-62	22,320,482	36,317,042		
1862-63	22,632,364	47,659,645		
1863-64	27,145,590	63,623,449		
1864-65	28,150,923	68,027,016		
1865-66	29,599,228	65,491,123		
1866-67 (11 months)	29,038,715	41,859,994		
1867-68	35,705,788	50,874,056		
1868-69	35,990,142	53,062,165		
1869-70	32,927,520	52,471,376		
1870-71	33,413,906	53,331,825		
1871-72	31,063,747	63,185,847		
1872-73	31,260,561	55,227,495		
1873-74	32,593,609	54,960,778		
1874-75	35,966,559	56,316,868		

The statement in the margin shows the value of the foreign trade of India, exclusive of treasure, from 1859-60 to 1873-74, as given in the "Annual Statement of Trade and Navigation of British India." Although the conversion of the value from rupees to pounds sterling at the rate of 2s. the rupee makes the statement inaccurate as representing the real value, it is good for purposes of comparison.

Annual Statement, Part III, No. 1.

8. The most important articles of import and their value in 1873-74 and 1874-75 were as follows :

	1873-74.		1874-75.	
	£	£	£	£
Cotton twist and yarn	2,676,444		3,157,780	
Piece goods	15,104,897		16,229,490	
		17,781,341		19,387,270
Metals, machinery, railway materials, and stores	—	3,630,493	—	4,556,075
Liquor	—	1,392,690	—	1,526,574
Silk, raw	786,914		872,927	
„ goods	608,374		710,478	
		1,395,268		1,593,405
Woollen goods	—	668,911	—	557,586
Salt	—	835,354	—	755,771
Sugar, &c.	—	555,517	—	615,865
		26,259,594		28,882,546
Other articles	—	6,334,015	—	7,084,013
<b>TOTAL</b>	—	<b>32,593,609</b>	—	<b>35,966,559</b>

Annual Statement, Part III, No. 4.

9. The most important of all are British cotton manufactures. The figures given in the

YEARS.	Quantities of Cotton Twist and Yarn.	Value of Cotton Twist and Yarn and Piece Goods.
	lbs.	£
1859-60	31,477,357	11,698,928
1860-61	20,850,500	11,058,118
1861-62	Not given.	10,245,400
1862-63	19,493,879	9,630,530
1863-64	19,608,137	11,945,663
1864-65	17,901,925	13,227,325
1865-66	16,892,073	13,810,358
1866-67 (11 months)	30,855,040	15,096,806
1867-68	26,719,280	17,698,267
1868-69	29,042,052	13,852,485
1869-70	32,049,038	15,271,316
1870-71	40,337,059	19,044,369
1871-72	28,859,890	17,488,394
1872-73	32,192,843	17,329,753
1873-74	30,947,634	17,781,341
1874-75	37,097,260	19,387,270

margin show the quantities of cotton yarn imported in each year since 1859-60, and the value of cotton yarn and piece goods together for the same period. These values cannot be relied upon for purposes of accurate comparison. The valuations were partially raised in November 1860.\* In 1864† the remainder of them were raised. In 1867, and again in 1869, they were reduced. It will be remembered that in 1862 the duty on cotton twist and piece goods was fixed at 3½ and 5 per cent. respectively.

Annual Statement, Part III, No. 4.  
\* Mr. Wilson, Budget Statements, p. 21.  
† Sir C. Trevelyan, Budget Statements, p. 150.

The imports of cotton goods were affected by the high prices caused by the interruption in the supply of raw cotton to England from the United States owing to the civil war. These prices lasted till 1865. Comparing the imports for the eight years from 1867-68 to 1874-75, inclusive, the result is as follows:—

Average of—	Quantities of Twist and Yarn.	Value of Cotton Twist, Yarn, and Piece Goods.
	lbs.	£
Four years 1867-68 to 1870-71	32,049,357	17,966,709
Four years 1871-72 to 1874-75	32,272,906	17,978,942

These figures show that the value of the imports of cotton goods has remained at about the same amount, although the valuations were reduced in 1869. In the last year, 1874-75, there was an increase, but it is supposed that the trade was not prosperous, and the fall in the value of silver will be a considerable discouragement to importers.

YEARS.	Grey Piece Goods.	White Piece Goods.	TOTAL.
	Yards.	Yards.	Yards.
1869-70	665,089,227	143,080,271	808,069,498
1870-71	827,555,460	134,728,469	962,283,949
1871-72	764,656,658	128,074,825	892,731,483
1872-73	644,832,316	150,872,870	795,705,186
1873-74	660,094,727	170,846,103	830,940,830
1874-75	755,807,137	154,080,811	909,887,948

The tables in the margin show the quantities for the last six years of grey and white piece goods, which together represent two-thirds in value of the whole imports of piece goods. It will be seen that the year 1870-71 was the best, and that the year 1874-75 stands next.

Annual Statement, Part I, No. 5.

YEARS.	Machinery.	Railway Materials.	Metals.
	£	£	£
1859-60	871,531	1,706,002	2,241,255
1860-61	870,251	1,803,344	2,503,046
1861-62	553,883	1,509,580	2,551,829
1862-63	506,318	1,165,852	3,003,407
1863-64	585,516	1,267,340	3,368,653
1864-65	554,150	685,632	3,753,932
1865-66	586,182	1,435,929	3,043,334
1866-67 (11 months)	601,740	2,091,417	2,587,427
1867-68	1,077,529	2,464,966	3,939,156
1868-69	794,569	1,591,813	3,899,651
1869-70	556,097	1,317,334	3,570,128
1870-71	447,570	1,466,068	2,713,591
1871-72	405,835	516,996	3,390,775
1872-73	517,316	441,260	1,802,631
1873-74	1,003,347	889,639	1,738,507
1874-75	1,185,943	763,057	3,807,075

10. The value of metals, machinery, and railway materials imported annually from 1859-60 is shown in the margin. A comparison of the imports for the 10 years from 1863-64 to 1873-74\* gives the following result:

Annual Statement, Part III, No. 4.

\* In this and the remaining comparisons for 10 years, the year 1866-67 has been omitted, because the returns only include 11 months.

Average of—	Metals.	Machinery.	Railway Materials, &c.
	£	£	£
Five years 1863-64 to 1868-69 - - -	3,589,325	719,589	1,489,116
Five years 1869-70 to 1873-74 - - -	2,443,124	585,833	906,259
Year 1874-75 - - - - -	2,607,075	1,185,943	753,057

There has been a decrease in the imports under each head. The import of railway materials depends upon the extent of the operations of the State, either directly or through guaranteed companies, and the decrease has been caused by the gradual completion of the main lines of railway. Machinery shows a great recovery in the years 1873-74 and 1874-75, when the imports rose to a higher value than in any previous year. The substantial decrease has been in raw metals, and it has continued during the last eight years of the series, until last year, when there was a very satisfactory recovery.

11. This decrease has been mainly in copper, steel, and lead, the imports of which are given in the following table:—

	1869-70.	1870-71.	1871-72.	1872-73.	1873-74.	1874-75.
	£	£	£	£	£	£
Copper - - -	1,753,635	1,361,758	1,036,674	578,788	513,023	863,847
Steel - - -	166,377	114,836	87,125	78,637	56,680	95,988
Lead - - -	44,943	34,325	32,381	30,822	11,280	15,890
TOTAL - - -	1,964,955	1,510,919	1,156,180	688,247	580,983	975,725

Annual Statement, Part I., No. 7.

The import of iron of all kinds has not materially diminished, excepting as compared with the year 1869-70, and there has been no sensible difference between the imports of iron subject to a duty of 1 and 7½ per cent. respectively, as will be seen from the following table:—

#### IRON.

YEARS.	At 1 per cent.	At 7½ per cent.	Total.
	£	£	£
1869-70 - - - - -	817,640	326,806	1,144,446
1870-71 - - - - -	503,563	285,747	789,310
1871-72 - - - - -	619,770	197,836	817,606
1872-73 - - - - -	364,754	377,682	742,436
1873-74 - - - - -	421,856	351,870	773,726
1874-75 - - - - -	-	-	1,221,809

N.B.—The returns do not enable the division for 1874-75 to be given.

YEARS.	Value of Metals imported other than Iron, Copper, Steel, and Lead.
	£
1869-70 - - - - -	460,727
1870-71 - - - - -	413,862
1871-72 - - - - -	415,939
1872-73 - - - - -	371,938
1873-74 - - - - -	383,798
1874-75 - - - - -	409,541

The import of the remaining metals has remained pretty stationary (excepting in 1872-73, when there was a falling off in tin, and in 1873-74, when there was a falling off in spelter) as will be seen from the figures in the margin.

Years.	Malt Liquor.	Spirit.	Wines, &c.
	Gallons.	Gallons.	Gallons.
1859-60	3,850,891	332,133	464,319
1860-61	2,888,015	406,269	350,958
1861-62	2,671,523	618,692	308,581
1862-63	3,638,060	500,081	359,655
1863-64	3,671,370	479,057	470,690
1864-65	2,983,232	414,584	446,016
1865-66	3,113,021	598,357	502,739
1866-67 (11 months)	2,753,047	557,342	473,941
1867-68	2,368,298	601,610	530,942
1868-69	1,816,106	804,727	685,545
1869-70	1,898,762	841,975	648,928
1870-71	1,642,131	619,485	490,835
1871-72	1,499,877	678,908	567,787
1872-73	3,360,630	1,860,054	592,831
1873-74	2,730,195	667,075	445,049

Annual Statement, Part III, No. 4.

N.B.—The quantities for 1874-75 are not available.

12. The imports of liquor from 1859-60 are shown in the margin. The duty upon malt liquor in 1860 was 4 annas a gallon; it was reduced in 1862 to 2 annas, and in 1863 to 1 anna. The duty upon spirit has remained at Rs. 3 a gallon during the whole period; the duty upon wine was Rs. 2 a gallon in 1860; it was reduced, as regards light wines, to Re. 1 in 1862; and in 1863, the same reduction was applied to all wines, excepting sparkling wines, the duty on which was fixed at 1 rupee 8 annas per gallon. Comparing the imports of liquors for the 10 years from 1863-64 to 1873-74, the result is as follows:—

Average of—	Malt Liquor.	Spirit.	Wines, &c.
	Gallons.	Gallons.	Gallons.
Five years 1863-64 to 1868-69	2,770,525	579,667	527,186
Five years 1869-70 to 1873-74	2,226,359	738,499	568,673

The above figures include imports of malt liquor and spirit on Government account. There are no materials at hand to separate these transactions from imports on private account for the earlier years of the series; but the table in the margin gives the quantities imported on private account for the years from 1869-70 to 1874-75 inclusive.

## IMPORTS ON PRIVATE ACCOUNT.

Years.	Malt Liquor.	Spirit.
	Gallons.	Gallons.
1869-70	1,747,721	718,437
1870-71	1,865,308	461,823
1871-72	1,328,927	671,626
1872-73	1,536,496	728,609
1873-74	1,436,345	608,824
1874-75	1,461,698	674,987

The imports of malt liquor have remained nearly stationary; those of spirit averaged in the first three years 615,462 gallons, and in the last three years 669,140 gallons.

13. The table below shows the quantity or value of the remaining principal articles of import:—

Years.	Silk, raw.	Silk Goods.	Woollen Goods.	Salt.	Sugar, &c.
	lbs.	£	£	Cwt.	£
1859-60	1,149,492	224,116	358,557	1,374,179	Not given.
1860-61	1,478,863	259,596	222,813	1,667,815	220,270
1861-62	Not given	198,442	245,650	2,776,167	232,765
1862-63	1,601,366	342,111	296,221	3,793,332	382,312
1863-64	1,404,925	466,781	611,570	3,815,960	429,138
1864-65	1,276,773	443,949	867,831	4,883,320	318,627
1865-66	1,451,822	357,380	583,132	3,724,655	563,305
1866-67 (11 months)	1,491,687	415,070	576,481	3,241,715	541,817
1867-68	1,627,996	423,598	598,540	4,905,722	536,885
1868-69	1,959,951	486,518	759,629	5,331,318	653,612
1869-70	2,019,974	466,593	594,142	5,456,355	715,553
1870-71	2,328,854	425,527	582,339	4,562,207	555,801
1871-72	1,799,591	480,948	513,492	6,186,775	709,779
1872-73	1,930,910	560,646	719,530	5,534,936	436,112
1873-74	2,282,758	608,374	668,911	5,584,911	555,517
1874-75	2,571,206	710,478	557,586	5,541,691	515,865

Annual Statement, Part III, No. 4.

and the average for the last 10 years is as follows:—

Average of—	Silk, raw.	Silk Goods.	Woolen Goods.	Salt.	Sugar, &c.
	lbs.	£	£	Cwt.	£
Five years { 1863-64 to 1868-69 1869-70 }	1,544,293	433,645	684,140	4,532,195	500,313
Five years { 1869-70 to 1873-74 }	2,072,417	508,417	615,682	5,453,036	594,552
Year 1874-75	2,571,206	710,478	557,586	5,541,691	515,865

14. The whole import trade of India, exclusive of treasure, shows the following result:—

Average of—						Value.
						£
Five years 1863-64 to 1868-69	-	-	-	-	-	31,318,333
Five years 1869-70 to 1873-74	-	-	-	-	-	32,255,868
Year 1874-75	-	-	-	-	-	35,966,569

See para. 19.

This shows a slight increase, and it must be recollected that the imports were swelled during the first period by the increased demand caused by the profit derived by India upon the raw cotton exported in 1863-64 and 1864-65. On the other hand, the three last years show a falling off as compared with the two preceding years. The year 1874-75 shows a considerable recovery, the value of the imports being 35,966,559*l.*, or within a very few pounds of the highest previous year, viz., 1868-69.

15. The principal exports from India in the order of their importance are:—

Raw cotton,	Seeds,
Opium,	Hides,
Rice,	Tea,
Indigo,	Cotton goods, and
Jute,	Coffee.

#### RAW COTTON.

Years.	Quantity.	Value.
	lbs.	£
1859-60	345,953,569	5,687,624
1860-61	381,462,002	7,342,168
1861-62	395,099,083	10,208,470
1862-63	473,678,421	18,779,040
1863-64	550,126,402	35,864,795
1864-65	525,052,876	37,572,637
1865-66	803,150,424	35,587,389
1866-67 (11 months)	425,568,892	16,455,277
1867-68	614,056,049	20,092,570
1868-69	697,630,736	20,149,825
1869-70	554,834,522	19,079,188
1870-71	577,600,764	19,460,899
1871-72	809,246,087	21,272,490
1872-73	494,214,447	14,029,858
1873-74	504,065,620	18,216,185
1874-75	627,116,652	15,257,342

16. The quantity and value of raw cotton exported since 1859-60 is shown in the margin. A great impulse was given to the trade by the American war, and no comparison of values which includes the exceptional years 1862-63, 1863-64, 1864-65, and 1865-66 would be of any value.

Annual Statement, Part III., No. 8.

The average quantities exported annually for the 10 years from 1863-64 to 1873-74 are as follows:—

Average of—						Quantity.
						lbs.
Five years 1863-64 to 1868-69	-	-	-	-	-	638,003,309
Five years 1869-70 to 1873-74	-	-	-	-	-	587,992,288
Year 1874-75	-	-	-	-	-	627,116,652

This shows that the export of raw cotton has fairly held its own, notwithstanding the great reduction in price after 1865.

17. The quantity and value of the opium exported since 1859-60 is shown below:—

OPIMUM.

Years.	Quantity.	Value.
	Chests.	£
1859-60	58,681	9,054,394
1860-61	63,490	10,184,713
1861-62	65,369	10,553,912
1862-63	82,216	12,494,128
1863-64	70,839	10,756,093
1864-65	84,492	9,911,804
1865-66	88,439	11,122,746
1866-67 (11 months)	74,855	10,431,707
1867-68	87,139	12,330,800
1868-69	74,955	10,695,654
1869-70	88,683	11,693,330
1870-71	85,518	10,783,863
1871-72	93,364	13,365,228
1872-73	82,908	11,426,280
1873-74	84,726	11,341,857
1874-75	94,746	11,956,972

Annual Statement, Part III, No. 8.

The average for the last 10 years is as follows:—

	Quantity.	Value.
	Chests.	£
Average of—		
Five years 1863-64 to 1868-69	81,172	10,963,419
Five years 1869-70 to 1873-74	87,839	11,722,111
Year 1874-75	94,746	11,956,972

18. The quantities and values of the remainder of the principal articles of export are shown in the accompanying table.



EXPORTS FROM ANNUAL STATEMENT, PART III., No. 8.

YEAR.	RICE.		INDIGO.		JUTE.		SEEDS.	HIDES.	TEA.		COTTON GOODS.	COFFEE.		YEAR.
	Quantity.	Value.	Quantity.	Value.	Quantity.	Value.	Value.	Value.	Quantity.	Value.	Value.	Quantity.	Value.	
	Tons	£	Lbs.	£	Cwt.	£	£	£	Lbs.	£	£	Lbs.	£	
1859-60	400,094	2,276,296	10,718,851	2,021,288	761,201	290,018	1,548,721	444,537	—	—	763,586	14,345,809	188,532	1859-60
1860-61	609,040	2,962,497	9,842,653	1,886,525	1,092,668	409,372	1,785,526	661,725	—	—	786,557	19,119,041	337,433	1860-61
1861-62	790,400	3,635,075	8,850,385	1,647,503	1,232,279	537,610	1,206,331	794,137	2,220,889	192,452	748,385	21,505,676	467,991	1861-62
1862-63	713,359	3,378,496	11,324,880	2,126,870	1,266,884	750,456	1,833,851	904,289	2,928,740	223,763	785,437	21,045,733	513,257	1862-63
1863-64	814,697	3,975,565	9,172,645	1,756,158	2,513,887	1,507,037	2,032,832	897,575	3,708,010	271,222	1,167,577	26,752,961	657,672	1863-64
1864-65	901,534	5,573,537	9,745,091	1,860,141	2,100,577	1,307,844	1,912,433	725,236	3,757,898	301,029	1,043,960	32,387,889	801,908	1864-65
1865-66	696,014	4,909,562	9,604,236	1,861,501	2,354,910	771,691	1,750,197	609,803	4,188,324	310,100	1,732,133	34,700,197	785,103	1865-66
1866-67 (11 months)	602,708	3,295,094	9,464,448	1,815,806	1,761,321	674,122	1,787,996	659,342	7,209,091	378,126	1,157,863	17,636,375	414,107	1866-67 (11 months)
1867-68	612,861	3,647,008	9,650,206	1,823,226	2,057,442	1,309,536	2,160,572	988,282	8,250,910	729,714	1,435,458	33,189,134	761,342	1867-68
1868-69	752,560	4,210,925	11,111,072	2,893,823	3,363,648	1,891,899	1,994,888	1,252,898	11,796,960	983,757	1,339,999	48,528,309	1,121,032	1868-69
1869-70	514,110	3,020,276	10,985,520	3,178,045	3,361,852	1,984,496	2,308,877	1,691,336	13,179,114	1,080,515	1,298,757	36,493,106	870,189	1869-70
1870-71	789,601	4,146,638	11,556,608	3,192,503	3,754,083	2,577,552	3,522,305	2,020,857	13,425,798	1,139,703	1,410,013	33,816,746	809,701	1870-71
1871-72	849,544	4,446,588	12,926,368	3,705,475	6,133,813	4,117,308	2,723,788	2,525,925	17,460,138	1,482,186	1,191,683	56,817,153	1,380,410	1871-72
1872-73	1,148,689	5,701,439	12,914,944	3,426,824	7,080,912	4,142,548	1,508,339	2,921,910	17,920,439	1,590,926	1,417,562	42,099,320	1,146,219	1872-73
1873-74	990,259	5,465,470	12,989,760	3,555,300	6,127,279	3,436,015	2,361,451	2,618,358	19,422,279	1,754,618	1,595,370	41,019,409	1,495,552	1873-74
1874-75	846,452	4,663,685	9,124,192	2,576,302	5,493,957	3,246,882	3,235,948	2,677,767	21,137,087	1,937,429	1,630,350	34,925,063	1,307,919	1874-75

A comparison of the averages for the last 10 years gives the following results. The returns for 1874-75 are also given :-

## 1.—RICE.

	Quantity.	Value.
	Tons.	£
Average of—		
Five years 1863-64 to 1868-69	755,553	4,463,319
Five years 1869-70 to 1873-74	858,440	4,556,082
Year 1874-75	846,452	4,668,685

The exports for the year 1874-75 were diminished in consequence of the large purchases made by the Government for home consumption in Bengal to meet the scarcity.

## 2.—INDIGO.

	Quantity.	Value.
	Lbs.	£
Average of—		
Five years 1863-64 to 1868-69	9,856,650	2,038,969
Five years 1869-70 to 1873-74	12,274,640	3,411,629
Year 1874-75	9,124,192	2,576,302

## 3.—JUTE.

	Quantity.	Value.
	Cwt.	£
Average of—		
Five years 1863-64 to 1868-69	2,478,092	1,357,601
Five years 1869-70 to 1873-74	5,291,587	3,251,588
Year 1874-75	5,493,957	3,246,882

## 4.—SEEDS.

	Value.
	£
Average of—	
Five years 1863-64 to 1868-69	1,970,144
Five years 1869-70 to 1873-74	2,485,952
Year 1874-75	3,285,948

## 5.—HIDES.

	Value.
	£
Average of—	
Five years 1863-64 to 1868-69	894,758
Five years 1869-70 to 1873-74	2,355,677
Year 1874-75	2,677,767

## 6.—TEA.

	Quantity.	Value.
	Lbs.	£
Average of—		
Five years 1863-64 to 1868-69	6,340,418	519,164
Five years 1869-70 to 1873-74	16,285,653	1,409,589
Year 1874-75	21,137,087	1,937,429

## 7.—COTTON GOODS.

		Value.
Average of—		£
Five years 1863-64 to 1868-69		1,343,825
Five years 1869-70 to 1873-74		1,382,677
Year 1874-75		1,630,350

Years.	Indian Cotton Goods exported.	About half of these exports consist of re-exports of foreign merchandise. The value of Indian cotton goods exported from 1867-68 is given in the margin, and the average for the eight years is as follows:—
	Value.	
	£	
1867-68 -	790,077	
1868-69 -	637,180	
1869-70 -	306,932	
1870-71 -	321,083	
1871-72 -	369,964	
1872-73 -	412,962	
1873-74 -	622,630	
1874-75 -	512,374	

		Value.
Average of—		£
Four years 1867-68 to 1870-71		513,818
Four years 1871-72 to 1874-75		479,482

## 8.—COFFEE.

		Quantity.	Value.
Average of—		lbs.	£
Five years 1863-64 to 1868-69		35,111,698	825,411
Five years 1869-70 to 1873-74		42,049,146	1,140,414
Year 1874-75		34,925,063	1,307,919

A very satisfactory progress is shown in all these exports, with the exception of Indian cotton goods, the trade in which has slightly declined.

Years.	Annual Value of Exports, excluding Raw Cotton.
	£
1859-60	22,322,579
1860-61	25,628,437
1861-62	26,113,572
1862-63	29,080,805
1863-64	29,750,654
1864-65	30,453,379
1865-66	29,903,734
1866-67 (11 months)	25,401,717
1867-68	30,781,486
1868-69	32,912,340
1869-70	33,392,238
1870-71	35,870,926
1871-72	41,913,417
1872-73	41,304,637
1873-74	41,744,592
1874-75	41,059,526

19. The returns of the value of Indian exports are disturbed by the greatly increased value of raw cotton in the years 1862-63, 1863-64, 1864-65, and 1865-66; but, excluding raw cotton, the result, as shown in the margin, shows a steady progress in the remaining export trade of India. Taking the averages for 10 years, the result is—

Annual Statement, Part III., No. 8.

		Value.
Average of—		£
Five years 1863-64 to 1868-69		30,762,318
Five years 1869-70 to 1873-74		39,025,162
Year 1874-75		41,059,526

showing an increase during the last as compared with the preceding five years of 8½ millions sterling per annum. If opium was also eliminated from the calculation, the remaining exports would show an increase of about 8 millions.

The progress has been maintained during the last four years as compared with the four previous years—

£

The average for the four years 1867-68 to 1870-71 was - 33,239,247  
 And for the four years 1871-72 to 1874-75 it was - 41,480,543

showing an increase of about 8½ millions.

20. The result of a review of the foreign trade of India as a whole is satisfactory.

21. Mr. Wilson, who came to India with a long financial experience, in his budget statement of 1860, made at a time of gloom, expressed a sanguine view of the future finance of India, and brought forward, as the principal justification of his favourable anticipations, the steady progress of the Indian foreign trade during the preceding five and twenty years. The most recent returns when Mr. Wilson made his speech were those for the year 1858-59. Fifteen years have passed between that year and the year 1873-74, which is the last for which we are in possession of the complete Trade and Navigation Accounts, and it is not without interest to examine how far Mr. Wilson's hopes have been realised.

The value of the total average annual foreign trade of India, including imports and exports of merchandise and treasure for the five years ending with 1838-39, was 18,638,552*l.*

Annual Statement, Part III., No. 1.

For the five years ending with 1858-59, the value rose to 52,700,013*l.*

The increase was 34,061,461*l.*, or at the rate of about 1,700,000*l.* a year for the 20 intervening years.

For the five years ending with 1873-74, the value has again risen to 95,077,948*l.*

The increase as compared with the five years ending with 1858-59 was 45,646,103*l.*, or at the rate of about 3,000,000*l.* a year for the 15 intervening years; and in 1874-75, the total was 101,731,748*l.*, or 6½ millions more than the average of the preceding five years.

22. Individual years included in this period have presented considerable fluctuations. The extraordinary development of the export trade in raw cotton during the American war was followed by a natural re-action. The seasons have affected both the produce of the principal Indian staples, and the quantity of them available for export. The lowering of the valuations of cotton goods and metals in 1869 by 15 per cent. has considerably affected the returns, and the imports of railway materials have varied according to the requirements of the State; but the broad result drawn from averages of years, which is the safest way of making a calculation of the kind, has amply justified Mr. Wilson's anticipations, and proved the soundness of his observation that let cultivation be extended ever so much, there would be no fear of the want of a market for the produce of the Indian soil.

23. Of late years, since the old Indian manufactures decayed owing to competition coupled with

#### Exports.

Years.	Jute Manu- factures, including Twine and Rope.	Silk Manu- factures.
	Value.	Value.
1869-70	£ 205,922	£ 130,443
1870-71	344,751	150,317
1871-72	188,858	152,662
1872-73	189,540	186,024
1873-74*	201,669	222,754
1874-75*	238,639	231,989

Annual Statement, Part I., No. 9.

\* Note.—There was a great demand for gunny bags in India in consequence of the rice sent up to meet the scarcity in Bengal.

been established, and the exports are already of some consequence. Silk manufactures also, principally from the Bombay side, are increasing; and, although the exports of Indian cotton goods are stationary it must be remembered that they have hitherto been burdened by an export duty of 3 per cent. *ad valorem*. The value of the exports for the last six years of jute and silk manufactures are given in the

July 1875.

N.

No. 9 of 1876.

GOVERNMENT OF INDIA.  
HOME DEPARTMENT.

Public.

To the most Honourable the MARQUIS OF SALISBURY, Her Majesty's Secretary of State for India.

Fort William,  
17th March 1876.

MY LORD MARQUIS,

In our Despatch No. 3, of the 25th of February last, in the Financial Department, we have replied to Your Lordship's Despatch, No. 51 (Legislative) of the 11th of November 1875, in so far as it refers to the substance of the Indian Tariff Act of that year. We now propose to reply to that part of the Despatch which relates to the manner in which the Tariff Act was passed, and to the future conduct of legislative business in India.

2. We proceed first to state why we did not refer the Tariff Act for your Lordship's consideration before it was introduced into the Legislative Council, and to show that the course taken in passing the Act was in accordance with usual practice.

3. In March 1874 we were instructed\* to observe the following new rules "with

\* Despatch, No. 9 (Legislative) of "reference to all intended legislative measures which the 31st March 1874, paras. 4, 5, "are, at the same time of importance, and are not and 6. "urgent":—

"Whenever the Governor General in (Executive) Council has affirmed the policy and expediency of a particular measure, and has decided on submitting it to the Council for making Laws and Regulations, I desire that a Despatch may be addressed to me stating at length the reasons which are thought to justify the step intended to be taken, and the mode in which the intention is to be carried out. This Despatch should be accompanied by a copy of the Bill drafted in your Legislative Department, or should be followed by such copy with as brief delay as possible. I do not propose to reply at once in all cases to this communication, but I request that your Excellency will mention in it the date at which it is intended that the Bill referred to shall be submitted to the Legislative Council, and that this date may be so fixed as to afford me sufficient time to address to you on the contemplated measure such observations as I may deem proper, if I should desire to observe upon it.

"I have excepted from the above directions measures of slight importance (of which I am aware that a considerable number pass the Legislative Council annually) and measures urgently requiring speedy enactment. I leave your Excellency to judge of the degree of importance which will bring a given case within the rule I have laid down, and of the degree of urgency which will withdraw another case from it. In the event, however, of your omitting to give me previous information of an intended enactment, on the ground that it is urgently required, I request you to communicate to me subsequently the grounds of the opinion on which you have acted.

"It is of course conceivable that a Bill of which I have approved, or which has been modified in conformity with my desire, may be materially changed during its passage through the Legislative Council. It appears to me that, as a fact, that body rarely alters Government measures on points of principle; but if the case to which I am referring should happen, I do not apprehend that your Excellency would have any practical difficulty in delaying the progress of the Bill until I have a fresh opportunity of expressing my opinion."

One of the principal reasons given for the issue of these rules was the belief (which we have elsewhere\* shown to have been mistaken) that, in the practice which prevailed when your Lordship assumed office, there had been "a departure from older precedents;" after quoting two instances in which Despatches were addressed by

\* Despatch, No. 45 (Public), of the 28th of July 1874, para 4.

the Government of India to Sir Stafford Northcote on their legislative business, your Lordship observed, "I consider that a return to this method of proceeding would be attended with advantage."

4. When we first received the new rules, we felt some apprehension lest they might lead to an interposition on the part of the Secretary of State in the ordinary legislative business of the Governor General in Council, which would be contrary to former practice and in itself inexpedient. The interpretation, however, which, after full consideration, we put upon the rules was, that they were not designed to make any material change in the former practice, and we consider that the passage we have quoted above, in which your Lordship deprecated "a departure from older precedents," justified us in so interpreting them. We saw that much was left to our discretion; we expected that our freedom of action would not be seriously fettered, and that the conduct of business would not be disturbed. We therefore stated, in answer to the Despatch of the 31st of March 1874, that there would be no difficulty in complying with the new rule, by which we were instructed to report measures which are important but not urgent to the Secretary of State before introducing them into the Legislative Council, on the understanding that the degree of importance which would require the reference was "left to be determined, by our judgment."\*

\* Despatch, No. 45 (Public) of the 28th of July 1874, para. 5.

We pointed out at the same time certain difficulties which we apprehended in carrying into effect the remaining rules.

5. The correspondence which ensued confirmed us in the belief that no change was contemplated by your Lordship in the relations between the Secretary of State in Council and the Government of India. The view which we entertained, that such a change would be inexpedient, appeared to be in accordance with your Lordship's opinion as expressed in the 4th paragraph of the Despatch,

† Despatch, No. 72 (Public), of the 24th of December 1874.

No. 33 (Legislative), of the 15th of October 1874, which we quoted in the following passage of our reply

to that Despatch:—

"Your Lordship has assured us, generally, that the instructions which have been given with regard to legislation are not intended to fetter the discretion which the law has vested in the various legislative authorities of India."

Such, then, was the interpretation which we had put upon the new rules when we passed the Tariff Act of 1875 without previous communication with your Lordship.

6. On the 5th of August, the day on which the Act was passed, we acquainted your Lordship by telegraph with the provisions contained in it. On the 7th we received the following telegram from your Lordship:—

"Yours 5th. Provisions of the Act very important—some objectionable. Please explain by mail grounds on which you have withdrawn it from operation of Despatch (Legislative) 9 of 1874."

We replied to this telegram in our Despatch, No. 48 (Public), of the 16th of August, in the following terms:—

"The measures included in the Act were in accordance with the expressions of the policy of Her Majesty's Government with regard to customs duties which had been received by the Government of India, and would occasion no disturbance to the stability of the finances of India. Moreover, it has not been the practice, on former occasions, to refer alterations of customs duties for the opinion of Her Majesty's Government previously to their being introduced and passed in the Legislative Council; and we consider that in exercising the discretion which is placed in our hands by your Lordship's Despatch, we should be guided to a considerable extent by former practice, to which, indeed, reference is particularly made in that Despatch."

We remarked that there was some urgency in the case, because it was expedient to include the alterations of duties in the same Act with the revision of the valuations and the introduction of a fresh classification of dutiable articles.

"It is obvious," we added, "that prolonged discussions, pending a reference to Her Majesty's Government with regard to measures involving alterations of customs duties, could not be carried on without a disclosure of the intentions of the Government which would be productive of considerable inconvenience to trade."

We have only further to observe, that the provisions of the Tariff Act of 1875 were of much less importance than those of several Customs Acts which had formerly been

passed without previous reference to the Secretary of State; and that we had received no instructions which intimated, directly or indirectly, that we were expected to refer the report of the Tariff Committee to your Lordship before we proceeded to legislate upon it.

7. In the Despatch of the 11th of November your Lordship has replied as follows :—

“ I have considered your Public Despatch of the same date” (16th of August)  
“ giving your reasons for withdrawing this Act from the operation of my Legislative  
“ Despatch of the 31st of March 1874 upon the ground of urgency. \* \* \*

“ You did not communicate to me the Tariff Bill, nor did I receive any intimation  
“ of the changes upon which you had resolved until the Act was passed, when I was  
“ apprised of the result by telegraph; and the reason stated for your silence in the  
“ Despatch under reply is that, in your opinion, the only important portion of the  
“ measure was one urgently requiring speedy enactment.

\* \* \* “ I cannot concur with your Excellency in thinking that the urgency  
“ of the case was such as to justify your failure to inform me of your intentions to  
“ legislate upon this subject. By ‘urgency’ it was not my intention to express the  
“ state of things in which an earlier is preferable to a later passage of a proposed measure,  
“ for such a condition exists in respect to all measures which are improvements. I  
“ rather intended to indicate those measures which could not be delayed without serious  
“ public evil.”

It appears from this explanation of the rules of March 1874, that the meaning given to the word “urgency” by your Lordship was intended to be much more limited than was to be inferred from the correspondence; that the rules were intended to be interpreted strictly without reference to former precedents; and that your Lordship considers that the Tariff Act should have been included under the rules, although belonging to a class of measures which had hitherto been dealt with on the entire responsibility of the Government of India. We regret that this misunderstanding should have occurred, but we submit that we acted in accordance with the natural interpretation of the correspondence on the subject of the rules, and in conformity with the manner in which measures similar to the Tariff Act have hitherto been treated.

8. Apart from the question of the reference of the Tariff Act to the Secretary of State before it was introduced, your Lordship has further remarked upon our procedure in passing the Act—

“ The same impression of the urgency of the measure appears to have led you to pass  
“ it in an unusual manner. Some months had elapsed since the financial statement  
“ had been published, at the period at which financial discussions usually take place,  
“ and your Government was still at a distance from the capital. These circumstances,  
“ combined, perhaps, with an impression that no proposals of large financial change were  
“ likely to be entertained, account for the entire absence of the unofficial members from  
“ the Legislative Council. \* \* \* The rules for the conduct of business,  
“ under which some delay would have been necessary, were suspended, and the Bill  
“ was then introduced and became law without opposition in a single sitting. It could  
“ obviously have only been a deep sense of the urgency of the measure which led your  
“ Excellency to adopt this form of proceeding.”

9. Your Lordship has used the word “urgency” in a different sense from that in which we applied it to the Tariff Act of 1875. We did not look upon the Tariff Act as a measure of “urgency,” in the sense that it could not be delayed without serious public evil. We looked upon the provisions contained in it as useful and desirable, but of no extraordinary importance in themselves. The Tariff Bill was far from being “a proposal of large financial change.” On the contrary, it was so cautious and moderate that it has not affected the estimate of customs revenue formed at the beginning of the year. But if it was to be carried into effect, we considered that it was “urgent,” in the sense that it should be passed without any avoidable delay in order to relieve merchants as soon as possible from the payment of duties on higher valuations than were accurate, and to avoid the disturbance to trade which a prolonged discussion of changes of customs duties, the nature of which would not improbably transpire, must produce. We did not consider the measure should have been postponed, at much inconvenience and loss to trade, until the return of the Government to Calcutta.

10. Your Lordship has remarked that we “overrate the difficulty of keeping an official secret.” We regret that our experience leads us to a different conclusion. Several

instances have occurred in which the contents of confidential papers have, as a matter of fact, become publicly known both in England and in India within the last few years.

11. In suspending the standing orders of the Legislative Council, for the purpose of passing the Tariff Act with as little delay as possible, we followed the procedure which has frequently been adopted before in altering customs duties in India, and we believe that the practice in England in dealing with similar measures is much the same, and

\* Despatch (Separate Revenue), No. 13, of the 30th of September 1859.

that alterations in customs duties practically come into force at once on the passing of a resolution\* of the House of Commons. The practice which has hitherto been pursued by the Government of India is in accordance with the opinion given by Lord Stanley in 1859,† that “it is most desirable that all questions regarding fiscal legislation in commercial matters should be disposed of with the least possible delay;” and the suspension of the standing orders in such cases had not met with any disapproval from Her Majesty’s Government.

12. In concluding these observations, we beg to represent that the terms in which your Lordship has commented upon our proceedings in respect to the Tariff Act are not justified by the real circumstances of the case.

13. As we have found that, on the first occasion on which our judgment has differed from that of your Lordship, the most essential portion of the discretion which the Despatch of the 31st of March 1874 left to the Government of India is withdrawn, and, however urgent may be the necessity, we are prohibited from any legislation without previous communication with your Lordship, we desire to place before Her Majesty’s Government some observations regarding the rules themselves, which we should have made at first had their full significance been made clear to us. We cannot but apprehend that a substantial and very important alteration will be made in the conduct of business, and we have therefore to ask for a reconsideration of the instructions contained in the Despatches of the 31st of March 1874 and of the 11th of November last.

14. As the rules now stand, as explained by the Despatch of the 11th of November, and with the additional rule laid down in that Despatch, all contemplated legislative measures, excepting those of slight importance, are to be reported to the Secretary of State, in order that an opportunity may be afforded to him of expressing an opinion upon them before their introduction. Measures of urgency are to be reported by telegraph, other measures in Despatches.

15. These rules, as applied to ordinary matters of legislation will make a very great change from the previous practice, for, while in regard to many descriptions of legislative measures, there has been much consultation between the Government of India and the Secretary of State in Council before their introduction; in regard to others, the responsibility of introducing them without such previous consultation has hitherto always devolved upon the Government of India. Measures affecting the customs tariff, for example, have hitherto been left entirely to the responsibility of the Government of India. As the present correspondence has arisen upon a measure of this class, it may be desirable to show briefly what the practice has been since the transfer of the Government of India to the Crown.

16. In the year 1859, Lord Stanley (now the Earl of Derby) addressed‡ the Government of India upon the subject of customs duties, and, after making several suggestions, His Lordship said :—

“ I request that your Lordship will take the subject treated of in this Despatch into your immediate consideration. It is most desirable that all questions regarding fiscal legislation in commercial matters should be disposed of with the least possible delay ; and I have to convey to you, on the part of Her Majesty’s Government, their full authority to settle the future administration of the customs revenue, so far as it is within the competence of your Lordship’s Government, without further reference to this country.”

It is to be noticed, as showing the view then held by Her Majesty’s Government of the power of the Government of India to legislate, on their own responsibility, upon customs, that Act VII. of 1859, which doubled the customs duties on imports, and was estimated by Lord Canning§ to produce an increase of revenue of nearly two millions sterling, was passed on the 14th of March 1859 without any

‡ Despatch (Separate Revenue), No. 4, of the 7th of April 1859.

§ Lord Canning’s speech in the Legislative Council, 12th March 1859.



previous communication with the Secretary of State, thereby anticipating Lord Stanley's Despatch of the 7th of April, which we have just quoted. Nothing appears upon the correspondence to show that this course was held by the Secretary of State to be unusual or improper.

The customs tariff was revised by Act X. of 1860, with the prospect of a net increase of 350,000*l.* No communication whatever appears to have taken place with the Secretary of State upon that Act.

By Act XI. of 1862, the customs duties were reduced by 450,000*l.*; here again there was no previous communication with the Secretary of State. By Act XXVI. of 1863, Act XXIII. of 1864 (which reduced the general rate of import duty from 10 to 7½ per cent., a measure of precisely the same kind as the reduction of those duties which we made last year), Acts XVII. of 1865, XVIII. of 1866, XVII. of 1867, XII. of 1869, XVII. of 1870, and XIII. of 1871, alterations of more or less importance were made in the customs tariff. It would be tedious to give the details of each measure; it is sufficient to say that the former practice was uniformly followed, and that in every case Bills were introduced and passed into law on the responsibility of the Government of India without being referred to the Secretary of State.

17. The only Despatches from the Secretary of State which we can trace upon our records since the year 1859, bearing in any substantial manner upon the customs tariff, are the Despatch\* in which Sir Charles Wood (now Viscount Halifax) expressed the disapproval of Her Majesty's Government of an increase of the export duties which had been made by the Government of India, (a)—three Despatches† from the Duke of Argyll, pressing upon the Government of India the removal of the export duty on rice; a Despatch‡ from the Duke of Argyll, by which our attention was directed to the reduction of the export duties, and an opinion was expressed that nothing short of urgent financial exigencies justified the maintenance of the transit duty on sugar in the North-Western Provinces; your Lordship's Despatches,§ forwarding for our consideration two memorials from the Manchester Chamber of Commerce against the import duty upon cotton manufactures and yarn; and, lastly, your Lordship's Despatch,|| remarking upon the interference of the export duty upon kerosine oil at Rangoon, with the trade between British Burma and Singapore.

18. From the year 1859 up to August last, when we passed the Tariff Act, not one of the eleven Acts which we have cited was referred to the Secretary of State before it was passed. When Sir Charles Wood disapproved of the export duties imposed by Act XVII. of 1865 he did not accompany his disapproval by any direction that Customs Bills should in future be referred for the consideration of the Secretary of State before their consideration. While from time to time the expediency of dealing with particular duties has been brought by the Secretary of State to the attention of the Government of India, the responsibility of making changes in the customs tariff has hitherto invariably been left to this Government.

19. A similar course has been followed, so far as we are aware, with regard to all other measures affecting the finances of India. Bills imposing taxes have been constantly introduced without previous reference to the Secretary of State. It thus appears that the practice has hitherto been invariably observed of holding the Government of India to be primarily responsible for the finances of India, with full discretion, subject to disallowance if disapproved, to pass such financial measures as may be necessary from time to time. We apprehend that a change in this practice would be attended by a division of this responsibility in respect to the administration of the finances, by delay, and by other serious inconveniences; and we submit that the rules should be so interpreted as to exempt measures affecting finance and customs which have hitherto been dealt with on the responsibility of the Government of India from the rule that requires legislative measures to be referred to the Secretary of State before they are introduced, and that it may be understood that the present practice of leaving

(a.) Act XXV. of 1865 was passed in order to carry out Sir Charles Wood's instructions.

in all ordinary cases the initiation of other legislative measures to the Government of India will not be disturbed. At the same time we fully recognize the desirability of free communication and consultation between the Secretary of State in Council and the Government of India when any special circumstances may render such consultation and communication expedient.

20. But besides the rules of March 1874, as explained by your Lordship's Despatch of the 11th of November last, the following additional rule has been laid down in the 6th paragraph of that Despatch :—

“ In future when you contemplate withdrawing a measure from the operation of the Legislative Despatch of the 31st of March 1874 on the ground of urgency, you will without delay communicate your intention to me by telegraph.”

Your Lordship has explained that, by measures of urgency, are meant “ those measures which cannot be delayed without serious public evil.”

If this rule is to have any practical effect, it means that the Secretary of State is not satisfied to rely upon the opinion of the Governor General in Council on the question whether a measure can or cannot be delayed “ without serious public evil,” but desires to form his own opinion for the guidance of the Government of India. In such circumstances legislation must be intimately connected with the prompt executive action of the Government. A question of urgency is one which of all questions requires most imperatively that it should be decided at once and by those on the spot. Yet this rule will take the responsibility of deciding out of the hands of the Government of India, and place it in those of the Secretary of State. The questions whether action is or is not urgently required, and what form it shall take, will have to be discussed and determined through the medium of telegraphic messages, in which the views on either side must necessarily be imperfectly expressed; delay, which from the nature of the case implies embarrassment, if not danger, must occur; and the conduct of business, which may be of the greatest gravity, will be subjected to the risk of misunderstandings which are inseparable from such a mode of proceeding.

“ The extreme inconvenience, and even danger, of attempting to conduct the administration of affairs in questions of large import by means of telegraphic communication ”\* was upon a former occasion pointed out to us by the Secretary of State, and our experience of such communications has satisfied us that they cannot be safely relied upon. It is our duty to represent to Her Majesty's Government that the withdrawal from the Governor General in Council of the power of prompt action on the most important occasions that can arise will, in our opinion, seriously weaken the authority and hamper the action of the executive Government in India.

21. We desire earnestly to represent these considerations to Her Majesty's Government, and we especially trust that the additional rule which restricts the free action of the Governor General in Council in cases of urgency may be withdrawn.

22. While we are all agreed in the observations which are contained in this Despatch, some Members of Council desire to add certain further considerations. Their Minutes will be transmitted to your Lordship as soon as they have been recorded.

We have the honour to be,

My Lord Marquis,

Your Lordship's most obedient and humble Servants,

(Signed) NORTHBROOK.  
NAPIER OF MAGDALA.  
H. W. NORMAN.  
A. HOBHOUSE.  
W. MUIR.  
E. C. BAYLEY.  
A. CLARKE.  
A. J. ARBUTHNOT.

India Office,  
London, 31st May 1876.

Separate Revenue,  
No. 9.

To His Excellency the Right Honourable the GOVERNOR GENERAL of INDIA  
in COUNCIL.

MY LORD,

Para. 1. I have considered in Council the Letter from your Excellency's predecessor in Council in the Separate Revenue Department, No. 3 of 1876.

2. In that Letter your Government have replied to the portion of my Legislative Despatch of 11th November 1875 which dealt with the subject of the duty recently imposed upon raw cotton, and the older duty upon cotton yarn and manufactured goods.

3. The Letter states that your predecessor in Council, having in view the sudden fall in the value of silver, and its embarrassing effect upon the exchanges, had come to the conclusion that the existing sources of revenue would scarcely do more than meet the large and unexpected increase of expenditure caused thereby, and would therefore not enable him to make any remission of taxation during the ensuing financial year.

4. The Budget Estimate, which, since the arrival of that Letter, I have received, confirms this discouraging anticipation. The probable loss of about a million upon exchange has reduced the expected surplus to the small sum of 147,000*l.*, and has therefore not left any margin capable of being applied to remissions of taxation.

5. The Letter under reply rightly infers, from the language of my Despatch of November 11th, that I did not desire the imposition of any new tax for the purpose of facilitating the removal of the cotton duties. Highly as Her Majesty's Government estimate the importance of this measure, they did not contemplate the attainment of it by new taxation; and I concur with your Government in thinking that such a measure would be inexpedient.

6. It must be, at the present moment, a matter of conjecture whether the present depression in the price of silver is likely to be lasting; and therefore the possibility at any early period of effecting large remissions of taxation must necessarily be uncertain. Under these circumstances I concur with your Government in their opinion that it will not be possible to adhere, under present circumstances, to the mode of effecting the remission of duty upon cotton yarn and manufactures indicated in my Despatch of 11th November last,—involving, as it did, prospective legislation, which could only be safely undertaken at a time when reliance might be placed upon a steadily increasing surplus.

7. But, with this necessary qualification as to the time of its introduction, Her Majesty's Government continue to entertain the views expressed in my Despatches of 25th July and 11th November last, as to the general policy of this measure. It is unnecessary for me to impress further upon your Excellency the importance of dealing with this subject in the sense of those Despatches as soon as the condition of your revenue shall enable you to do so without danger to the good order of your finances.

8. It is right, however, in referring to my Despatches on this subject, that I should call your attention to a point in respect of which their meaning has been misunderstood. Para. 51 of the Despatch of your Government under reply runs as follows:—

“ The views expressed in your Lordship's Despatch, No. 6, of the 15th of July, appear to be in accordance with the Report of the Tariff Committee, and with our own opinion, that the duty on cotton manufactures cannot be justly termed protective in the objectionable sense of the term. In that Despatch your Lordship says that ‘ the effect of the 5 per cent. duty is probably insignificant,’ and, if it were true that this duty is the means of excluding English competition before thereby raising the price of a necessary of life to the vast mass of India, leaving sumers, it is unnecessary for me to remark that it would be open to objections of the gravest kind.’ Your Lordship adds,—‘ I do not attribute it any such effect.’ ”

Undoubtedly the language I employed would have been fuller and more detailed if I had been dealing directly with the question whether these duties have a protective action or not, or if I had entertained any apprehension that upon this point I should find my views in disagreement with those of your Government. I do not, however, think that, even in the brief reference to the question which my Despatch of July 25th contains, any doubt is thrown on the protective action of these duties.

9. The first phrase quoted by your Government in the above extract is merely the latter portion of a sentence, and therefore does not fully convey my meaning. The sentence really runs, "In the presence of causes so powerful as these, the effect of the 5 per cent. duty is probably insignificant." The influences to which, in the previous paragraph, I had been referring were the natural advantages which the Indian industry possesses, and "with which no other advantages can permanently compete." It is true that, in their presence, the effect of the 5 per cent. duty is probably insignificant. But this is usually true in the case of all protective duties. They may be an important constituent in the prosperity of an industry whose existence is artificial. But an industry like the cotton manufacture of India, which has a real and independent vitality, receives little or no benefit from a protective duty. In such cases the consumer is a sufferer in respect to the price, and still more in respect to the quality of the articles he consumes, without any real advantage to the industry which is protected at his expense.

10. The other quotation, which is taken from another sentence in the same Despatch, is likewise misapprehended, in consequence of having been considered apart from the context to which it belongs. In order to establish the protective operation of the duty, it is not necessary to maintain that the area over which it operates is of unlimited extent. It is probable that there are considerable regions in India where distance from the coast, and other favourable conditions, give to the native looms an advantage which foreign competition is not able to overcome. Even under a system of absolute free trade they would in these cases, for a time at least, enjoy a practical monopoly. To have ignored this probability would have been to overstate the argument, and possibly to raise exaggerated expectations. I thought it right to guard myself against this misinterpretation. But, in doing so, I certainly did not wish to countenance the opposite and far less defensible view. There are undoubtedly no inconsiderable portions of the populations of India to whom this duty has had the effect of raising the cost of one of the first necessities of life. In the same way, it by no means follows that because, as a matter of fact, English goods are not now excluded from India, therefore, the duty does not operate as a serious hindrance to their importation, or that, as time goes on, its operation will not extend over a larger area, and affect an increasing class of consumers.

11. I should have been glad to have avoided a further discussion of the differences of opinion between Her Majesty's Government and the Government of India as to the policy of maintaining the cotton duties, but, in the face of the renewed arguments of your predecessor in Council in support of the course taken by his Government, contained in the Letter of 25th February last, and which, owing to Sir L. Mallet's illness at Calcutta, have never been fully or formally met by a statement of the grounds upon which I arrived at the conclusions conveyed in my Despatch of 11th November last, it is necessary that I should place on record the principal considerations which guided my decision conveyed to your Government in that Despatch.

12. I never shared the belief which appears to have been entertained by the Government of India, that in this question there was any kind of real conflict between the interests of India and of England. On the contrary, while I was glad to feel assured that the measures which I recommended would have had for one of their effects the satisfaction of legitimate claims on the part of a most important British industry, I believed still more strongly that they were primarily required in the interests of the people of India.

13. I will not dwell again at length upon the political reasons which furnish, in my judgment, the weightiest arguments in favour of the course which I have urged upon your Excellency's Government. I need hardly insist further upon the danger of keeping open between two great communities of Her Majesty's subjects an irritating controversy, which can be closed by one, and only one, solution. It is difficult to overstate the evil of permitting an industry so large as the cotton manufacture in India to remain to become to grow up under the influence of a system which a wide experience

has proved to be unsound, and which is opposed to the deliberate policy of England; nor can I view without serious apprehension, unless it should be the result of natural causes, the gradual contraction of a trade which constitutes one of the strongest bonds of material union between England and India. But the urgency of these considerations is not denied by your Government, and I feel convinced that they will commend themselves to your Excellency's mind with ever increasing force.

14. The view of the Government of India appears rather to have been, that the import duties on cottons, although protective in theory, are not so in practice, except to a very limited extent; that they are therefore not injurious to India, nor contrary to Imperial policy; that they yield a revenue which cannot be spared; that, regarded as purely fiscal duties, they constitute a more convenient tax than any which can be substituted for it, and that the relief which their remission might afford to a particular branch of British trade affords no sufficient ground for subjecting the people of India to a less popular form of taxation.

15. It is manifest that the strength of this chain of reasoning entirely depends on the assumption that the cotton duties are not protective. If this assumption is unfounded, the argument of the Government of India, derived from a supposed conflict of interest between India and England, falls to the ground, and the political objection to which I have referred revives in its full force. It is therefore to the examination of this question that I shall now address myself.

16. The opinion of the Government of India as to the operation of the cotton duties is stated to be derived from a Report of a Committee appointed to revise valuations and consider suggestions for the amendment of the tariff.

17. The method adopted by this Committee in estimating the effect of these duties appears to have been to consider "what proportion the particular goods which have to meet Indian competition bear to the whole cotton import duty," and having satisfied themselves by an analysis of the importations of cotton goods that only about four lacs of rupees were levied on this particular class of goods in the year 1873-74, they arrived at the conclusion "that to demand that, because one class of goods, represented by four lacs of rupees duty in all India, has in one part of India to meet a local competition, the Government shall remit the remaining 77 lacs which competition cannot affect, was, in their opinion, quite unreasonable, and rendered it unnecessary even to inquire whether the finances could afford the remission."

18. Upon this the Government of India, in their Despatch of 25th February last, remark as follows:—

"21. We agreed with the Committee that no sufficient reason had been shown for the removal of the import duties on cotton yarn and piece-goods. The report of the Committee showed that the cotton goods imported into India mainly consist of the higher qualities which cannot be manufactured from the cotton grown in India. Those who have the best opportunities of knowing the facts stated that the attempts made by Indian manufacturers to make the finer descriptions of cotton manufactures and yarn from Indian cotton had proved unremunerative, and had been abandoned. We believe that this has arisen not, as your Lordship appears to think, from the imperfect development of the Indian manufactures, but from the inferior quality of the Indian raw cotton. It was shown by the Committee that, in regard to the great bulk of the trade in cotton goods, the importers were subject to little or no competition from the Indian manufactures."

19. These remarks are followed by a statement of the statistics of the cotton trade, which show that, in the four years from 1862-63 to 1865-66, the average value was 12,150,000*l.*, that value was in the next four years 17,966,000*l.*, and in the last four years 17,970,000*l.*, which, allowing for a reduction in valuations in 1869, would represent an advance of 250,000*l.* in the latter period, against an advance of 5,816,000*l.* in the former period. It is true that, in the year 1874-75, the value of the imports increased to 19,387,000*l.*, which is, as your Government state, the highest return for any year since 1859, but in a review of the Indian Trade and Navigation Accounts for 1874-75, by the Department of Agriculture and Commerce, contained in your Despatch of 25th February last, No. 7, Statistics, I find that the trade of this year is described as having been notoriously of an unsound and unprofitable kind, and the more recent accounts appear to show that it has not been sustained. I fail, therefore, to perceive any evidence of adequate or satisfactory progress in the general features of this branch of trade as exhibited in the foregoing figures.

20. With regard to the arguments of the Tariff Committee, I must observe that the facts which they adduce in support of their conclusion prove by themselves absolutely nothing.

21. The case of the importers of British cottons is, that the trade in the coarse and low-priced goods has been so seriously injured by the operation of the duties, that it has in consequence become a comparatively small branch of their trade, and it is replied that, because the trade is comparatively small, it is unreasonable to ask that the duties shall be regulated with reference to it. From this point of view, the argument of the Committee would have been still stronger, if this branch of trade had been altogether destroyed by the duty, for it might then have been said that it was idle to discuss the question of a tax on a trade which had no existence. In other words, the more fatal the effect of the duty, the more complete would be the justification of its retention!

22. I should have been glad if your Government had supplied me with official means of inquiring how far the allegations of the importers have a foundation in fact, by supplying a statement of the importations of the particular goods in question, not only for one year, but for a series of years preceding 1873-74, as it is only by a comparison of its present with its past amount that any conclusion can be drawn.

23. But, in the absence of official data, I have referred to a table furnished by the Bombay Chamber of Commerce in their letter to the Tariff Committee, of 29th January 1875, which is said to be compiled from Custom House returns, and the substantial accuracy of which I have no reason to doubt.

Years.	Cloth.			Yarns.		
	T. Cloths.	Long Cloths.	Domestics.	Mules, above 20s. and under 30s.	Mules, 20s. and under.	Water, 20s. and under.
	Pieces.	Pieces.	Pieces.	Lbs.	Lbs.	Lbs.
1858	9,14,381	6,09,258	1,69,352	9,65,050	5,91,500	12,53,510
1859	9,10,481	3,04,705	1,79,409	9,25,085	4,45,640	14,43,205
1860	11,32,406	2,29,727	1,90,233	5,10,440	3,96,130	12,97,880
1868	10,23,335	1,13,348	1,19,980	4,12,245	80,510	5,07,480
1869	8,18,730	1,73,715	35,314	3,00,170	45,920	5,24,940
1870	10,80,743	94,746	46,792	3,42,115	96,990	8,57,480
1871	5,30,797	1,05,596	45,914	2,36,720	96,590	7,62,840
1872	5,27,831	88,229	9,639	4,58,270	15,060	1,98,315
1873	6,97,231	86,303	6,306	2,19,860	47,110	78,670
1874	5,88,872	1,48,376	10,950	1,37,190	27,350	3,37,390
Average per year— 1858, 1859, 1860	9,85,756	3,81,230	1,79,664	8,00,191	4,77,756	13,31,531
Average per year— 1872, 1873, 1874	6,04,645	1,05,969	8,965	2,71,773	29,340	2,04,792

Comparing, then, the average per year of 1858, 1859, and 1860, the three years immediately preceding the American war, with the average per year of the last three years, viz., 1872, 1873, and 1874, we find the following decrease in each of these descriptions of cloth and yarns, viz. :—

T. cloths	-	-	-	-	381,111 pieces.
Long cloths	-	-	-	-	275,261 "
Domestics	-	-	-	-	170,699 "
Mule twist, above 20s. and under 30s.	-	-	-	-	528,418 lbs.
Mule twist, 20s. and under	-	-	-	-	447,916 "
Water twist, 20s. and under	-	-	-	-	1,126,739 "

These figures conclusively show that, so far as the import trade of Bombay is concerned, a serious decline has taken place in this branch of trade during the period in question, but their significance is increased by the considerations urged in the following extracts from the letter of the Chamber :—

" It should be remembered that this absolute decrease has occurred, after a lapse of 14 years of profound peace and security, in the cloth and yarns principally consumed by the poorer classes, whose condition, it is well known, has immensely

“improved from a variety of circumstances, and during which period railway communication throughout the country was yearly extending. In 1860, 836 miles of railway only were open in British India; in 1873, the number of miles of railway open had increased to 5,872. The progress of education, closer and more frequent contact with more advanced communities, and the wealth accumulated by the cotton cultivators throughout the Presidency during the American war and for several years subsequently, when the prices obtained showed enormous profits on the cost of production, combined to increase the demand for cloths and yarns of these descriptions to an extent far exceeding the demand which would have arisen at the ordinary rate of progress in ordinary years.

“The Chamber apprehend that, under the circumstances, a very great increase indeed in the present imports of low cloths and yarns over the imports of the years immediately preceding the American war would be necessary to show that the import duty has not been operating as a protective duty, unless experience proves, after the abolition of the import duty, that local mills are able to compete successfully on equal terms with the English manufacturers. As it is, it may be fairly assumed, however, that the duty is maintained at the expense of the consumers, principally the poorer classes, against whom it tells in this instance with particular hardship in a prime necessary such as clothing, and that it is injurious to the thousands of village handloom weavers throughout the country, who are prevented from using the English yarns, which they might prefer, and are compelled to pay a higher price for what they do use, in consequence of its operation.”

24. I have taken from the same source, viz., Custom Returns, the following comparative table of the imports into Bombay of the finer cloths and yarns during the years 1872—1874 and 1858—1860, from which it appears that the progress of the trade in piece goods has been considerable.

STATEMENT of the Increase of Imports into Bombay of Fine Cloths and Yarn during the Years 1872—1874, as compared with the Years 1858—1860.  
(From Custom House Returns.)

Years.	Shirtings.		Yarns.	
	Printers, Jaconets, and Madapollams.		Mule, 40s. and upwards. Water, 30s. ditto.	
	Pieces.		Lbs.	
1858 - - - - -	3,553,198		3,513,075 ?	
1859 - - - - -	4,724,414		6,829,010	
1860 - - - - -	5,540,166		4,028,499	
Total - - - - -	13,817,778		13,370,583	
1872 - - - - -	6,280,269		4,330,202	
1873 - - - - -	6,395,941		4,492,509	
1874 - - - - -	6,697,472		4,690,642	
Total - - - - -	19,373,682		13,513,353	
Average per year, 1858, 1859, 1860 -	4,605,926		4,456,861	
Average per year, 1872, 1873, 1874 -	6,457,894		4,504,451	
Showing an increase of per year - - {	1,851,968 Pieces of Cloth.		47,590 Lbs. Yarn.	

25. A similar result is shown by an examination of the returns of the importations of cotton piece goods into Calcutta, at which place they have not been hitherto exposed to the competition of Native mills. From these it appears that the value of these imports has increased in fourteen years 77 per cent., while the corresponding advance in Bombay has been only 12 per cent.!

26. It is difficult in the face of these indications to doubt that the protective action of the present tariff has had a marked effect in contracting within its present limits a trade which, if it had not been impeded by this obstacle, would have expanded to much larger dimensions.

27. But clearly as the protective operation of the duties is traceable in the past, I cannot but apprehend that their effect in the future will be even more decisive.

28. I have no belief in the existence of any cause of permanent disability on the part of the India mills to meet foreign competition to a far greater extent than has hitherto been in their power.

29. On the contrary, the information which I have received leads to the conclusion that the conditions of Indian production are such as to afford grounds for believing that the scope of the protective action of the present cotton tariff will at no distant time be so extended as to affect a very large proportion of the whole trade.

30. The statements made by a deputation of employers and workmen representing the cotton manufacturing districts of England, which waited upon me in February last, are to the following effect :—

That in July 1874, Rs. 22,000,000 were invested in the cotton factory industry of Bombay, and that in November 1875, the amount of those investments had increased to Rs. 38,000,000, estimated to represent more than 1,000,000 spindles, showing an increase of 60 per cent. in little more than a single year.

That in 1870, there were only 11 mills (cotton) in the Bombay Presidency, in 1874 there were 26, and in 1875 no less than 38.

That the exports of machinery to India for the purposes of the cotton manufacture have very largely increased during the same period.

That not only (as is, indeed, admitted by the Tariff Committee) do the Indian mills already spin mule twist up to 32s., but that they also produce 30s. water twist, 36-inch 8½-lb. shirtings, and 42-inch 9-lb. shirtings, while some of them have been already fitted with machinery for spinning 40s. mule, implying a prospective power of producing the bulk of the medium goods, as well as the whole of the coarse goods, consumed in India.

That as the whole of the medium goods, which comprise the trade in shirtings, can be made of Indian raw cotton with or without the admixture of the imported material, there is nothing to prevent the gradual substitution of Indian for British manufactures in a trade which constitutes nearly two-thirds of the total exports from England to India.

31. I am unable to vouch for the accuracy of these statements in all particulars, but they have been made on the authority of a body well qualified to speak on such a subject, and they are corroborated by the remarks contained in the following extract from the Review of Indian Trade and Navigation Accounts for 1874-75, contained in your Government Despatch of 25th February last, No. 7, Statistics, to which I have already adverted :—

“The great advance made of late years in the local manufacture of cotton is deserving of particular attention.

“There were in Bombay, at the end of the official year 1874-75, 40 mills for the spinning and weaving of cotton, employing about 886,098 spindles and 8,537 looms. There are four in Calcutta, two in the North-Western Provinces, one at Nagpore, and another at Indore (the property of the Maharaja Holkar, worked under European supervision), while others are being formed elsewhere. The mills now at work probably employ not less than a million spindles and 10,000 looms, and there can be no question that in regard, at any rate, to the coarser qualities of cloth, they form the nucleus of a formidable competition with the mills of Lancashire, for their goods are not sized to such an extent as English goods, and they are liked by Native customers on the ground of quality and price. A novel feature in the market of Calcutta presented itself a few months ago in the importation of Bombay-made cotton cloths, which found favour with buyers in Calcutta. The manufactures of these mills are now, as will be seen from the figures given above, being exported in increasing quantities to neighbouring countries hitherto supplied with English goods re-exported from Bombay, and in India itself there is a very large and increasing outlet for these goods.”

I desire to call your Excellency's special attention to the statement that Bombay-made cotton cloths are beginning to enter the Calcutta market. These goods are probably imported by sea into Calcutta, and are admitted free of duty while British cloths in passing the same Custom House are charged with a duty of 5 per cent.

If it be attempted to maintain this distinction, it is evident that, in order to protect your revenue, recourse must be had to certificates of origin, or to other



administrative expedients condemned by modern experience, and which cannot fail to introduce into the trade a new cause of insecurity and dissatisfaction.

32. I have read, with the attention to which they are entitled, the memorials which have reached me from various sources, on the part of local interests in Bombay, and especially that presented to Sir L. Mallet in February last from the Millowners' Association, deprecating the remission of the import duties on account of apprehended injury to the Native mills. But I can discern nothing in the statements or arguments which they contain to disturb the general conclusion at which I have arrived on the substantial merits of this question. A comparison of the relative cost of production in India and in England appears, I must add, to justify this conclusion.

33. The disadvantages at which the Indian mills are placed in competition with England, as regards fuel, cost of construction, and organization, although no doubt, considerable, are all of a kind the tendency of which, especially in regard to fuel, is to diminish, and are even now, more than counterbalanced, quite irrespective of the import duty, in the production of the goods which form the bulk of Native consumption, by the natural advantages which India possesses in the command of raw material, in proximity to the consuming market, and, as time goes on, in cheap and appropriate labour. Nor can I forget that one of the main causes which now operates in checking and retarding the application of enterprise and capital to the cotton industry of India, is the element of doubt and insecurity inseparable from the character of every trade which depends in any degree upon the policy of a Government, instead of placing exclusive reliance on its own inherent energy. This opinion appears to derive confirmation from opinions expressed in the observations of the Government of India (Financial Department) on the Annual Statement of Trade and Navigation of British India for the year 1872-73, published in the Supplement of the Gazette of India of January 17th 1874.

34. In those observations I find the following passages:—

“ 44. In connexion with these figures, it is interesting to notice the fact that there are now in Bombay and in the neighbourhood of Calcutta, as well as elsewhere in India, a considerable number of mills employed in the weaving and spinning of cotton. These mills produce large quantities of piece goods and twist, &c. The Commissioner of Customs at Bombay, in his trade report for 1871-72, observes:— ‘The number of spinning mills in Bombay is gradually increasing, and the country twist manufacture is competing with ‘Europe twist.’ \* \* ‘The decrease’ (in cotton piece goods) ‘is chiefly in the importation of T cloth and domestics, which are now manufactured in large quantities at the Bombay mills, and, being cheaper, meet with a ready sale.’ And, in his report for 1872-73, he refers to ‘the rapidly increasing production of local mills, almost annihilating the trade in low numbers of English yarn and low class English goods.’ He also reports that ‘new mills are rapidly springing up. Their production finds at once a ready sale at paying prices, while the value of English goods persistently shows a loss on English quotations with charges added.’

“ 45. As regards jute manufactures, the Lieutenant Governor of Bengal, in his Resolution upon the Annual Administration Report of the Presidency Division for 1872-73, observes:—‘There are large jute factories at Baranagore and Gowripore, both in the 24-Pargannahs, and also at Fort Gloucester, 15 miles down the Hooghly, and several new factories are rising round Calcutta. There can be no doubt that in this district these manufactories are a great success; the people show much aptitude for the work, and it seems that the neighbourhood of Calcutta will become before long a great seat of manufacturing industry.’

“ 46. The observations above quoted are very suggestive in regard to the industrial prospects of India.”

To whatever degree, then, these anticipations may prove to be correct, I cannot doubt that a change is impending in the conditions of the most important branch of the foreign trade of India.

35. It is estimated that about one half of the cotton manufactures consumed in India is supplied by foreign importations, nearly the whole of which consist of British goods, representing an average annual value of 17,000,000*l*.

36. From the statements to which I have referred, it appears that two thirds of this vast import trade, or at least a trade of a value of 10,000,000<sup>l</sup>., is threatened by a competition which is rapidly becoming formidable, and which is artificially sheltered by a protective duty.

37. When the inevitable increase of consumption of mill-made cotton goods in India, consequent on the extension of the railway system, and improved communication of all kinds is taken into account, it becomes evident that, long before the point has been reached at which this large portion of the British export trade will have been superseded altogether by the products of the Indian mills, the area of the consumption of Native products will have been so much enlarged, that the people of India will be compelled to pay, for a first necessary of life, a price enhanced by all the incidents of protection; that a large industry, which it is of the first importance to place upon the soundest foundation, and the prosperity of which is a matter of national interest, will have grown up in India under influences which experience has shown to be in the highest degree injurious to its healthy and natural development; and that a revenue upon which the Government has been led to rely, will year by year elude their grasp, until it altogether disappears.

38. Whether, then, the question be regarded as it affects the consumer, the producer, or the revenue, I am of opinion that the interests of India imperatively require the timely removal of a tax which is at once wrong in principle, injurious in its practical effect, and self-destructive in its operation.

39. I have already stated the grounds of my objection to the retention of the 5 per cent. duty upon raw cotton not the produce of continental Asia or Ceylon.

40. The Government of India appears to have imposed this duty from a consciousness that, without it, the revenue from import duties on cotton manufactures could not be protected, and in the hope that this measure might be found sufficient without having recourse to an excise duty upon Indian mills.

41. It is evident that this expedient would be quite inadequate for the purpose for which it was intended, except on the assumption that the principal part of the goods imported from England could not be made from Indian raw cotton.

42. The statements to which I have already referred in this Despatch appear to show that there is no foundation for such an assumption, and that the whole of the "medium" qualities, which form two thirds of such importations, can be manufactured from Native cotton with or without an admixture of the longer staple.

43. If this be so, the Government of India would find itself compelled, in order to effect their avowed object, to resort to the imposition of an excise upon the Native mills.

I can hardly conceive a course more injurious to a young and rising industry, in the natural growth of which India has the deepest interest.

44. But even this measure, if it could be adopted, would fail to meet the requirements of the case, and would, moreover, place the Indian mills at an unfair disadvantage in competition, unless it were supplemented by a corresponding tax upon the products of the hand loom industry, and the Government of India would be led step by step in a course of policy which could not fail to excite serious discontent among the whole Native population.

45. That an excise duty on the Indian mills should ever have been contemplated, affords, to my mind, the strongest proof of the untenable nature of the position taken up by the Government of India upon this question, and shows in a clear light the impolicy of throwing the burdens of taxation upon trade and industry, instead of relying upon its realized wealth to meet the requirements of the State.

46. In thus expressing the unchanged conviction entertained by Her Majesty's Government upon this question, I must recall the condition under which alone I desired the remission of duty upon cotton goods, viz., the preservation of the Indian Treasury from financial embarrassment.

47. I have already conveyed to you my approval, under the altered circumstances of the present year, of the postponement of the reduction of this duty, suggested in my Despatch of 11th November, until there is a better prospect of a sufficient surplus.

48. But I desire, before concluding this Despatch, while leaving entirely to your Excellency's judgment the mode in which the policy of Her Majesty's Government shall be carried out, to explain the general view of financial policy, in which I considered last year that this measure might safely be undertaken, and that it should have priority over every other form of fiscal relief to the Indian taxpayers.

49. I observed that, for the three preceding years, the revenues of India had yielded a surplus over ordinary expenditure (exclusive of the Famine charges), of the following respective amounts :—

	£
1873-74	2,057,005
1874-75	2,557,057
1875-76 (Regular Estimate)	1,900,086

It is true that, in each of these years, the actual surplus considerably exceeded the original estimate of your Government. It is also true that the principal cause of this excess was the increased receipt from the sale of opium, but there is no immediate prospect of diminished returns from this quarter, and, so long as it lasts, it is most desirable that the resources which it yields should be utilized in removing, as far as possible, from the financial system of India inevitable causes of future weakness and embarrassment, and in giving it a form which will provide for its future expansion with the growing wealth and resources of the Empire.

50. Under the present circumstances of India, I am of opinion that the remission of taxes which restrict the trade and consumption of the people, and weigh upon the springs of industry, is an object of more immediate interest even than the reduction of debt, or the extension of public works which are not directly remunerative.

51. The amount of debt incurred by a country is a matter of relative rather than of positive importance, and measures which have the effect of increasing its resources, often conduce more surely and more rapidly to strengthen credit, and relieve its burdens, than a mere reduction in the extent of its indebtedness.

52. The limitations under which extraordinary public works, the cost of which is met by loans, are in future to be undertaken, were defined in my Financial Despatch, No. 387, of 23rd July 1874.

53. I therefore came to the conclusion that if, after duly providing for the service and increased charges of the present year, any available surplus were found to exist, it might properly be applied to the remission of taxation.

54. There are two branches of revenue in which reforms are urgently required, viz., the salt tax, and the customs duties, both inland and external.

55. The success which has attended the sagacious measures already taken by your predecessor in Council, with a view to the ultimate assimilation of the salt duties throughout British India, by which the southern section of the Inland Customs line has been demolished, has prepared the way for the further steps which are necessary to give full effect to a policy, the general principle of which has my cordial approval.

56. But these steps cannot prudently be taken until the supply of salt to the North-West Provinces has been sufficiently increased to enable the population to obtain the benefit of a reduction in the duty, nor until some fiscal or administrative arrangements have been made with the Native salt producing States of Rajpootana, by which your Government may be enabled to dispense with the remaining customs line.

57. Active measures are now in progress towards the attainment of both these objects, but until they have been secured a further modification of the salt duties would be premature.

58. Under these circumstances, I was of opinion that if, as at that time appeared probable, the estimates for 1876-77 showed a sufficient margin of income over expenditure, occasion should be taken to effect reforms in the system of customs duties.

59. The unexpected course taken by the Government of India in passing the Indian Tariff Act of 1875, at Simla, in the middle of the financial year, deprived me of the opportunity of expressing my views upon this question until after that measure had become law, and a sacrifice of revenue estimated for the current year at 172,000*l.*, by a reduction of the general rate of duty upon imports, had already been incurred.

60. But although I was disposed to think that this remission of taxation might have been better applied, I was reluctant to disturb the operation of reductions which were in themselves of a beneficial kind, and, with the prospect at the close of last year of a surplus for 1876-77 of about 1,000,000*l.*, I had reason to hope that means might have been found of providing for a reduction in the cotton duties, without reimposing taxes that had been already removed.

61. By appropriating 500,000*l.* of the expected surplus to purposes of customs reform, it would have been possible to reduce the duty on cotton manufactures from 5 to 3½ per cent., at a sacrifice estimated by your Government at 215,000*l.* for the first succeeding year; to abolish altogether the duty upon the coarser yarns and manufactures, which yielded about 40,000*l.* a year; to abolish the inland duty upon sugar, at a loss of 134,843*l.* a year; to remit the export duty upon lac and indigo, together returning 42,847*l.*; and to remove from the tariff of import duties various small items which produce no revenue proportioned to the cost of collection, and the inconvenience caused to the trade.

62. The losses in succeeding years on the prospective reductions in the cotton duties, estimated by your Government at 250,000*l.* for 1877-78, and 341,000*l.* for 1878-79 respectively, would in all probability have been more than covered by the increased receipts of those years from existing taxes, such as Stamps and Abkari, both of which I have been led to believe are largely evaded at present, and might, by improvements in administration, be rendered more productive, and also by the growth of revenue from the railways, which can hardly fail greatly to diminish the charge for guaranteed interest in those years.

63. On the subject of prospective reductions, I must express my dissent from the opinion conveyed in para. 47 of the Despatch of 25th February last, as to the "grave objections to such reductions upon general grounds of finance, at any time and in any country."

64. All important remissions of taxations, especially in India, in which country the revenue is liable to sudden fluctuations, and the margin between revenue and expenditure is usually small, should proceed upon the most careful estimates, and be undertaken with caution and deliberation, but for this very reason it appears to me that, where the revenue at stake is so considerable as in the present case, gradual reduction, which can, in a serious and unforeseen emergency, be suspended, is a safer and more prudent policy, than total and final remission.

65. Nor can I perceive any greater evil in prospective measures of remission than in prospective measures of expenditure, which last are undertaken every year by the Government of India in their public works. Whether succeeding Governments are committed by their predecessors to receive less or to spend more, the effect must be precisely the same.

66. In the present instance there were special reasons for the adoption of the process of gradual remission.

67. Both on political and commercial grounds it is, in my opinion, an object of great importance that the policy of the Government of India upon this question should no longer be allowed to remain in doubt. This object could not be attained by a mere reduction of the duty, unless it were accompanied by a provision which would give to the interests concerned, both in India and in England, an assurance that all intention of retaining this tax, as a permanent part of the fiscal system of India, had been deliberately abandoned.

68. The gradual remission of the duty possesses other advantages. It would give to the Indian millowners, during the period of transition from protection to open competition, the means of gradually adapting themselves to their altered conditions, and cause less disturbance generally to the commercial interests affected.

69. If the reforms in the customs systems of India, which I have here sketched briefly in outline, could have been accomplished by the close of the year 1878-79, further legislation with respect to the Customs tariff might have been put aside until time had been given to test the effects of the measures which, by that year, I hope that it may be found possible to introduce for the revision of the salt tax. Many of these duties are, it is true, open to similar objections to those which apply to the

duties upon cotton goods, but they are less in degree, they affect interests of far less magnitude, and do not therefore call for the same early attention.

70. I have dwelt at what may appear an unnecessary length upon financial projects which have, under the circumstances of the present year, lost their immediate interest, but I do not abandon the hope that it may be possible, at no distant times to resume a policy of fiscal reform which your Government have been compelled for the present to suspend, and whenever that time arrives, I desire that the views which I have expressed in this Despatch may receive your careful consideration.

I have, &c.  
(Signed) SALISBURY.

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To His Excellency the Right Honourable THE GOVERNOR GENERAL OF INDIA  
IN COUNCIL.

Legislative,  
No. 25.

India Office, London,  
31st May 1876.

Para. 1. I have considered in Council your Public Letter of the 17th of March, No. 9 of 1876.

2. In that Letter, your predecessor in Council explains the circumstances under which the Tariff Act of the 5th of August 1875 was passed, and the reasons which inclined him to consider that it lay within the category of "urgent" measures, of which the Government of India were not instructed to give any previous notice to Her Majesty's Government. He concludes by making some observations upon the manner in which he conceives that the relations of the Indian to the Home Government are affected by the Legislative Despatch of 31st March 1874; and by suggesting some modifications of an important character in the instructions which it conveys.

3. Upon the transactions of last August I have already commented, and I should be giving to that expression of opinion more emphasis than would be suitable to the circumstances of the case, if I were to reiterate it now. I will only say that it is not desirable that the peculiar conditions under which the Tariff Act was passed should be drawn into a precedent for future legislation of this kind; and that the interpretation which your predecessor in Council has put upon the rule with respect to urgency in the Despatch of March 31st, 1874, is one to which he seems to have been led by collateral considerations, but is not that which the language of the Despatch can be held to support. But no good purpose would be served by any further observation upon this misunderstanding.

4. It is necessary to consider more in detail paras. 14 to 19 of the Letter under reply which raise the general question of the relations between Her Majesty's Government and the Governor General in Council, especially in respect to financial legislation.

5. In those paragraphs the Government of India remonstrate against the application of the rules laid down by the Despatch of 31st March 1874 to financial legislation. They state that in 1859 Lord Stanley gave permission to the Government of India to settle the administration of the Customs revenue without reference to the Government in England; that since that time the Secretary of State had never been officially consulted previously to the introduction of financial measures; and that the interference of Her Majesty's Government in regard to questions of Customs revenue had been in the main confined to the disallowance by Sir Charles Wood of a proposal to increase export duties, to three Despatches of the Duke of Argyll, urging the removal of the export duty upon rice, and to one Despatch also of the Duke of Argyll, pronouncing the sugar transit duty to be indefensible, except under circumstances of grave financial exigency. From these precedents your Excellency's predecessor draws the inference that measures affecting the Customs Tariff have been hitherto left entirely to the responsibility of the Government of India; and urges that they should be exempt from the rule that legislative proposals, as soon as they are resolved upon by the Government of India, should be referred to the Secretary of State in Council before they are introduced into the Legislative Council.

6. In considering the suggestion which is thus offered, I do not think it is necessary to examine in any detail the precedents to which reference has been made. The period over which they extend is too brief to invest with authority any practice which would not, without such sanction, equally recommend itself on reasons of mere expediency. Moreover, during the greater part of that period, Indian finance was in a condition of much embarrassment, and it was not possible in the selection of a tax to pay much regard to any other consideration than the immediate productiveness of the tax selected.

7. It is also essential to remember that, during a considerable portion at least of this time, extensive financial changes were made only at one particular period of the year, and that their introduction was preceded by full demi-official communication between the Viceroy and the Secretary of State. No inference, therefore, as to the independence of the Government of India in respect to this class of questions can be drawn from the absence of official communications. I do not mean by these observations to imply that a private intimation would fully compensate for the want of official notice. To the Secretary of State, this mode of communication would be of equal, or nearly equal, value; but it would be unsatisfactory, in that it would fail to convey similar information to the Council of India, to whom Parliament has specially committed the guardianship of the financial interests of India.

8. I am, however, unable to understand how Lord Stanley's Despatch of 7th April 1859, giving instructions for the legislation to be passed in that particular year, should have presented itself to the mind of your predecessor in Council as an authority for the independent action in future years, or the invariable initiative of the Government of India, in matters of finance and custom.

The following are the four paragraphs which refer to import duties:—

" 21. The expediency of this measure is pressed in your Letter of the 23rd February 1857, No. 5, 'strongly and unanimously,' on the consideration of the Home Authorities by your Lordship and the Members of your Council; and, while the question of obtaining an accession by this and other means has incalculably increased in importance since the date of your Despatch, it cannot be disputed that the rates of import duty levied in India are, on the whole, extremely moderate; the aggregate value of all the imports into the three Presidencies being a little beyond 15 crore of rupees, or 15 millions sterling, and the amount levied as import duty about 70 lacs, or 700,000*l.* sterling.

\* \* \* \* \*

" 23. In his Minute of the 26th January 1857, Mr. J. P. Grant proposed certain moderate increases in the rates of import duty, under which, as he believed, 'no perceptible check would be given to consumption.' Since the date of that Minute, the object of obtaining a larger immediate revenue, either from existing sources, or from the development of new ones, has become a matter of extreme urgency, and Her Majesty's Government, having fully considered the whole question, as far as the materials at their disposal enable them to do so, have, in accordance with the views hereinbefore indicated, resolved to give their sanction and approval to a tariff of import duties constructed on the general principle of levying on all articles, wholly or partially unmanufactured, a duty of 7½ per cent.; on all manufactured articles, whatever their origin, which are habitually consumed by the general mass of the community, a duty of 10 per cent.; and on such articles as are used only as luxuries by the richer classes, whether European or Native, a rate of duty amounting or equivalent to 20 per cent. *ad valorem*.

" 24. Her Majesty's Government accordingly authorize your Lordship in Council to prepare, and to carry into effect after such communication with the authorities of the Presidencies as you may see fit, and, of course, with the concurrence of the Legislative Council, a scheme for the revision of the Customs administration, based on the views already indicated in this Despatch.

" 25. As, however, it may be desirable that I should point out to you with greater distinctness the sentiments which Her Majesty's Government entertain in regard to the augmentation of import duties, in accordance with those principles, I add a sketch of the rates to which, if it should meet your Lordship's approval, they will be prepared to give their formal sanction."

A list follows showing in detail, item by item, the rates of duty which Her Majesty's Government proposed for upwards of five-and-twenty articles.

It was not till Lord Stanley had thus explained with great minuteness the changes in the tariff proposed by Her Majesty's Government, that, requesting that the policy so indicated might be taken into immediate consideration, he gave the permission to settle the future administration of the Customs revenue, so far as it lay within the competence of the Government of India, which is quoted in the letter under reply. Your predecessor in Council appears to have inferred from the use of the word "future" that Lord Stanley in this sentence conveyed to the Government of India for an indefinite number of years to come an independence in respect to fiscal legislation which they had not previously possessed. The previous language of the Despatch gives no support to this conclusion: and such an interpretation of the single word upon which it rests appears to me to be strained. I am still less able to perceive that the course followed on this occasion constituted a precedent for the practice of altering the tariff without previous intimation to the Secretary of State of an intention to do so. Lord Canning sent home a report of the changes he intended to propose on the 5th of February, but he did not pass them into law till the 14th of March. No disapproval of the course taken was expressed, because the changes made "coincided so nearly" with those which the Secretary of State was at the same time officially recommending from home.

I cannot admit that this Despatch supports the opinion of your predecessor in Council that, "measures affecting the Customs tariff have hitherto been left entirely to the responsibility of the Government of India."

9. It is more important to consider the future course suggested by your predecessor in Council. He is of opinion that financial measures should be excepted from the rule applicable to other measures, and that the intention to propose them should not be reported to the Secretary of State until after they have passed into law.

10. I am unable to discern in the arguments advanced in the Letter under reply any ground for believing that advantage would be gained by abstaining from making this communication to the Secretary of State. On the other hand, it will cause, in the case of measures to which Her Majesty's Government may object, some material inconvenience.

11. It is undoubtedly in the power of Her Majesty's Government to give effect to their views in respect to any objectionable financial measure, by recommending its disallowance. But this can only be done some time after it has been promulgated and has taken effect as law. By this plan the greatest publicity and the strongest emphasis are given to the divergence of opinion between the Home and the Indian Governments. It appears to me that, for the purpose of sustaining the dignity and position of the Governor General, it is far better that the views of Her Majesty's Government should be intimated in the way of discussion to the Indian Government, before the latter has publicly pledged itself, than that Her Majesty's Government should be forced to convey them in the form of open condemnation, which is implied by the act of disallowance.

12. The inconvenience of postponing communication until the moment when disagreement can no longer be concealed, extends to all important legislative measures. But there is a special disadvantage in applying this mode of procedure to measures of finance, and particularly to changes in the tariff. Such measures cannot be reported and considered, and the disallowance of them intimated, within an interval shorter than from two to three months. During that time they have the force of law, and form the basis of the calculations of merchants; and, in reliance upon them, the operations of commerce are planned and conducted. The disallowance of such laws by Her Majesty frustrates expectations which have been legitimately formed, and exposes those who have acted upon them to unmerited loss. On the other hand, the Government are responsible to Parliament for all measures which they do not disallow. By the system, therefore, of not making any intimation of intended financial measures until they have become law, Her Majesty's Government, in cases where their opinions differ from those of the Government of India, are placed in this dilemma. They must either inflict upon the trading community severe loss and disappointment; or they must defend in Parliament—in other words, they must pretend to approve—that of which, in fact, they disapprove.

13. Only one object can be gained by not communicating to Her Majesty's Government a financial proposal until it has become law. It might have the effect of diminishing the control of Her Majesty's Government over this department of legislation. At all events, it would make the control more inconvenient and difficult to exercise, and would tend to give to the Governor General in Council independence, in respect to this class of measures. I gather from several passages in the Letter under

reply, that this was the result which your predecessor in Council thought it desirable to attain. He observes :—

“ Measures affecting the Customs tariff have hitherto been left entirely to the responsibility of the Government of India. \* \* \*

“ The practice has hitherto been invariably observed of holding the Government of India to be primarily responsible for the finances of India, with full discretion, subject to disallowance if disapproved, to pass such financial measures as may be necessary from time to time. We apprehend that a change in this practice would be attended by a division of their responsibility in respect to the administration of the finances, and by other serious inconveniences; and we submit that the rule should be so interpreted as to exempt measures affecting finance and customs which have hitherto been dealt with on the responsibility of the Government of India, from the rule that requires legislative measures to be referred to the Secretary of State before they are introduced.”

It cannot have escaped the notice of your predecessor in Council that “ full discretion, subject to disallowance,” is the extent of the legislative power enjoyed by the self-governed colonies of the British Empire. His proposal, therefore, is that the Government and Legislative Council of India shall enjoy the same amount of independence in respect to financial measures as is enjoyed by the elected Assemblies and responsible Governments of Canada and Australia. These Governments are at liberty to propose and carry what financial measures they may think fit without reference to any superior authority. But when the measures are carried they are subject to disallowance in England. This is precisely the position which your predecessor in Council desires should be assigned to the Government and Legislative Council of India.

14. For the full investigation of this proposal, it would be necessary to examine the constitution of the Legislative Council of India, and to ascertain how far its structure and mode of appointment are suitable for the exercise of the same independence that is conceded to the Legislatures of Canada and Australia. It will be sufficient, however, on the present occasion, to confine my observations to the nature and extent of the responsibility which Parliament has imposed upon Her Majesty's Government in respect to India, and the duties and powers by which that responsibility is necessarily accompanied.

15. It is not open to question that Her Majesty's Government are as much responsible to Parliament for the Government of India as they are for any of the Crown Colonies of the empire. It may even be said that the responsibility is more definite, in that the powers conferred are, in the case of India, armed with a more emphatic sanction. Disobedience to superior orders, on the part of the authorities of a Crown Colony, would entail no consequences except administrative censure: but the Statute 3 & 4 Wm. 4, c. 85. s. 80, guards the power of the Crown in respect to India by the sanction of a formal enactment. Nor has any exception been made, either legally or in constitutional practice, in favour of questions of finance, which your predecessor proposes specially to withdraw from the action of the Home Government. On the contrary, the vigilance of Parliament is more active, and the weight of Parliamentary responsibility more strongly felt in respect to finance than in respect to any other department of Indian Government. On all other questions Parliament is satisfied to interpose only on occasion, whenever any matter which seems to require its attention may arise. But, in respect to finance,—besides frequent motions on particular points, and lengthened inquiries before committees,—the House of Commons requires that an elaborate statement of the policy of the Government shall be annually made to it, with a full explanation of the reasons by which that policy has been guided. The financial statement so made is always scrutinized and discussed with care. Occasionally the action of the Government upon the most vital questions of Indian finance is challenged, motions of censure are made, the policy pursued has to be defended in detail by the representatives of the Government in debate, and the motions of censure are submitted by a division to the judgment of the House. In respect, therefore, to Indian finance, the constitutional responsibility of Her Majesty's Government is effective and constant.

16. It necessarily follows that the control exercised by Her Majesty's Government over financial policy must be effective also. They cannot, of course, defend in debate measures of which they do not approve; nor can they disavow all concern in them, and throw the responsibility of them upon the distant Government of India. If some measure of financial policy were challenged in Parliament, the House of Commons would not be satisfied to be told that Her Majesty's Government wholly disapproved of it, but that it had been left to the responsibility of the Government of India. Full



legal powers having been entrusted to Her Majesty's Government, Parliament would expect that care should be taken that no policy should be pursued which Her Majesty's Government were unable to defend. If the control they possess were to be in any respect less than complete, the power of Parliament over Indian questions would be necessarily annulled. If the Government were at liberty to assume the attitude of bystanders, and to refer the House of Commons for explanations to the Governor General in Council upon any policy that was assailed, there would practically be no one whom the House could call to account, or through whom effect could be given to its decisions. In scrutinizing the control exercised over the Government of India by Her Majesty's Government, and the grounds for maintaining that control, it must be borne in mind that the superintending authority of Parliament is the reason and the measure of the authority exercised by the responsible Ministers of the Crown; and that, if the one power is limited, the other must be limited at the same time.

17. It is impossible, therefore, that "measures affecting customs and finance can be dealt with on the responsibility of the Government of India," as your predecessor in Council has suggested. So far as Parliament is concerned, no such responsibility exists. The only responsibility known to Parliament is that of the Ministers of the Crown.

18. Nor is it possible to admit that there is any peculiarity in the nature of measures relating to finance and customs, which makes it desirable that they should not, previously to their introduction, be communicated to Her Majesty's Government. On the contrary, there are considerations which would make such communication in many cases specially desirable. Measures affecting the tariff touch subjects which are not exclusively of Indian concern. They influence the prosperity of trade and industry outside the confines of India, and they relate to matters on which Her Majesty's Government is in constant negotiation with foreign powers. Such considerations may furnish important elements in considering the expediency of financial proposals; but they are necessarily less fully within the cognizance of the Indian than of the Imperial Government. Previous consultation appears, therefore, to be more necessary as to this class of measures than as to any other.

19. I cannot, therefore, consider that it would be consistent with the obligations imposed by Parliament upon Her Majesty's Government, and the responsibility exacted from them, to except financial measures from the general practice of previous communication which, in the Despatch of 31st March 1874, I requested your Government to observe. I need hardly say that this request implies no derogation from the implicit confidence which Her Majesty's Government repose in your Excellency's judgment and ability; nor does it imply any inclination on their part to withdraw from you the initiative, which, as a general rule, has been left to your Government.

20. In reference to this question, I will take the opportunity of guarding myself from a misapprehension of the meaning of the Despatch of 31st March 1874, into which your predecessor in Council appears to have fallen. In the Letter under reply, a request is preferred "that the present practice, in all ordinary cases, of leaving the initiation of other legislative measures to the Government of India will not be disturbed." No reference is given to indicate the particular passage of the Despatch of 31st March 1874, out of which the departure from previous usage, thus deprecated, is expected to arise. In any case, the apprehension expressed must be due to some misunderstanding. Neither the Despatch referred to, nor any other instructions that I have addressed to the Government of India, deal with the general question of the initiation of legislative measures, or introduce any departure from the practice in that respect heretofore in use. The initiation of measures is certainly not impeded or affected by the request contained in the Despatch of March 1874, that measures, when they have been initiated, should be communicated to me.

21. The Letter under reply concludes with a request that the 6th paragraph of the Despatch of 11th November 1875 may be modified; and that your Government may not be asked to communicate by telegraph the intention of passing "urgent" legislative measures. This rule is deprecated on the ground that it will "withdraw from the Governor General in Council the power of prompt action on the most important cases that can arise." If this effect, or any effect of the same kind, could follow from the practice I have recommended, I should readily admit that it could not with safety be maintained. But there is nothing in the words I employed to withdraw the power of prompt action from the Governor General. I fully concur that in cases really urgent the delay involved in obtaining the sanction of a superior authority might be most dangerous. The words quoted from my Despatch of 11th November contain no

suggestion of delay. They leave the Governor General as free as he has ever been at any former time to act, and to act at once, in any way which a public emergency may seem to him to demand. But without in any degree arresting his action, they request him, when he has made up his mind that urgent legislation is necessary, to inform the Secretary of State by telegraph of his resolution.

22. The request was due to an ambiguity which had been shown by experience to lie in the interpretation of the word "urgent." Your predecessor in Council conceived it to include a measure for the re-construction of the Customs tariff, an interpretation in which I was unable to concur. But so long as it is restricted to the class of measures which it appears to me naturally to indicate, those "which cannot be delayed without serious public evil," the communication to me by telegraph of their introduction becomes a matter of subordinate importance, because I cannot conceive it to be likely that Her Majesty's Government would ever think it wise to interpose with telegraphic instructions in such emergencies. At the same time, it can be open to no practical objection, and would, I imagine, be a communication that, under such circumstances, you would naturally make.

23. I have dwelt at some length upon the general relation, in respect to legislation, of your Government to the Government of Her Majesty, and the obligations which arise out of it, because it appears to me that misconceptions have arisen which, if unnoticed, may hereafter be quoted as accepted doctrines, and thus become detrimental to the public service. But the subject is one which I had no desire to approach, and to which I would not willingly revert. The powers of the one Government or the claims of the other, are not the aspect of their relations upon which it is profitable for either too frequently to dwell. The object of the Despatch of March 1874 was not to raise any question of this kind. Its object was to prevent the possibility of any public conflict of opinion between the two Governments, by securing the fullest communication before any final step was taken. I trust that its instructions will now be fully understood, and that such differences as are discussed in the correspondence which is now being brought to a conclusion will not in future occur.

I have, &c.

(Signed) SALISBURY.

LONDON:  
Printed by GEORGE E. TYRE and WILLIAM SPOTTISW  
Printers to the Queen's most Excellent Majesty.  
For Her Majesty's Stationery Office.

EAST INDIA (CUSTOMS DUTIES).

17

RETURN to an Address of the Honourable The House of Commons,  
dated 10 March 1875;—for,

“ COPY of the ACTS or NOTIFICATIONS of the Government of *India* by which the  
existing CUSTOMS DUTIES in *British India* are Imposed:”

“ ACCOUNT showing the Gross and Net Amount of the CUSTOMS DUTIES of *British  
India* in the Year 1872-3:”

“ LIST showing, as far as Information has been received in this Country, the several  
Articles Imported Free; the Articles producing a less Gross Revenue than 5,000  
Rupees each; those producing more than 5,000 and less than 10,000 Rupees; those  
producing more than 10,000 and less than 1,00,000 Rupees; those producing more  
than 1,00,000 and less than 5,00,000 Rupees; and those producing more than 5,00,000  
Rupees each; so as to exhibit the Aggregate Amount for each Class:”

“ And, similar RETURN for EXPORTS.”

India Office, }  
17 March 1875. }

LOUIS MALLET.

(*Sir George Balfour.*)

Ordered, by The House of Commons, to be Printed,  
19 March 1875.

LONDON:  
Printed by GEORGE E. EYRE and WILLIAM SPOTTISW  
Printers to the Queen's most Excellent Majesty.  
For Her Majesty's Stationery Office.

COPY of the ACTS or NOTIFICATIONS of the Government of India by which the existing CUSTOMS DUTIES in British India are Imposed.

ACT No. XIII. of 1871.

Passed by the Governor General of India in Council.  
(Received the Assent of the Governor General on the 31st March 1871.)

AN ACT to consolidate and amend the Law relating to CUSTOMS DUTIES.

Preamble.	WHEREAS it is expedient to consolidate and amend the law relating to the duties of Customs on goods imported and exported by sea; it is hereby enacted as follows:—
Short title.	1. This Act may be called "The Indian Tariff Act, 1871."
Local extent.	It extends to the whole of British India except Aden.
Commencement.	And it shall come into force on the passing thereof.
Duties specified in Schedules (A.) and (B.) to be levied.	2. There shall be levied and collected, in every port to which this Act applies, the duties specified in Schedules (A.) and (B.) hereto annexed.
Goods partially composed of dutiable articles.	3. Goods not prohibited to be imported into or used in British India, composed of any article liable to duty as a part or ingredient thereof, shall be chargeable with the full duty payable on such article, or if composed of more than one article liable to duty, then with the full duty payable on the article charged with the highest rate of duty.
Saving clause.	4. Nothing herein contained affects Act No. XX. of 1867, or authorises— (1.) The levy of import duties on articles (other than salt, opium, and spirits) imported into one port in British India from another; (2.) The levy of export duties on articles exported from one port in British India to another; (3.) The levy of export duties on articles exported by sea to any place other than a foreign port in India, when such articles have been imported by sea into British India. And, notwithstanding anything herein contained, no opium shall be exported from British India, unless it be covered by a pass granted by an officer appointed in this behalf by the local Government.
Construction of Section 27 of Act VI. of 1868.	5. Section twenty-seven of the Consolidated Customs Act shall be construed as if, for the words "for which a specific value has not been fixed by the local Government with the sanction of the Governor General of India in Council," the following words were substituted (that is to say) "for which a specific value is not fixed by the Indian Tariff Act, 1871;" but, save as aforesaid, nothing herein contained shall be construed to affect the provisions of the Consolidated Customs Act.
Power to fix value of dutiable goods.	6. The Governor General in Council may from time to time, by notification in the Gazette of India, fix for the purposes of this Act the value of any goods exported or imported by sea on which duties of customs are hereby imposed.
Pepper exported by sea from Cochin.	7. Nothing in Schedule (B.) hereto annexed applies to pepper exported by sea from the port of Cochin. But on all such pepper there shall be levied such duty, not exceeding nine rupees per khandi, as the Governor of Fort Saint George in Council from time to time determines; and at the close of each year, or as soon after as may be convenient, the Collector of Customs at the said port shall, after deducting the expenses of collection, pay the duty collected under this section to the Government of Travancore and Cochin, in such proportions and in such manner as the said Governor in Council from time to time directs.
Duties on goods crossing frontiers of foreign European States in Presidencies of Madras and Bombay.	8. Duties of customs shall be levied on goods passing by land into or out of Foreign European Settlements situate on the line of coast within the limits of the Presidency of Fort Saint George or the Presidency of Bombay at the rates prescribed in the Schedules (A.) and (B.) hereto annexed.
Repeal of enactments.	9. The enactments mentioned in Schedule (C.) hereto annexed are repealed to the extent specified in the third column of the same Schedule.

## SCHEDULE (A.)

## IMPORT TARIFF.

No.	DESCRIPTION OF ARTICLE.	VALUE ON WHICH DUTY IS ASSESSED.	RATE OF DUTY.
1	Apparel, including haberdashery, millinery, &c.	<i>Rs. a.</i> <i>Ad valorem</i>	
2	Arms, Ammunition, and Military Stores:		
	Gunpowder, common	- 5 per lb.	
	" sporting	1 "	
	Firearms and parts thereof	<i>Ad valorem</i>	
	All other sorts, including military accoutrements, uniforms, &c., but excluding military and other regulation accoutrements and uniforms imported for private use by persons in the public service	<i>Ad valorem</i>	
3	Asphalte	20 - per ton	
4	Beads and False Pearls:		
	Beads, China	30 - per cwt.	
	" Common	28 "	
	" Ruby, of all sizes	- 12 per lb.	
	" Seed	- 10 "	
	" Small, scarlet and red	- 10 "	
	" Coral (false) moorzan	- 8 per corg of 2,000 beads.	
	All other sorts of false corals and beads	<i>Ad valorem</i>	
	Pearls, false, Bajerla	5 - per lakh	
	" Boria	1 - per thousand	
	" Jouria	8 - per lakh	
	" Nathia	- 6 per thousand	
	" Tachea	- 12 "	
	" Wattanah	10 - per lakh	
	All other sorts	<i>Ad valorem</i>	
5	Cabinet Ware	<i>Ad valorem</i>	Seven and a-half per cent.
6	Candles, Wax, Composition, and other kinds:		
	Candles, Wax	1 - per lb.	
	" Paraffine	- 8 "	
	" Spermaceti	- 8 "	
	" Composition and other sorts	- 5 "	
7	Carriages	<i>Ad valorem</i>	
8	Clocks, Watches, and other Timekeepers	<i>Ad valorem</i>	
9	Coffee:		
	Persian Gulf and Red Sea	30 - per cwt.	
	Other places	20 "	
10	Corals, real	<i>Ad valorem</i>	
11	Corks	1 8 per gross	
12	Cotton:		
	Thread:		
	Sewing thread, white and coloured	- 11 per lb.	
	Sewing thread, in reels, or on cards of 100 yards (and <i>pro rata</i> above and below)*	2 4 per gross reel	
	Sewing thread, Goa and Country	30 - per cwt.	
	Twist:		
	Mule, under No. 15	- 6 per lb.	
	" Nos. 16 to 24	- 9 "	
	" " 25 to 32	- 10 "	
	" " 33 to 42	- 11 "	
	" " 43 to 52	- 12 "	
	" " 53 to 60	- 14 "	

\* Exceeding this length to be charged in proportion.

## SCHEDULE (A.)—IMPORT TARIFF—continued.

No.	DESCRIPTION OF ARTICLE.	VALUE ON WHICH DUTY IS ASSESSED.	RATE OF DUTY:
	<i>Cotton—continued.</i>	<i>Rs. a.</i>	
	<i>Twist—continued.</i>		
	Mule, under No. 70 - - - -	- 15 per lb. - -	Three and a-half per cent.
	" " 80 - - - -	1 - " - -	
	" " 90 - - - -	1 1 " - -	
	" " 100 - - - -	1 2 " - -	
	" " 110 - - - -	1 3 " - -	
	" " 120 - - - -	1 4 " - -	
	and one anna additional for every count of 10 above No. 120.		
	Water, No. 20 - - - -	- 10 " - -	
	" 30 - - - -	- 11 " - -	
	" 40 - - - -	- 13 " - -	
	" 50 - - - -	- 15 " - -	
	Above 50 - - - -	1 2 " - -	
	Turkey, Red Twist, all kind.* - -	1 6 " - -	}
	Twist, Orange, Red, and other colours* - -	- 15 " - -	
	Piece Goods:		
	Grey:		Five per cent.
	Mulls - - - -	1 1 per lb. - -	
	Jaconets exceeding 10 x 10 to the quarter inch - - - -	- 13 " - -	
	Other Jaconets - - - -	- 11 " - -	
	Shirtings, Madapollams, and Prints - - - -	- 11 " - -	
	Long Coths, Jeans, Domestics, Sheetings, Drills, and T. Cloth - - - -	- 9 " - -	
	Other sorts - - - -	<i>Ad valorem</i> - - - -	
	Cotton Rope - - - -	25 - per cwt. - -	
	Cotton Goods, other kinds - - - -	<i>Ad valorem</i> - - - -	
13	Drugs and Medicines:		
	Acid, Sulphuric - - - -	- 3 per lb. - -	Seven and a-half per cent.
	Alkali, Country (saje khar) - - - -	2 - per cwt. - -	
	Aloes, Black - - - -	10 - " - -	
	" Socotra - - - -	25 - " - -	
	Alum - - - -	3 8 " - -	
	Arsenic - - - -	25 - " - -	
	" China, munsceel - - - -	8 - " - -	
	Assafetida (hing) - - - -	55 - " - -	
	" Coarse (hingra) - - - -	10 - " - -	
	Brimstone, Flour - - - -	7 - " - -	
	" Roll - - - -	6 - " - -	
	" Rough - - - -	4 8 " - -	
	Camphor, Bhimsing (barras) - - - -	50 - per lb. - -	
	" Refined cake - - - -	65 - per cwt. - -	
	" Crude in powder - - - -	50 - " - -	
	Cassia lignea - - - -	38 - " - -	
	Coova, Red - - - -	<i>Ad valorem</i> - - - -	
	Coppers, Green - - - -	2 8 per cwt. - -	
	Quinine - - - -	<i>Ad valorem</i> - - - -	
	Sal Ammoniac - - - -	22 - per cwt. - -	
	Salap - - - -	60 - " - -	
	Senna leaves - - - -	6 - " - -	
	All other sorts - - - -	<i>Ad valorem</i> - - - -	
14	Dyeing and Colouring Materials:		
	Cochineal - - - -	1 12 per lb. - -	
	Gallnuts, Country, Myrabolan - - - -	3 - per cwt. - -	
	" Persian - - - -	35 - " - -	
	Gamboge Wood - - - -	20 - " - -	
	Madder or Munjeet - - - -	10 - " - -	
	Orehilla Weed - - - -	8 - " - -	
	Saffron, Europe - - - -	16 - per lb. - -	
	" Meadow, sooranjun - - - -	10 - per cwt. - -	
	" Persian - - - -	12 - per lb. - -	
	" In cakes or lumps - - - -	5 - " - -	
	Sapan Wood and Root - - - -	3 8 per cwt. - -	
	Aniline Dyes - - - -	- 8 per oz. - -	
	All other sorts - - - -	<i>Ad valorem</i> - - - -	

\* Duty to be charged on the grey weight of the coloured yarn; when not ascertainable, the actual wharf weight or invoice weight to be taken.



## SCHEDULE (A.)—IMPORT TARIFF—continued.

No.	DESCRIPTION OF ARTICLE.	VALUE ON WHICH DUTY IS ASSESSED.	RATE OF DUTY.	
15	Fireworks:	<i>Rs. a.</i>		
	China - - - - -	80 - per box of 183½ lbs.	Seven and a-half per cent.	
	Other sorts - - - - -	<i>Ad valorem</i> - - -		
16	Flax, Manufactures of:			
	Piece Goods - - - - -	<i>Ad valorem</i> - - -	Five per cent.	
	Other sorts, including linen thread -	<i>Ad valorem</i> - - -		
17	Fruits and Vegetables:			
	Almonds, without shell - - - - -	25 - per cwt. - - -		
	" with shell - - - - -	10 - " - - -		
	Cajoo kernels - - - - -	10 - " - - -		
	Cocoanuts - - - - -	30 - per thousand - - -		
	" kernel (Copra) - - - - -	9 8 per cwt. - - -		
	Currants, Europe - - - - -	35 - " - - -		
	" Persian - - - - -	12 - " - - -		
	Dates, dry, in bags - - - - -	4 - " - - -		
	" wet " - - - - -	3 - " - - -		
	" " in pots - - - - -	6 - " - - -		
	Figs, Europe - - - - -	42 - " - - -		
	" Persian, dried - - - - -	6 - " - - -		
	Garlic - - - - -	4 - " - - -		
	Pistachio Nuts - - - - -	14 - " - - -		
	Prunes, Bussorah - - - - -	12 - " - - -		
	Raisins, Black, Persian Gulf, Red Sea, and Khismis - - - - -	12 - " - - -		
	" Monooka, Persian Gulf, and Red Sea - - - - -	7 - " - - -		
	" Malsga and Bloom - - - - -	- 10 per lb. - - -		
	" Other sorts - - - - -	<i>Ad valorem</i> - - -		
	Walnuts, Akroot - - - - -	5 - per cwt. - - -		
	Mangoes, dried - - - - -	<i>Ad valorem</i> - - -		
	Prunes, Europe - - - - -	<i>Ad valorem</i> - - -		
	Other sorts, except Bidmiakh and Buzarbutto nuts, which are free -	<i>Ad valorem</i> - - -		
	18	Glass and Glass Ware:		Seven and a-half per cent.
		Bangles, Glass, China, gilt - - -	10 - per 100 pairs - - -	
		" " " not gilt - - - - -	5 - " - - -	
		Glass, Broken " - - - - -	5 - per cwt. - - -	
		" China, of all colours - - - - -	32 - per 133½ lbs. - - -	
		" Crown, coloured - - - - -	32 - per 100 superficial feet. - - -	
" " of sizes - - - - -		5 - per 100 superficial feet. - - -		
Glass and Glass Ware of all other sorts, except bottles, which are free	<i>Ad valorem</i> - - -			
19	Gums:			
	Gum, Ammoniac - - - - -	10 - per cwt. - - -		
	" Arabic - - - - -	18 - " - - -		
	" Bdellium, common gum - - - - -	5 - " - - -		
	" Benjamin - - - - -	33 - " - - -		
	" Bysaboje, coarse myrrh - - - - -	12 - " - - -		
	" Copal - - - - -	65 - " - - -		
	" Frankincense or Olebanum - - - - -	9 - " - - -		
	" Gambier (or Kino) - - - - -	8 - " - - -		
	" Myrrh - - - - -	24 - " - - -		
	" Persian (false) - - - - -	3 - " - - -		
	" Rosin - - - - -	12 - " - - -		
All other sorts - - - - -	<i>Ad valorem</i> - - -			
20	Groceries not otherwise described	<i>Ad valorem</i> - - -		

## SCHEDULE (A.)—IMPORT TARIFF—continued.

No.	DESCRIPTION OF ARTICLE.	VALUE ON WHICH DUTY IS ASSESSED.	RATE OF DUTY.
21	Hides and Skins:	<i>Rs. a.</i>	
	Border Hides, prepared - - -	30 - each - - -	
	Buffalo Hides, Country, tanned - -	80 - per score - -	
	Calf Skins - - - - -	40 - per dozen - -	
	Chamois Skins - - - - -	6 - " - - -	
	Cow Hides, Country, tanned - - -	60 - per score - -	
	Rhinoceros Leather - - - - -	40 - per cwt. - - -	
	Other sorts - - - - -	<i>Ad valorem</i> - - -	
22	Instruments, Musical - - - - -	<i>Ad valorem</i> - - -	
23	Ivory and Ivory Ware:		
	Elephants' Grinders - - - - -	16 - per cwt. - - -	
	Tusks above 20 lbs. - - - - -	300 - " - - -	
	Tusks, 10 lbs. and not exceeding 20 lbs. - - - - -	225 - " - - -	
	Tusks under 10 lbs. - - - - -	125 - " - - -	
	Sea Cow or Moyo Teeth, 3 lbs. and upwards - - - - -	225 - " - - -	Seven and a-half per cent.
	Sea Cow or Moyo Teeth, under 3 lbs. - - - - -	75 - " - - -	
	Ivory, manufactures of - - - - -	<i>Ad valorem</i> - - -	
24	Jewellery, including Plate:		
	Silver Ware, plain - - - - -	1 6 per tolah - - -	
	" embossed - - - - -	2 - " - - -	
	Jewellery and Plate of all other kinds, excepting precious stones and pearls, which are free - - - - -	<i>Ad valorem</i> - - -	
25	Leather and Manufactures of:		
	Leather - - - - -		
	Boots and Shoes - - - - -		
	Harness and Saddlery - - - - -	<i>Ad valorem</i> - - -	
	Other sorts - - - - -		
26	Liquor:		
	Ale, Beer, and Porter - - - - -		One anna per imperial gallon.
	Cider and other fermented liquors - - - - -		Three rupees the imperial gallon, and the duty to be rateably increased as the strength exceeds London proof.
	Spirits - - - - -		Provided that 10 per cent. <i>ad valorem</i> shall be charged on all spirits used exclusively in arts and manufactures, or in chemistry, subject to such rules as the Local Governments shall from time to time prescribe, for ascertaining that such spirits are unfit for use as a beverage, and incapable of being converted to that purpose. And the officer in charge of the Custom House, subject to the general instructions of the Local Government, shall decide what spirits fall within the proviso, and his decision thereon shall be final in law.
	Wines, Sparkling Wines, and Wines:		<i>Rs. a.</i>
	Champagne - - - - -		1 8 per imperial gallon, or six quart bottles.
	Liqueur - - - - -		1 - ditto.
	All other sorts - - - - -		

## SCHEDULE (A.)—IMPORT TARIFF—continued.

No.	DESCRIPTION OF ARTICLE.	VALUE ON WHICH DUTY IS ASSESSED.	RATE OF DUTY.
27	Matches:	<i>Rs. a.</i>	
	Lucifer and all other sorts - - -	<i>Ad valorem</i> - - -	
28	Mats, Floor Matting, China, of all sorts	50 - per hundred -	
29	Metals Unwrought, Wrought, and Manufactures of:		
	Brass, Beads, Googree, China - - -	- 12 per thousand -	
	" Old - - - - -	35 - per cwt. - - -	
	" Sheets, rolls very thin - - -	80 - " - - -	
	Copper, Australian Cake - - -	41 - " - - -	
	" Bolt - - - - -	43 - " - - -	
	" Braziers - - - - -	43 - " - - -	
	" China Cash - - - - -	28 - " - - -	
	" Japan - - - - -	41 - " - - -	
	" Nails and Composition Nails - - -	43 - " - - -	
	" Old - - - - -	40 - " - - -	
	" Pigs and Slabs, Foreign - - -	38 - " - - -	
	" Sheet, Sheathing and Plate - - -	43 - " - - -	
	" Tiles, Ingots, Cakes, and Bricks - - -	40 - " - - -	
	" China, White Copperware - - -	1 4 per lb. - - -	
	" Foil Dank-pana, China - - -	3 - per book of 100 leaves - - -	
	" " " Europe - - -	4 - " - - -	
	" All other kinds - - -	<i>Ad valorem</i> - - -	
	Iron, Angle and T Iron - - -	<i>Ad valorem</i> - - -	
	" Beams, Pillars, Girders, and Bridge-work - - -	<i>Ad valorem</i> - - -	
	" Flat, square, and bolt, including Scotch - - -	80 - per ton - - -	
	" Hoop, Plate, and Sheet - - -	100 - " - - -	
	" Nails, Rivets, and Washers - - -	10 - per cwt. - - -	
	" Nail, Rod - - - - -	90 - per ton - - -	
	" Old - - - - -	2 8 per cwt. - - -	
	" Pig - - - - -	40 - per ton - - -	
	" Rod, round, British, under half-inch diameter - - -	105 - " - - -	
	" Ditto - ditto - exceeding half-inch diameter - - -	80 - " - - -	
	" Swedish, flat and square - - -	120 - " - - -	
	" Rice Bowls - - - - -	3 - per set of ten - - -	
	" " " - - - - -	1 8 per set of six - - -	
	" Galvanised - - - - -	<i>Ad valorem</i> - - -	
	" Other sorts, except anchors, cables, and kentledge, which are free - - -	<i>Ad valorem</i> - - -	
	Lametta, double reels - - -	4 8 per score - - -	
	" single - - - - -	2 4 " - - -	
	Lead, Pig - - - - -	10 - per cwt. - - -	
	" Pipes - - - - -	13 8 " - - -	
	" " tinned - - - - -	16 - " - - -	
	" Sheets, other than thin sheets for tea canisters, which are free - - -	12 - " - - -	
	Ore Galena - - - - -	13 - " - - -	
	Gold Leaf, Europe - - - - -	4 - per 100 leaves - - -	
	Mock Gold Leaf - - - - -	5 - per 20 books - - -	
	Orsidue or Brass Leaves, Foreign, Europe - - -	1 4 per lb. - - -	
	" Ditto - ditto - China - - -	- 12 " - - -	
	Patent or Yellow Metals, Sheathing and Sheets and Bolts - - -	35 - per cwt. - - -	
	" ditto - old - - - - -	30 - " - - -	
	Quicksilver - - - - -	1 - per lb. - - -	
	Shot, Bird - - - - -	15 - per cwt. - - -	
	Spelter Nails - - - - -	17 8 " - - -	
	" Plate and other shapes - - -	11 - " - - -	
	" Sheet or Zinc Sheathing - - -	15 - " - - -	

Seven and a-half per cent.

One per cent.

Seven and a-half per cent.

## SCHEDULE (A.)—IMPORT TARIFF—continued.

No.	DESCRIPTION OF ARTICLE.	VALUE ON WHICH DUTY IS ASSESSED.	RATE OF DUTY.
	<i>Metals, &amp;c.—continued.</i>	<i>Rs. a.</i>	
	Steel, Blistered - - - - -	9 - per cwt. - - -	} Seven and a-half per cent.
	" British - - - - -	9 - " - - -	
	" Cast - - - - -	25 - " - - -	
	" Spring - - - - -	10 - " - - -	
	" Swedish - - - - -	10 - " - - -	
	Tin, Block - - - - -	43 - " - - -	
	" Plates - - - - -	12 8 " - - -	
	Wire, Brass - - - - -	- 8 per lb. - - -	
	" Common Iron, Nos. 1 to 40 - - -	9 8 per cwt. - - -	
	" Copper - - - - -	- 10 per lb. - - -	
	Other sorts, including hard-ware, ironmongery, and cutlery, but excluding machinery, the component parts thereof, and agricultural implements, which are free - - -	<i>Ad valorem</i> - - -	
30	<i>Naval Stores:</i>		} Five per cent.
	Cables, Coir, tarred - - - - -	10 - per cwt. - - -	
	Canvas, Country, Cotton - - - - -	50 - " - - -	
	" Europe, Sail, not exceeding 40 yards - - - - -	15 - per bolt - - -	
	Coir, Rope, Maldiva and Laccadive - - -	10 - per cwt. - - -	
	" Yarn of all kinds - - - - -	9 - " - - -	
	Cordage, Hemp, Europe - - - - -	18 - " - - -	
	" Manila - - - - -	20 - " - - -	
	Dammer " - - - - -	5 - " - - -	
	Pitch, American and Europe - - - - -	13 - " - - -	
	" Coal - - - - -	4 8 " - - -	
	Tar, American - - - - -	13 - " - - -	
	" Coal - - - - -	6 8 " - - -	
	" Swedish and Archangel - - - - -	14 - " - - -	
	Twine, Europe, Sail - - - - -	- 8 per lb. - - -	
	All other sorts, except oakum, which is free - - - - -	<i>Ad valorem</i> - - -	
31	<i>Oils:</i>		} Seven and a-half per cent.
	Cardamom - - - - -	10 - per lb. - - -	
	Cassia - - - - -	4 - " - - -	
	Cinnamon, Ceylon - - - - -	10 - " - - -	
	Cocoanut - - - - -	20 - per cwt. - - -	
	Earth - - - - -	10 - " - - -	
	Grass - - - - -	2 - per lb. - - -	
	Jingalee or Teel - - - - -	20 - per cwt. - - -	
	Kerosine, Paraffine, Petroleum, Rock and Shale Oils of all descriptions - - -	- 12 per imperial gallon - - -	
	Linseed, Country - - - - -	18 - per cwt. - - -	
	" Europe - - - - -	2 4 per imperial gallon - - -	
	Naphtha - - - - -	30 - per cwt. - - -	
	Otto, of sorts - - - - -	20 - per oz. - - -	
	Sandalwood - - - - -	8 - per lb. - - -	
	Sorrel - - - - -	20 - per cwt. - - -	
	Turpentine - - - - -	2 - per imperial gallon - - -	
	Whale and Fish - - - - -	15 - per cwt. - - -	
	Wood - - - - -	15 - " - - -	
	All other sorts, except cocum and slush fat, which are free - - -	<i>Ad valorem</i> - - -	
32	Oil and Floor Cloth - - - - -	<i>Ad valorem</i> - - -	Five per cent.
33	Opium - - - - -	- - - - -	Twenty four rupees per seer of eighty tolas.

## SCHEDULE (A.)—IMPORT TARIFF—continued.

No.	DESCRIPTION OF ARTICLE.	VALUE ON WHICH DUTY IS ASSESSED.	RATE OF DUTY.	
34	<b>Paints, Colours, and Painters' Materials:</b>	<i>Rs. a.</i>		
	Ochre, all colours	3 - per cwt.	} Seven and a-half per cent.	
	Paints, of sorts	12 - "		
	Composition Paint and Patent Driers	30 - "		
	Prussian Blue, China	8 - per lb.		
	" Europe	1 8 - "		
	Red Lead	14 - per cwt.		
	Turpentine	2 - per imperial gallon		
	Verdigris	75 - per cwt.		
	Vermilion, Canton	80 - per box of 90 bundles		
	" Macao	30 - "		
	White Lead	12 - per cwt.		
	All other sorts, including brushes	<i>Ad valorem.</i>		
35	<b>Perfumery:</b>			} Five per cent.
	Atary, Persian	15 - per cwt.		
	Rose Flowers, dried	10 - "		
	Rose Water	1 12 - per imperial gallon		
	All other sorts	<i>Ad valorem.</i>		
36	Photographic Apparatus and Materials	<i>Ad valorem.</i>		
37	Piece Goods, not otherwise described	<i>Ad valorem.</i>		
38	Porcelain and Earthenware	<i>Ad valorem.</i>		
39	<b>Provisions and Oilman's Stores:</b>		} Seven and a-half per cent.	
	Bacon in canisters, jowls, and cheeks	9 - per lb.		
	Beef	60 - per tierce of 3 cwt.		
	Cheese	40 - per barrel of 2 cwt.		
	Fish Maws	10 - per lb.		
	Fish Sozille and Singally, small	50 - per cwt.		
	Flour	8 - "		
	Ghee	25 - per barrel or sack of 200 lbs.		
	Hams	36 - per cwt.		
	Pork	8 - per lb.		
	Shark Fins	60 - per tierce of 3 cwt. and		
	Tongues, Salted	34 - per barrel of 2 cwt.		
	Vinegar in wood, Europe	20 - per cwt.		
	" Persian	10 - per keg of six imperial gallons		
	" Country	1 8 - per imperial gallon		
	All other sorts, except hiche de mer, butter, and salted fish, which are free	12 - "		
	" "	6 - "		
	All other sorts, except hiche de mer, butter, and salted fish, which are free	<i>Ad valorem.</i>		
40	<b>Railway Materials:</b>		} One per cent.	
	Of iron	<i>Ad valorem.</i>		
	Steel rails and other articles intended for the permanent way of railways	<i>Ad valorem.</i>		
	Other sorts	<i>Ad valorem.</i>		
41	<b>Rattans and Canes:</b>		} Seven and a-half per cent.	
	Canes, Malacca	1 - per dozen		
	Rattans	7 - per cwt.		
	All other sorts	<i>Ad valorem.</i>		
42	<b>Salt:</b>			
	Imported from any place, whether within or without British India—		<i>Rs. a.</i>	
	(a) into British Burmah		- 8 per maund.	
	(b) into the territories under the government of the Lieutenant Governor of Bengal		3 4 "	
	(c) into any other part of British India		1 15 "	

## SCHEDULE (A.)—IMPORT TARIFF—continued.

No.	DESCRIPTION OF ARTICLE.	VALUE ON WHICH DUTY IS ASSESSED.	RATE OF DUTY.
43	Seeds:	<i>Rs. a.</i>	
	Anchuchuck - - - - -	10 - per cwt. - -	
	Anise, Europe - - - - -	28 - " - - - -	
	Assalia - - - - -	7 - " - - - -	
	Cajoo - - - - -	3 - " - - - -	
	Castor - - - - -	4 8 - " - - - -	
	Cummin - - - - -	12 - " - - - -	
	"    Black - - - - -	5 - " - - - -	
	Esubgool - - - - -	5 - " - - - -	
	Linseed - - - - -	5 - " - - - -	
	Methee - - - - -	5 - " - - - -	
	Mustard - - - - -	4 8 - " - - - -	
	Quince Seed or Badana - - - - -	60 - " - - - -	
	Rape or Sursee - - - - -	4 8 - " - - - -	
	Sawjeerah - - - - -	25 - " - - - -	
	Tookmeria - - - - -	7 - " - - - -	
	All other sorts, excepting seeds imported by any public society for gratuitous distribution, which are free	<i>Ad valorem</i> - - - -	
44	Shells:		
	Chauks, "large shells" for cameos - - - - -	10 - per hundred - -	
	"    White, live - - - - -	6 - " - - - -	
	"    dead - - - - -	3 - " - - - -	
	Cowdas, Mozambique and Zanzibar - - - - -	3 - " - - - -	
	"    from other places - - - - -	8 - " - - - -	Seven and a-half per cent.
	Cowries:		
	Bazar, common - - - - -	4 - per cwt. - - - -	
	Maldiva - - - - -	16 - " - - - -	
	Sunkley - - - - -	40 - " - - - -	
	Yellow, superior quality - - - - -	8 - " - - - -	
	Mother o'pearl - - - - -	8 - " - - - -	
	Tortoise Shell - - - - -	6 - per lb. - - - -	
	"    Nuck - - - - -	1 - " - - - -	
	Nuckla and other sorts - - - - -	<i>Ad valorem</i> - - - -	
45	Silk:		
	Floss - - - - -	8 - per lb. - - - -	
	Raw, Charon and Cochin China - - - - -	4 - " - - - -	
	"    Mathow - - - - -	1 12 - " - - - -	
	"    Other kinds of China - - - - -	7 - " - - - -	
	"    Persian - - - - -	5 - " - - - -	
	"    Punjam and Cutchra - - - - -	1 12 - " - - - -	
	"    Siam - - - - -	4 - " - - - -	
	Sewing Thread, China - - - - -	8 - " - - - -	
	Other sorts - - - - -	<i>Ad valorem</i> - - - -	
	Silk Piece Goods of sorts - - - - -	<i>Ad valorem</i> - - - -	Five per cent.
46	Soap - - - - -	<i>Ad valorem</i> - - - -	
47	Spices:		
	Aloe Wood - - - - -	3 - per lb. - - - -	
	Aniseed Star - - - - -	40 - per cwt. - - - -	
	Betelnut, White, Sheverdhun - - - - -	18 - " - - - -	
	"    all other kinds - - - - -	4 - " - - - -	
	"    in husk - - - - -	2 - per thousand - - - -	
	Cassia Buds, Nagkesaur, China - - - - -	8 - per lb. - - - -	
	Chillies, Dried - - - - -	8 - per cwt. - - - -	
	Cloves - - - - -	12 - " - - - -	
	"    in seeds, Nurlavung - - - - -	8 - " - - - -	
	Mace - - - - -	9 - per lb. - - - -	
	"    False - - - - -	10 - per cwt. - - - -	
	Nutmegs - - - - -	10 - per lb. - - - -	
	"    in shell - - - - -	6 - " - - - -	
	"    Wild - - - - -	12 - per cwt. - - - -	
	Pepper, Black and Long - - - - -	14 - " - - - -	
	"    White - - - - -	25 - " - - - -	
	All other kinds - - - - -	<i>Ad valorem</i> - - - -	
48	Stationery other than paper - - - - -	<i>Ad valorem</i> - - - -	Seven and a-half per cent.

SCHEDULE (A.)—IMPORT TARIFF—continued.

No.	DESCRIPTION OF ARTICLE.	VALUE ON WHICH DUTY IS ASSESSED.	RATE OF DUTY.	
94	Sugar and Sugar Candy:	<i>Rs. a.</i>		
	Sugar Candy, China	20 - per cwt.	} Seven and a-half per cent.	
	" Loaf	23 - "		
	" Soft	12 - "		
	All other sorts of saccharine produce	<i>Ad valorem</i>		
50	Tea	1 - per lb.	}	
51	Tobacco:			
	Manufactured	} <i>Ad valorem</i>	} Ten per cent.	
	Unmanufactured			
	Articles such as pipes, &c., used in consumption of	<i>Ad valorem</i>	}	
52	Toys and requisites for all games	<i>Ad valorem</i>		
53	Umbrellas:		} Seven and a-half per cent.	
	Cotton, Steel Ribs	- 18 each		
	" Cane Ribs	- 11 "		
	" China paper kettisals	45 - per box of 110.		
	All other sorts	<i>Ad valorem</i>		
54	Woollen Goods:		} Five per cent.	
	Piece goods	<i>Ad valorem</i>		
	Braid	} <i>Ad valorem</i>		} Seven and a-half per cent.
	Other sorts			

SCHEDULE (B.)

EXPORT TARIFF.

No.	DESCRIPTION OF ARTICLE.	VALUE ON WHICH DUTY IS ASSESSED.	RATE OF DUTY.
1	Cotton Goods:	<i>Rs. a.</i>	
	Piece Goods:		} Three per cent.
	Baftahs	30 - per score	
	Gurrah	20 - "	
	Khurwah	25 - "	
	Mamoodie	32 - "	
	Mirzapore Chintz	15 - "	
	Patna	30 - "	
	Shans	40 - "	
	Tanjeeb, Oudh	28 - "	
	Other sorts	<i>Ad valorem</i>	
	Twist, Country, No. 10	- 7 per lb.	
	" " No. 20	- 9 "	
	" " No. 30	- 10 "	
	" Hand Spun	- 5 "	
	All other kinds of Cotton Goods	<i>Ad valorem</i>	
2	Grain of all sorts		Three annas per maund.

## SCHEDULE (B.)—EXPORT TARIFF—continued.

No.	DESCRIPTION OF ARTICLE.	VALUE ON WHICH DUTY IS ASSESSED.	RATE OF DUTY.	
3	Hides and Skins, Tanned :	<i>Rs. a.</i>		
	Hides :			
	Buffaloe, Country, tanned	70 - per score -	} Three per cent.	
	Cow	50 - " -		
	Skins :			
	Goat and Sheep	10 - " -		
	Lamb	5 - " -		
	Any other sorts of Hides and Skins	<i>Ad valorem</i>		
4	Indigo	- - - -	Three rupees per maund.	
5	Lac :			
	Button	28 - per cwt. -	} Four per cent.	
	Dye	45 - " -		
	Seed	20 - " -		
	Shell	28 - " -		
	Stick	16 - " -		
	Other sorts	<i>Ad valorem</i>		
6	Oils :			
	Castor	16 - per cwt. -	} Three per cent.	
	Cocoanut	20 - " -		
	Fish	15 - " -		
	Grass	2 - per lb. -		
	Jingeely or Teel	20 - per cwt. -		
	Linseed	18 - " -		
	Mhowa	12 - " -		
	Mustard	16 - " -		
	Poppy	20 - " -		
	Rape or Sursee	16 - " -		
	Sandalwood	8 - per lb. -		
	Other sorts	<i>Ad valorem</i>		
7	Seeds :			
	Castor Seed (Erundee)	4 8 per cwt. -	} Three per cent.	
	Coriander Seed	4 - " -		
	Cummin Seed	12 - " -		
	" Black (Caleejeera)	5 - " -		
	Ground Nuts, with shell	5 - " -		
	" " without shell	6 - " -		
	Jingeely or Teel Seed	6 - " -		
	Linseed	5 - " -		
	Methee Seed	5 - " -		
	Mustard Seed	4 8 " -		
	Poppy Seed	5 8 " -		
	Rape or Sursee Seed	4 8 " -		
	Other sorts	<i>Ad valorem</i>		
8	Spices :			
	Aloe Wood	3 - per lb. -		} Three per cent.
	Betelnut in husk	2 - per 1,000 -		
	Cardamoms	200 - per cwt. -		
	" Large, Bastard	40 - " -		
	Chillies, Dried	8 - " -		
	Ginger, Dry (rough) Malabar	10 - " -		
	" " Bengal	7 - " -		
	" (scraped)	15 - " -		
	Pepper	15 - " -		
	Turmeric	5 - " -		
	All other sorts	<i>Ad valorem</i>		



## SCHEDULE (C.)

(See Section 9.)

NUMBER AND YEAR.	SUBJECT OR TITLE.	EXTENT OF REPEAL.
Act XIV. of 1836 -	Bengal Customs - - - -	So much as has not been repealed.
Act VI. of 1844 -	Madras Customs - - - -	So much of Schedules (A.) and (B.) as has not been repealed.
Act I. of 1852 - -	An Act for the consolidation and amendment of the laws relating to the Customs under the Presidency of Bombay.	So much as has not been repealed.
Act XXX. of 1854 -	An Act to provide for the levy of duties of Customs in the Arracan, Pegu, Martaban, and Tenasserim Provinces.	Section 3 from the beginning down to and including the words "shall be free; provided that."
Act XXIX. of 1857 -	An Act to make better provision for the collection of Land Customs on certain foreign frontiers of the Presidency of Bombay.	So much of Section 2 as has not been repealed.
Act XXII. of 1859 -	An Act to amend Act I. of 1852 (for the consolidation and amendment of the laws relating to the Customs under the Presidency of Bombay).	So much as has not been repealed.
Act III. of 1861 -	An Act to provide for the collection of duty of Customs on pepper exported by sea from the British Port of Cochin.	The whole.
Act II. of 1868 - -	An Act to alter the rate of duty leviable on pepper exported from Cochin.	The whole.
Act XXIV. of 1869 -	An Act to enhance the price of salt in the Presidency of Fort St. George, and the duty on salt in the Presidency of Bombay.	In Section 2, the words "either by sea or."
Act XVII. of 1870 -	An Act to amend the law relating to Customs duties.	The whole.

NOTIFICATION of the Government of India, dated 4th January 1873, No. 41.  
(Separate Revenue—Customs.)

In exercise of the powers conferred by Act XVIII. of 1870, the Governor General in Council is pleased to exempt wheat exported from British India from the duties of customs to which it is liable under the Indian Tariff Act, 1871, with effect from this date.

R. B. Chapman,  
Secretary to the Government of India.

## ACT No. VIII. of 1875.

Passed by the Governor General of India in Council.

(Received the Assent of the Governor General on the 2nd March 1875.)

## AN ACT for regulating INLAND CUSTOMS DUTIES on SALT and SUGAR, and for other Purposes.

## Preamble.

WHEREAS it is expedient to consolidate and amend the law relating to the levy of Inland Customs duties on salt and sugar, and to the import of salt, the export of sugar, and the manufacture of salt and saltpetre into, from, and in the North Western Provinces, the Punjab, Oudh, and the Central Provinces; it is hereby enacted as follows:

## CHAPTER I.—Preliminary.

Short title.	1. This Act may be called "The Inland Customs Act, 1875," and shall come into force on the passing thereof.
Commencement.	This section, Section 2, and so much of this Act as refers to offences against any of its provisions or against any rules made hereunder, extend to the whole of British India;
Local extent.	The rest of this Act extends to the territories for the time being respectively subject to the Lieutenant Governors of the North Western Provinces and the Punjab, and the Chief Commissioners of Oudh and the Central Provinces;
Power to extend Act.	And any portion of this Act, other than the portions specified in the second clause of this section, may be extended, by order of the Governor General in Council, published in the "Gazette of India," to any part of British India other than the said territories.
Repeal of enactments.	2. The enactments specified in the Schedule hereto annexed are repealed to the extent mentioned in the third column of the said Schedule.
Interpretation clause.	3. In this Act, unless there be something repugnant in the subject or context,— "The said territories" means the territories mentioned in the third clause of the first section;
"Collector."	"Collector" means a Collector or Assistant Commissioner of Inland Customs, and includes any person invested by the Local Government with the powers of a Collector under this Act;
"Customs officer."	"Customs officer" means any officer of Inland Customs, and includes any person invested by the Local Government with any of the powers of a Customs officer under this Act;
"Sugar."	"Sugar" includes also saccharine produce, sweet-meats, and all other articles of which sugar forms a principal ingredient;
"Saltpetre."	"Saltpetre" includes rasi, sajji, and all other substances manufactured from saline earth, and <i>khá-ri-nán</i> , or Glauber's salt, and every form of sulphate or carbonate of soda; and—
"Manufacture of salt."	"Manufacture of salt" includes the separation or purification of salt obtained in the manufacture of saltpetre, the separation of salt from earth or other substance so as to produce alimentary salt, and the excavation or removal of natural saline deposits or efflorescence.

## CHAPTER II.—Of the Import of Salt and Export of Sugar.

Regulation of the import of salt, and export of sugar.	4. No salt shall be imported into the said territories, and no sugar shall be exported therefrom, except subject to the provisions, payments, and rules prescribed by or under this Act.
Power to levy duties.	5. The Governor General in Council may from time to time by rule order the levy of duties not exceeding the following:—

*Per Maund of Three Thousand  
Two Hundred Tolas.*

- |   |       |               |
|---|-------|---------------|
| (a) On salt imported into the said territories            | - - - | Three rupees. |
| (b) On refined sugar exported from the said territories   | - - - | One rupee.    |
| (c) On unrefined sugar exported from the said territories | - - - | Six annas.    |

And in calculating the amount of any such duty, fractions of quarter maunds may be reckoned as quarter maunds.

The Governor General in Council may from time to time reduce or remit any duty imposed under this section.

The Governor General in Council may, for the purposes of this section, define by rule what shall be deemed refined sugar and what shall be deemed unrefined sugar.

Power to define a customs-zone and establish a customs-line.	6. In order to facilitate the collection of duties imposed under Section 5 the Governor General in Council may by rule define a zone of country not exceeding 15 miles in breadth along any portion of the frontier of the said territories, and at such distance within the frontier as he deems expedient;
--	--

And

And may extend such zone so as to include any portion of a railway or canal or navigable river entering the same, and the place where dutiable goods are loaded or unloaded into wagons or boats for the purpose of entering or leaving the zone;

And may within such zone establish a chain of customs-posts extending along such zone. And the establishment of such chain shall be deemed a public purpose within the meaning of "The Land Acquisition Act, 1870."

A zone of country defined, and a chain of customs-posts established under this section, are hereinafter termed respectively a "customs-zone" and a customs-line."

"Customs-zone."  
"Customs-line."

7. When a customs-zone has been defined and a customs-line established under Section 6 along any portion of the frontier of the said territories, the following results shall ensue, namely :

Effect of establishing a customs-zone and line.

(a) Salt crossing such portion of the frontier shall be deemed to have been imported when it enters the customs-zone, and not before :

Salt when imported.

(b) Sugar shall be deemed to be exported when it is brought within half-a-mile of the inner face of the customs-line, and not before :

Sugar when exported.

(c) The Governor General in Council may by rule prohibit any person absolutely, or subject to such conditions as the Governor General in Council thinks fit, from having in his possession any salt within the limits of the customs-zone :

Possession of salt within customs-zone.

(d) The Governor General in Council may, by notification or by the erection of a barrier or otherwise, prohibit or prevent the passage of traffic of any description across the customs-line, except at such points as the Commissioner of Inland Customs may determine ;

Traffic crossing customs-line.

and may by rule control and regulate the passage of traffic at such points, and provide for the searching of all persons and things crossing, or being taken across, the customs-line.

8. The Governor General in Council may by rule direct that the duty leviable under Section 5, clause (a), shall be levied by way of a mileage rate on—

Levy of salt duty in Central Provinces.

(a) Salt imported from the Presidency of Bombay into any part of the territories under the administration of the Chief Commissioner of the Central Provinces ; and

(b) Salt which, having been so imported, is afterwards moved from one place to another :

And may in like manner fix, for the purposes of this section, the rate per maund per mile which shall be so levied.

9. The Governor General in Council may by rule prescribe the manner, time, and place in and at which, and the persons by whom, the duties leviable under this chapter shall be collected, and the dutiable goods be permitted to be imported and exported.

Power to regulate collection of duties, and import and export of goods.

When the rules made under this section allow dutiable goods to be imported or exported without prepayment of duty, all duty payable on such goods so imported or exported shall be deemed to be a first charge on the same, and such goods may be stopped and detained by a Customs officer until the duty is paid.

If such duty is not paid within such period as may be fixed by such rules, the goods in respect of which such duty is payable may be sold by public auction, and the proceeds of the sale shall be applied, first, in discharging the duty payable in respect of such goods, and then in defraying freight and other charges to which they are liable, and the surplus (if any) shall, if not claimed by the owner within two months, be forfeited to Her Majesty.

CHAPTER III.—Of the Manufacture of Salt and Refining of Saltpetre.

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

Power of Governor General in Council to regulate manufacture and refining of salt and saltpetre ;

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

(b) Fix fees for the following licences, not exceeding in the case of each such licence the amount hereinafter mentioned :—

to fix fees for licences ;

	Rs.
Licence to manufacture saltpetre - - - - -	2
Licence to manufacture and refine saltpetre, and to separate and purify salt in the process of such manufacture and refining	100
Licence to manufacture <i>khá-ri-nún</i> - - - - -	25
Licence to manufacture other saline substances - - - - -	2

(c) Impose a duty not exceeding three rupees per maund of 3,200 tolahs on salt manufactured in the said territories, and determine the manner, time, and place in at which, and the persons by whom, such duty shall be collected :

to impose a duty on manufacture of salt ;

(d) Reduce or remit any duty so imposed :

to reduce or remit duties ;

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

to regulate possession of salt in vicinity of saltpetre manufactories ;

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

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

CHAPTER IV.—Of Offences against the Inland Customs Revenue.

Penalty for contravention of Act or rules.

11. Whoever commits any of the following offences—

- (a) Does anything in contravention of this Act, or of any rule made hereunder :
- (b) Evades payment of any duty or charge payable under this Act or any such rule: or
- (c) Attempts to commit, or abets, within the meaning of the Indian Penal Code, the commission of any of the offences mentioned in clauses (a) and (b) of this section :

Shall, for every such offence, be punishable with a fine not exceeding 500 rupees, or with imprisonment for a term not exceeding six months, or with both ;

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

Punishment on second and subsequent convictions.

12. Any person convicted of an offence under Section 11, after having been previously convicted of an offence under that section, or any enactment hereby repealed—

Shall be punished with imprisonment, which may extend to six months, in addition to the punishment which may be inflicted for a first offence under Section 11 ;

And every such person shall, upon every subsequent conviction of an offence under Section 11, be liable to imprisonment for a term which may extend to six months, in addition to any term of imprisonment to which he was liable at his last previous conviction.

Charge to be preferred by Customs officer.

13. A charge of an offence under Section 11 shall not be entertained except on the complaint of the Collector or other Customs officer not inferior in rank to a sub-assistant patrol ;

Limitation of time for complaint.

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

Jurisdiction.

An offence under Section 11 shall be tried by a Magistrate exercising powers not less than those of a Magistrate of the second class.

Confiscation of articles in respect of which offence committed.

14. All salt, sugar, or saltpetre in respect of which any offence mentioned in Section 11 has been committed, together with the vessels, packages, or coverings in which such salt, sugar, or saltpetre is contained, and the animals and conveyances used in carrying it, shall be liable to confiscation.

When the article seized exceeds five seers in weight, the Commissioner of the Division may, if satisfied on the report of any Customs officer, or on such inquiry as he deems fit to make, that such offence has been committed, declare such article to be confiscated, or impose such lesser penalty in lieu of confiscation as to him may seem fit.

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

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

Power to levy additional duty as a penalty.

15. The Governor General in Council may from time to time, by rule, direct that any Customs officer, not inferior in rank to a sub-assistant patrol, if satisfied in such manner as such rule may prescribe that any offence mentioned or referred to in Section 11 has been committed in respect of any dutiable article, shall, instead of preferring a complaint before a Magistrate or instituting proceedings with a view to confiscation, impose as a penalty an additional duty on such article not exceeding the duty paid or leviable thereon under Chapter II. of this Act.

The imposition of every such penalty shall be at once reported, if the article is respect of which the offence has been committed exceeds five seers, to the Commissioner of Division, and if such article does not exceed five seers, to the Collector ;

And shall require the sanction of the Commissioner or Collector to whom it is so reported.

Punishment for connivance at offences mentioned in Section 11.

16. All zemindars and other proprietors of land or their agents who wilfully connive at any offence mentioned or referred to in Section 11 shall for every such offence be punishable by any Magistrate exercising powers not less than those of a Magistrate of the second class, with fine not exceeding 500 rupees, or with imprisonment for a term not exceeding six months, or with both.

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

Power to detain suspected person, and to seize goods liable to confiscation.

17. Any Customs officer may stop and detain any person whom he has reasonable ground to suspect of being liable to punishment under this Act ;

And may seize any salt or sugar in respect of which there is reasonable ground to believe that any offence mentioned or referred to in Section 11 has been committed, or that any duty is payable, together with the vessels, packages, or coverings in which such salt or sugar is contained, and the animals and conveyances used in carrying it.

Power to arrest.

18. Any Customs officer may arrest any person whom he has reasonable ground to suspect of having committed any such offence as last aforesaid.

19. Whenever

19. Whenever any Customs officer not inferior in rank to a sub-assistant patrol has reason to believe that salt or saltpetre is being unlawfully manufactured, refined or stored; Power to enter and search place of illicit manufacture.

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

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

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

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

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

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

If the place so entered is an apartment in the actual occupancy of a woman, who, according to the customs of the country, does not appear in public, the officer entering the same shall be guided by the rules prescribed in the Code of Criminal Procedure, Section 384.

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

Whenever it is necessary to cause a woman to be searched, the search shall be conducted with strict regard to the habits and customs of the country.

20. Any officer in charge of a police-station, who, on application in writing made by a Customs officer to attend for any of the purposes specified in Section 19, fails so to attend, or to depute a subordinate officer not inferior in rank to a head constable so to attend, shall for every such offence be punished with fine not exceeding 500 rupees. Failure of police officer to attend.

21. Whenever a Customs officer under the rank of Collector arrests any person under this Act; Report of arrest, seizure, or search.

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

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

He shall (unless empowered under the next succeeding clause of this section), within 48 hours next after such arrest, seizure, or entry, make a full report of all the particulars of such arrest, seizure, or entry to his official superior, for the information of the Collector.

Every officer making any arrest under this section, or his official superior, shall, if generally empowered to do so by the Collector, either send with all convenient despatch the person arrested to the Magistrate having jurisdiction to deal with the case, or order the discharge of such person;

And every officer of police attending any search made under Section 19 shall report the same to his official superior.

22. Whenever the Collector is informed of the seizure of any article exceeding five seers in quantity, as liable to confiscation under this Act, he shall, with all convenient despatch, report the circumstances of the case to the Commissioner of the Division, who may thereupon proceed under Section 14. Procedure in respect of articles seized.

If the quantity seized does not exceed five seers, he may dispose of the case himself under the said section.

23. Any article in respect of which a penalty is imposed under Section 15 may be detained pending the receipt of the order of the Commissioner of the Division or Collector on the report required by the same section; Procedure on detainer of article subject to additional duty.

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

When an article is so detained it shall, on the receipt of the said order, be dealt with in accordance with the rules made in this behalf under Section 27.

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

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

- Or when any sum refundable under this section has not been claimed within the said period of six months;  
The amount so in deposit or the sum so refundable shall be forfeited to Her Majesty, unless the Commissioner of Inland Customs otherwise directs.
- Procedure in respect of person arrested.** 24. Whenever the Collector is informed of the arrest of any person, he shall (unless such person has been dealt with under the penultimate clause of Section 21) either send, with all convenient despatch, the person arrested to the Magistrate having jurisdiction to deal with the case, or order the immediate discharge of such person.
- Officers of police and land revenue to assist Customs officers.** 25. All officers of police and officers of Government engaged in the collection of land revenue are empowered and required to assist the Customs officers in the execution of this Act.
- Vexatious search, seizure, &c., by Customs officer.** 26. Any Customs officer who,  
(a) Without reasonable ground of suspicion, searches or causes to be searched any house, boat, or place;  
(b) Vexatiously and unnecessarily seizes the movable property of any person, on pretence of seizing or searching for any article liable to confiscation under this Act;  
(c) Commits as such officer any other act to the injury of any person when such officer has not reason to believe that such act is required for the execution of his duty:  
Shall for every such offence be punishable by a Magistrate exercising powers not less than those of a Magistrate of the second class, with fine not exceeding 500 rupees.  
Any person wilfully or maliciously giving false information, and so causing a search to be made under this Act, shall be punishable by a Magistrate exercising the same powers, with fine not exceeding 500 rupees, or with imprisonment for a term not exceeding two years, or with both.
- Power to regulate seizures, and disposal of things seized.** 27. The Governor General in Council may make rules to regulate the seizure, disposal, and destruction of things liable to be seized under this Act.  
Such rules may, among other matters, provide—  
(a) That the owner or person having the charge of any animal seized and detained shall provide from day to day for its keep while detained, and that, if he omits to do so, such animal may be sold by public auction, and the expenses (if any) incurred on account of it defrayed from the proceeds of the sale;  
(b) That, when anything is seized, and an order for its release is subsequently passed, and the owner does not within a period to be fixed by such rules appear to claim such thing and tender the duties, penalties, and charges (if any) due in respect thereof, it may be sold by public auction, and such duties, penalties, and charges defrayed from the proceeds of the sale;  
(c) That the surplus proceeds of a sale under clause (a) or clause (b) of this section shall, if not claimed by the owner of the thing seized within a period to be fixed by such rules, be forfeited to Her Majesty.
- CHAPTER VI.—Miscellaneous.
- Power to prohibit import, export, and transit of salt or sugar.** 28. The Governor General in Council may from time to time by rule prohibit absolutely, or subject to conditions, the transit of salt or of sugar into, out of, or over the said territories or any part thereof.  
Except in the case of a prohibition under this section, nothing in this Act shall affect the importation of salt or exportation of sugar into or from any of the said territories from or into any other of the said territories, or the lower provinces of the presidency of Fort William.
- Further matters for which Governor General may make rules.** 29. In addition to the rules which the Governor General in Council is hereinbefore empowered to make, he may from time to time make rules to regulate the following matters, namely:  
(a) The persons by whom, and the time, place, and manner at or in which, anything to be done under this Act shall be done;  
(b) The cases in which, and the officers to whom, and the conditions subject to which, orders given by Customs officers under this Act shall be appealable;  
(c) The fee to be charged on account of any licence, pass, certificate, dákhilá, rawána, or other such document issued under this Act:  
And generally to carry out the provisions herein contained.
- Publication of rules.** 30. All rules made under this Act must be consistent herewith, and shall be published in the "Gazette of India," and shall thereupon have the force of law.
- Power of Local Government to confer powers of Collectors and Customs officers.** 31. Subject to the provisions herein contained, and to any rules for the time being in force, made by the Governor General in Council, the Local Government may invest any person with the powers of a Collector under this Act, or with all or any of the powers hereinbefore conferred on Customs officers.
- Saving of existing duties on salt and sugar.** 32. All duties now leviable on salt or sugar imported into or exported from, or moved through, or manufactured in, the said territories shall, until otherwise directed by the Governor General in Council, be deemed to be leviable under this Act.
- Existing rules.** 33. All rules now in force which might have been made under this Act if it had been in force shall be deemed to have been issued hereunder, and the existing customs line shall be deemed to have been defined and protected hereunder.

SCHEDULE.

## SCHEDULE.

## A.—ACTS.

NUMBER AND YEAR.	TITLE.	EXTENT OF REPEAL.
XIV. of 1843 -	An Act for regulating the levy of Customs Duties, and the manufacture of Salt in the North-Western Provinces of the Presidency of Bengal.	So much as has not been repealed.
XXXVI. of 1855 -	An Act to empower Officers of Customs and Land Revenue to search Houses and other enclosed places for contraband Salt in the North-Western Provinces.	The whole.
I. of 1860 - -	An Act to empower the Governor General in Council to increase the rate of duty on Salt imported into the North-Western Provinces of the Presidency of Bengal.	So much as has not been repealed.
XVII. of 1861 -	An Act to amend Act XIV. of 1843 (for regulating the Customs Duties in the North-Western Provinces).	So much as has not been repealed.
XXXI. of 1861 -	An Act to regulate the manufacture of Saltpetre and the sale of Salt educed in the refinement thereof.	The whole, but so far only as regards the said territories.
XIX. of 1862 -	An Act to extend to the Province of Oude certain provisions of Acts XIV. of 1843 and XXXVI. of 1855, relating to the manufacture of contraband Salt, and to amend the last-named Act.	The whole.
VII. of 1864 - -	An Act for regulating the importation and manufacture of alimentary Salt in the Territories administered by the Chief Commissioner of the Central Provinces.	So much as has not been repealed.
XXXIII. of 1867 -	An Act to amend Act No. XXXI. of 1861 -	The whole.
XXV. of 1869 -	An Act to provide rules for the manufacture, storing, and sale of alimentary Salt in the North-Western Provinces, the Punjab, Oudh, and the Central Provinces, and for other purposes.	The whole.
XXV. of 1872 -	An Act to give the force of law to certain rules relating to Salt in the Punjab.	The whole.
X. of 1874 - -	An Act to amend the Law relating to Salt -	Sections 3 and 4.
XV. of 1874 - -	Laws Local Extent Act - - - - -	So far as it relates to Bengal Regulation I. of 1833.

SCHEDULE—*continued.*

## B.—BENGAL REGULATIONS.

NUMBER AND YEAR.	TITLE.	EXTENT OF REPEAL.
XX. of 1817 - -	A Regulation for reducing into one regulation, with amendments and modifications, the several rules which have been passed for the guidance of darogahs and other subordinate officers of police; for modifying the existing rules concerning the resistance or evasion of criminal process; and for requiring further aid to the police in certain cases, from proprietors and farmers of land and their local managers, as well as from the munduls and other heads of villages.	Section 29, Clauses 6th, 6th, 7th, and 8th.
X. of 1819 - -	A Regulation for reducing into one regulation, with alterations and amendments, the rules at present in force respecting the manufacture, adulteration, importation, transportation, and sale of salt.	So much as has not been repealed.
X. of 1826 - -	A Regulation for removing doubts as to the application of Section L., Regulation X., 1819, to the district of Goruckpore; for prohibiting the manufacture within any of the districts of Bengal, Behar, and Orissa, of noon-chye, or any description of saline substance used as a condiment with food, excepting on account of, or with the permission of Government; and for providing for the retail sale of salt by Government officers in certain cases.	So much as has not been repealed.
IV. of 1832 - -	A Regulation for declaring and explaining the meaning and intention of Section XLI., Regulation X., 1819.	The whole.
I. of 1833 - -	A Regulation for vesting in the Sudder Board of Revenue at Allahabad the superintendence of the Customs and Town Duties in the territories to which the revenue jurisdiction of that Board extends.	The whole.

ACCOUNT of the Gross and Net Amount of CUSTOMS REVENUE for *British India*, for the Year 1872-73.

Amount of Duty on Imports (Sea) - - - - -	£.	1,652,072
Amount of Duty on Exports (Sea) - - - - -		807,768
Amount of Duty on Imports (Land) - - - - -		10,256
Amount of Duty on Exports (Land) - - - - -		161,401
Miscellaneous Receipts - - - - -		22,408
Gross Amount (excluding Salt) - - -		2,653,890
Duty Refunded:		
Imports (Sea) - - - - -	£.	62,377
Exports (Sea) - - - - -		9,716
Refunds on Land Customs - - - - -		299
		72,392
NET AMOUNT (excluding Salt) - - -		2,581,498
Amount of Customs Duty on Salt (Sea and Land) - - - - -		3,561,558
NET AMOUNT (including Salt) - - - £.		6,143,056



LIST of enumerated ARTICLES Imported into and Exported from *British India*  
Free of Customs Duty.

[Note.—All articles are free which are not mentioned in the Schedules of the Customs Act.]

## I M P O R T S.

<p>Agricultural implements. Animals, living. Art, works of. Books, printed, and printed matter. Bottles. Bricks. Cements for building and engineering purposes. Chalk and lime. Clay, and articles of, used for building and engineering purposes. Cotton, raw. Exhibition, articles imported for. Flax, raw. Fruits and vegetables. Fuel. Gas manufacturing materials. Glue.</p>	<p>Government stores. Grain and pulse. Guano and manures of all kinds. Hair, and manufactures of. Hemp, raw. Hops. Horn, and manufactures of. Ica. Instruments and apparatus, scientific and philosophical, of all sorts. Jute, manufactures of. Machines and machinery. Maps and charts. Mats (other than China). Metals, manufactured. Military and other regulation uniforms and accoutrements imported for private use by persons in the public service.</p>	<p>Musical or band instruments for Her Majesty's forces. Naval stores. Oil. Paper. Plants, living. Precious stones and pearls. Printing and lithographing materials. Provisions and oilman's stores. Seeds for gratuitous distribution by a public society. Ships, parts of. Stone and marble. Tallow and grease. Timber and wood, and manufactures of. Wool, raw.</p>
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## E X P O R T S.

<p>Animals, living. Animal bones. Apparel. Arms, ammunition, and military stores. Art, works of. Books, printed, and printed matter. Borax. Cabinet ware. Canes and rattans. Carriages and conveyances. Coal. Coffee. Confectionery. Cotton, raw. Drugs and medicines. Dyeing and colouring materials (other than indigo and lac dye). Earthen and porcelain ware. Exhibition, articles for. Feathers, of sorts. Fruits and vegetables.</p>	<p>Glass, and manufactures of. Grain and pulse. Gums. Hair, and manufactures of. Hemp, raw. " manufactures of. Hides and skins (raw). Horns. Ivory (unmanufactured). " (manufactured). Jewellery and plate. Jute, raw. Leather, manufactures of. Mats. Metals, Indian manufactured. Musk. Natural curiosities. Naval stores. Opium. Perfumery. Precious stones and pearls. Provisions and oilman's stores.</p>	<p>Rags. Salt. Saltpetre. Shells and cowries. Silk, raw. " manufactures of. Soap. Spices. Stones. Sugar and other saccharine matter. Talc. Tallow. Tea. Timber. Tobacco, unmanufactured and manufactured. " articles used in consumption of. Wax. Wood, manufactures of. Wool, raw. " manufactures of.</p>
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ACCOUNT of SEA CUSTOMS and REVENUE for the Year 1872-73, excluding SALT.

Note.—In this statement the Rupee is taken as equal to Two shillings.

I M P O R T S.						E X P O R T S.														
Articles producing Less Gross Revenue than 5,000 Rupees each.		Articles producing More than 5,000 Rupees and Less than 10,000 Rupees.		Articles producing More than 10,000 Rupees and Less than 1,00,000 Rupees.		Articles producing More than 1,00,000 Rupees and Less than 5,00,000 Rupees.		Articles producing More than 5,00,000 Rupees each.		Articles producing a Less Gross Revenue than 5,000 Rupees each.		Articles producing More than 5,000 Rupees and Less than 10,000 Rupees.		Articles producing More than 10,000 Rupees and Less than 1,00,000 Rupees.		Articles producing More than 1,00,000 Rupees and Less than 5,00,000 Rupees.		Articles producing More than 5,00,000 Rupees each.		
Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		
4,660	Cocoanuts	1,86,690	Articles (un- enumerated) yielding ge- nerally less than 10,000 rupees annu- ally.	74,290	Arms - - -	4,47,300	Apparel - - -	10,87,920	Cotton Goods:	55,340	Articles (un- enumerated) yielding ge- nerally less than 10,000 rupees an- nually.	21,080	Grain and Pulse:	1,81,460	Cotton, manufac- tures of.	61,21,460	Grain and Pulse:			
				13,500	Military Stores	2,34,680	Drugs and medicines	70,73,110	Twist and thread. (a)			83,990	Wheat - - -				61,21,460	Rice (b) - - -		
				29,000	Candles of all kinds	1,42,140	Dyeing and colour- ing materials.		Piece goods -			81,730	Laç - - -	1,00,600	Paddy - - -					
				11,740	Carriages and con- veyances other than railway.	2,52,480	Fruits and vegeta- bles.		Liquors:			51,810	Spices - - -	1,74,240	Other sorts -					
				33,300	Cases - - -				Spirits - - -					2,08,330	Hides and skins, tanned.					
				12,920	Clocks and watches				18,46,920					4,71,100	Indigo - - -					
				30,010	Combs, unwrought -	2,18,000	Glass, and manu- factures of.		6,70,700					1,07,370	Oils - - -					
				68,340	Earthen and porce- lain ware.	1,05,240	Ivory, and manu- factures of.		6,58,920					4,71,750	Seeds (gingely, teel, and other sorts).					
				25,060	Picnics - - -	2,18,500	Metals, copper -													
				25,170	Flax, piece goods -	1,09,580	Paints, colours, and painters' materials.													
				78,920	Gums - - -	2,48,690	Provisions and oil- man's stores.													
				81,220	Jewellery, including plate.															
				97,980	Leather and manu- factures of.															
					Liquors:															
					Ale - - -															
					Beer - - -															
					Porter - - -															
					Lucifer matches -															
					Metals, iron (c) -															
					Music, and instru- ments of.															
					Naval stores - - -															
					Oils - - -															
					Perfumery - - -															
					Railway materials -															
					Shells - - -															
					Stationery, other than paper.															
					Tobacco, and arti- cles used in the consumption of.															
					Toys, games, in- cluding playing cards.															
4,660	TOTAL Rs.	1,86,690		11,50,890		38,41,410		1,18,86,940				53,340		2,38,110		16,84,680			61,21,460	
TOTAL IMPORTS - - - Rs. 1,65,80,790.						TOTAL EXPORTS - - - Rs. 60,77,680.														
GRAND TOTAL - - - Rs. 2,45,98,200.																				

(a) This includes all cotton articles imported into British Burma.

(b) This includes grain of all kinds imported into British Burma.

(c) This includes all metals imported into British Burma.

I M P O R T S.							E X P O R T S.							Miscellaneous Receipts.	TOTAL LAND CUSTOMS REVENUE.		
Articles producing Less Gross Revenue than 5,000 Rupees each.	Articles producing More than 5,000 Rupees and Less than 10,000 Rupees.		Articles producing More than 10,000 Rupees and Less than 1,00,000 Rupees.		Articles producing More than 1,00,000 Rupees and Less than 5,00,000 Rupees.	Articles producing More than 5,00,000 Rupees each.	TOTAL IMPORTS.	Articles producing Less Gross Revenue than 5,000 Rupees each.	Articles producing More than 5,000 Rupees and Less than 10,000 Rupees.	Articles producing More than 10,000 Rupees and Less than 1,00,000 Rupees.		Articles producing More than 1,00,000 Rupees and Less than 5,00,000 Rupees.	Articles producing More than 5,00,000 Rupees each.			TOTAL EXPORTS.	
Nil	Articles yielding less than 10,000 rupees annually.	Rs. 48,510	Spirits - -	Rs. 14,740	Nil	Nil	- -	Nil	Nil	Grain and pulse	Rs. 82,910	Nil	Sugar -	Rs. 15,16,980	- -	Rs. 56,570	Rs.
			Wines and Liquors.	10,060						Indigo - -	14,140						
			Fruits and vegetables	92,250													
	TOTAL - - - Rs.	48,510	- - -	54,050	TOTAL IMPORTS Rs.	102,560				TOTAL - - - Rs.	97,050	- - -	- - -	15,16,980	16,14,010	56,570	17,78,140

ACCOUNT of SEA and LAND CUSTOMS REVENUE on SALT, for the Year 1872-73.

S E A.		L A N D.		TOTAL SALT CUSTOMS REVENUE.	
	Rs.		Rs.		Rs.
Duty on imported salt, sea-borne.	2,58,00,970	Duty levied by Inland Customs Department on salt crossing the Customs lines.	1,08,14,610	SEA - - - -	2,58,00,970
				LAND - - - -	1,08,14,610
				TOTAL - - - Rs.	3,66,15,580

TOTAL SEA CUSTOMS REVENUE - - - - -	2,58,00,970
MISCELLANEOUS RECEIPTS - - - - -	1,67,460
TOTAL CUSTOMS REVENUE (excluding Salt) - - - - -	2,66,38,900
SALT CUSTOMS REVENUE - - - - -	3,66,15,580
TOTAL CUSTOMS REVENUE (including Salt) - - - - - Rs.	6,21,54,480

EAST INDIA (CUSTOMS DUTIES).

COPY of the Acts or NOTIFICATIONS of the Government of *India* by which the existing CUSTOMS DUTIES in *British India* are Imposed; also, ACCOUNT showing the Gross and Net Amount of the CUSTOMS DUTIES of *British India* in the Year 1872-3; &c.

(*Sir George Balfour.*)

Ordered, by The House of Commons, to be Printed,  
19 March 1875.

**EAST INDIA (LOANS RAISED IN ENGLAND).**

RETURN of all LOANS raised in *England* under the Provisions of any Acts of Parliament, chargeable on the REVENUES of *India*, outstanding at the Commencement of the Half-year ending on the 31st March 1875, with the Rates of Interest payable thereon, and the Date of the Termination of each Loan, the Debt incurred during the Half-year, the Moneys raised thereby during the Half-year, the Loans paid off or discharged during the Half-year, and the Loans outstanding at the Close of the Half-year, stating, so far as the public convenience will allow, the purpose or service for which Moneys have been raised during the Half-year.

DESCRIPTION OF LOAN.	RATE OF INTEREST.	DATE OF TERMINATION OF LOAN.	Amount of Debt outstanding on 1 October 1874.	Amount of Debt incurred during the Half-year ended 31 March 1875.	Moneys raised during the Half-year ended 31 March 1875.	Amount of Debt paid off - or discharged during the Half-year ended 31 March 1875.	Amount of Debt outstanding on 31 March 1875.
<b>LOANS BEARING INTEREST.</b>							
East India Bonds - - - - -	4 per cent.	At any time after 12 calendar months' notice.	£. 3,996,700	£. -	£. -	£. -	£. 3,996,700
India Debentures - - - - -	4 per cent.	16th August 1878 - - - - -	5,800,000	-	-	-	5,800,000
India 5 per Cent. Stock - - - - -	5 per cent.	Not redeemable until 5th July 1880, but after that day upon one year's notice by the Secretary of State for India in Council.	17,200,000	-	-	-	17,200,000
India 4 per Cent. Stock - - - - -	4 per cent.	Not redeemable until 10th October 1888, but after that day upon one year's notice by the Secretary of State for India in Council.	21,579,416	-	-	-	21,579,416
TOTAL DEBT IN ENGLAND, bearing Interest - - - } £.			48,576,116	-	-	-	48,576,116
<b>LOANS NOT BEARING INTEREST.</b>							
East India Bonds - - - - -	-	On presentation of the Bonds - - -	20,917	-	-	-	20,917
TOTAL DEBT IN ENGLAND, not bearing Interest - - - } £.			20,917	-	-	-	20,917
TOTAL DEBT IN ENGLAND - £.			48,597,033	-	-	-	48,597,033

India Office, }  
1 April 1875. }

T. W. Keith, Accountant.

Louis Mallet,  
Under Secretary of State.

EAST INDIA (LOANS RAISED IN ENGLAND).

RETURN of all LOANS raised in *England* under the Provisions of any Acts of Parliament, chargeable on the REVENUES of *India*, outstanding at the Commencement of the Half-year ending on the 31st March 1875, with the Rates of Interest payable thereon, and the Date of the Termination of each Loan, the Debt incurred during the Half-year, the Moneys raised thereby during the Half-year, the Loans paid off or discharged during the Half-year, and the Loans outstanding at the Close of the Half-year, stating, so far as the public convenience will allow, the purpose or service for which Moneys have been raised during the Half-year.

(Presented pursuant to Acts 36 Vict. c. 32, and 37 Vict. c. 3.)

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Ordered, by The House of Commons, to be Printed,  
13 April 1875.

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EAST INDIA (ARMY).

18

RETURN to an Address of the Honourable The House of Commons,  
dated 13 July 1875;—for,

“RETURNS showing the ARMY ESTIMATES for INDIA for the current  
Financial Year:”

“Of the TOTAL ANNUAL MILITARY CHARGE during each of the past Five  
Financial Years, including EXPENDITURE of every kind in INDIA on  
BARRACKS, ROADS, MILITARY WORKS, &c., as well as all Charges made  
at Home on account of the ARMY in INDIA:”

357.— EAST INDIA (ARMY).

*Mem.—*

It is requested that the accompanying Paper be substituted for the  
corresponding one issued on the 3rd of August 1875.

4 February 1876.

(*Mr. John Holms.*)

Ordered, by The House of Commons, to be Printed,  
26 July 1875.

357. ←

Royal Artillery

RETURN showing the TOTAL ANNUAL MILITARY CHARGE, during the Financial Years 1869-70, 1870-71, 1871-72, 1872-73, and 1873-74, including EXPENDITURE of every kind in INDIA on BARRACKS, ROADS, MILITARY WORKS, &c., as well as all Charges made at Home on account of the ARMY in INDIA, and the DEDUCTIONS in each Year from the Gross Amount; also giving similar detailed Information for subsequent Years, so far as the Estimates will admit.

Y E A R.	MILITARY CHARGES AND RECEIPTS IN INDIA AND ENGLAND.									Amount Expended in India on Barracks, Roads, and Military Works.	TOTAL.
	I N D I A.			E N G L A N D.							
	Charges.	Receipts.	Net Charge.	C H A R G E S.			Receipts.	Net Charge.	TOTAL Net Charge, India and England.		
				Stores for India.	Other Charges.	TOTAL.					
£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	
1869-70 - - - -	12,828,250	1,060,428	11,768,827	878,491	2,622,498	3,500,989	22,182	3,478,807	15,247,134	*1,449,319	16,696,453
1870-71 - - - -	12,549,303	943,885	11,605,618	929,782	2,545,715	3,525,497	18,463	3,507,034	15,112,652	*992,997	16,105,649
1871-72 - - - -	12,030,098	889,340	11,146,758	936,780	2,705,284	3,642,014	55,080	3,586,934	14,733,692	*978,421	15,712,113
1872-73 - - - -	11,979,327	885,546	11,093,782	811,736	2,712,549	3,524,285	21,265	3,503,020	14,596,802	1,166,558	15,763,360
1873-74 - - - -	11,872,941	982,708	10,890,238	852,635	2,502,853	3,355,488	28,330	3,327,152	14,217,390	1,122,960	15,340,350
mate) -	11,870,300	910,000	10,960,300	1,124,888	2,486,215	3,621,103	25,337	3,605,766	14,556,066	—	—
1875-76 (Budget Estimate) -	11,930,400	880,000	11,050,400	978,300	2,774,400	3,752,600	27,000	3,725,600	14,776,000	—	—

\* Exclusive of the Charges for Establishment, Tools, Plant, Materials, Stores, &c., which are not shown separately for Military Works in the Accounts received from the Government of India for the years 1869-70 to 1871-72.



	BENGAL.				MADRAS.				BOMBAY.				TOTAL.			
	Officers.		Non-Commissioned Officers and Privates.	TOTAL.	Officers.		Non-Commissioned Officers and Privates.	TOTAL.	Officers.		Non-Commissioned Officers and Privates.	TOTAL.	Officers.		Non-Commissioned Officers and Privates.	TOTAL.
	European.	Native.			European.	Native.			European.	Native.			European.	Native.		
	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.
<b>EUROPEAN ARMY.</b>																
Royal Artillery - - - - -	366	-	6,557	6,913	147	-	2,670	2,817	135	-	2,428	2,563	638	-	11,655	12,293
Cavalry - - - - -	168	-	2,730	2,898	58	-	910	968	28	-	455	483	252	-	4,095	4,347
Royal Engineers - - - - -	227	-	94	321	61	-	79	130	56	-	82	88	334	-	205	539
Infantry - - - - -	1,056	-	28,364	29,420	297	-	7,974	8,271	297	-	7,974	8,271	1,650	-	44,312	45,962
Invalid and Veteran Establishment - - - - -	19	-	19	37	24	-	144	168	15	-	-	15	58	-	102	220
Staff Corps - - - - -	717	-	-	717	613	-	-	513	325	-	-	325	1,555	-	-	1,555
General List: Cavalry - - - - -	10	-	-	10	5	-	-	5	1	-	-	1	16	-	-	16
General List: Infantry - - - - -	43	-	-	43	17	-	-	17	9	-	-	9	69	-	-	69
Unattached Officers - - - - -	11	-	-	11	3	-	-	3	3	-	-	3	17	-	-	17
General Officers unemployed - - - - -	73	-	-	73	44	-	-	44	27	-	-	27	144	-	-	144
<b>TOTAL EUROPEAN ARMY - - - - -</b>	<b>2,680</b>	<b>-</b>	<b>37,763</b>	<b>40,443</b>	<b>1,157</b>	<b>-</b>	<b>11,777</b>	<b>12,934</b>	<b>896</b>	<b>-</b>	<b>10,889</b>	<b>11,785</b>	<b>4,733</b>	<b>-</b>	<b>60,429</b>	<b>65,162</b>
<b>NATIVE ARMY.</b>																
Artillery - - - - -	12	10	609	631	-	-	-	-	4	7	170	181	16	17	779	812
Cavalry - - - - -	210	338	12,554	13,102	34	80	1,635	1,749	57	152	3,806	4,015	301	570	17,995	18,866
Sappers and Miners - - - - -	11	20	1,140	1,171	16	20	1,339	1,375	11	10	482	509	38	50	2,961	3,049
Infantry - - - - -	528	1,056	47,237	48,821	320	640	30,121	31,081	240	480	21,576	22,296	1,088	2,176	98,934	102,198
<b>TOTAL NATIVE ARMY - - - - -</b>	<b>*761</b>	<b>1,424</b>	<b>61,540</b>	<b>63,725</b>	<b>*370</b>	<b>740</b>	<b>33,095</b>	<b>34,205</b>	<b>*312</b>	<b>649</b>	<b>26,084</b>	<b>26,995</b>	<b>1,443</b>	<b>2,813</b>	<b>120,669</b>	<b>124,925</b>
<b>TOTAL EUROPEAN AND NATIVE ARMY - - - - -</b>	<b>3,441</b>	<b>1,424</b>	<b>99,303</b>	<b>104,168</b>	<b>1,527</b>	<b>740</b>	<b>44,872</b>	<b>47,139</b>	<b>1,208</b>	<b>649</b>	<b>36,923</b>	<b>38,780</b>	<b>6,176</b>	<b>2,813</b>	<b>181,098</b>	<b>190,087</b>

\* Including one medical officer with each regiment.

RETURNS RELATING TO THE ARMY (EAST INDIA).

EAST INDIA (ARMY).

RETURNS showing the ARMY ESTIMATES for INDIA for the current Financial Year; of the TOTAL ANNUAL MILITARY CHARGE during each of the past Five Financial Years, including EXPENDITURE of every kind in INDIA on BAR-RACKS, ROADS, MILITARY WORKS, &c., as well as all Charges made at Home on account of the ARMY in INDIA; and, showing also DEDUCTIONS in each Year, if any, from the Gross Amount.

*(Mr. John Holms.)*

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● *Ordered, by The House of Commons, to be Printed,*  
*26 July 1875.*

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EAST INDIA (LOANS RAISED IN ENGLAND).

20  
RETURN of all LOANS raised in *England* under the Provisions of any Acts of Parliament, chargeable on the REVENUES of *India*, outstanding at the Commencement of the Half-year ending on the 30th September 1875, with the Rates of Interest payable thereon, and the Date of the Termination of each Loan, the Debt incurred during the Half-year, the Moneys raised thereby during the Half-year, the Loans paid off or discharged during the Half-year, and the Loans outstanding at the Close of the Half-year, stating, so far as the public convenience will allow, the purpose or service for which Moneys have been raised during the Half-year.

DESCRIPTION OF LOAN.	RATE OF INTEREST.	DATE OF TERMINATION OF LOAN.	Amount of Debt outstanding on 1 April 1875.]	Amount of Debt incurred during the Half-year ended 30 September 1875.	Moneys raised during the Half-year ended 30 September 1875.	Amount of Debt paid off or discharged during the Half-year ended 30 September 1875.	Amount of Debt outstanding on 30 September 1875.
			£.	£.	£.	£.	£.
<b>LOANS BEARING INTEREST.</b>							
East India Bonds - - - - -	4 per cent.	At any time after 12 calendar months' notice.	3,996,700	- -	- -	- -	3,996,700
India Debentures - - - - -	4 per cent.	16th August 1878 - - - - -	5,800,000	- -	- -	- -	5,800,000
India 5 per Cent. Stock - - - - -	5 per cent.	Not redeemable until 5th July 1880, but after that day upon one year's notice by the Secretary of State for India in Council.	17,200,000	- -	- -	- -	17,200,000
India 4 per Cent. Stock - - - - -	4 per cent.	Not redeemable until 10th October 1888, but after that day upon one year's notice by the Secretary of State for India in Council.	21,579,416	- -	- -	- -	21,579,416
		TOTAL DEBT in ENGLAND, } bearing Interest - - - } £.	48,576,116	- -	- -	- -	48,576,116
<b>LOANS NOT BEARING INTEREST.</b>							
East India Bonds - - - - -	- - -	On presentation of the Bonds - - -	20,917	- -	- -	- -	20,917
		TOTAL DEBT in ENGLAND, } not bearing Interest - - - } £.	20,917	- -	- -	- -	20,917
		TOTAL DEBT in ENGLAND - £.	48,597,033	- -	- -	- -	48,597,033

India Office, }  
1 October 1875. }

T. W. Keith, Accountant.

George Hamilton,  
Under Secretary of State.

**EAST INDIA (LOANS RAISED IN ENGLAND).**

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RETURN of all LOANS raised in *England* under the Provisions of any Acts of Parliament, chargeable on the REVENUES of *India*, outstanding at the Commencement of the Half-year ending on the 30th September 1875, with the Rates of Interest payable thereon, and the Date of the Termination of each Loan, the Debt incurred during the Half-year, the Moneys raised thereby during the Half-year, the Loans paid off or discharged during the Half-year, and the Loans outstanding at the Close of the Half-year, stating, so far as the public convenience will allow, the purpose or service for which Moneys have been raised during the Half-year.

(Presented pursuant to Acts 36 Vict. c. 32, and 37 Vict. c. 3.)

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Ordered, by The House of Commons, to be Printed,  
11 February 1876.

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EAST INDIA (LOANS RAISED IN INDIA)

21.

RETURN of all LOANS raised in India chargeable on the REVENUES of India, outstanding at the Commencement of the Half-year ending on the 30th September 1876, with the Rates of Interest payable thereon, and the Date of the Termination of each Loan, the Debt incurred during the Half-year, the Moneys raised thereby during the Half-year, the Loans paid off or discharged during the Half-year, and the Loans outstanding at the Close of the Half-year, stating, so far as the public convenience will allow, the Purpose or Service for which Moneys have been raised during the Half-year.

DESCRIPTION OF LOAN.	RATE OF INTEREST.	DATE OF TERMINATION OF LOAN.	Amount of Debt outstanding on 1 April 1876.	Amount of Debt incurred during the Half-year ended 30 September 1876.	Moneys raised during the Half-year ended 30 September 1876.	TOTAL.	Amount of Debt paid off or discharged during the Half-year ended 30 September 1876.	Amount of Debt outstanding on 30 September 1876.
<b>LOANS BEARING INTEREST.</b>			£.	£.	£.	£.	£.	£.
5½ per Cent. Loan of 1859-60 - - - - -	5½ per cent.	Not before 1 May 1879 - - - - -	10,200,670	-	-	10,200,670	-	10,200,670
4½ per Cent. Transfer Loan of 1870 - - - - -	4½ per cent.	Not before 15 July 1885 - - - - -	1,834,690	-	-	1,834,690	-	1,834,690
4½ per Cent. Transfer Loan of 1871 - - - - -	4½ per cent.	Not before 4 July 1881; falls to 4 per cent. on that date.	221,900	-	1,200	221,900	-	221,900
4½ per Cent. Transfer Loan of 1872 - - - - -	4½ per cent.	Not before 16 January 1882; falls to 4 per cent. on 18 January 1876.	13,079,850	-	-	13,079,850	160	13,079,700
4 per Cent. Loan of 1824-25 - - - - -	4 per cent.	8 months after notice by Government	31,808	-	-	31,808	-	31,808
4 per Cent. Loan of 1828-29 - - - - -	4 per cent.	ditto - ditto	10,741	-	-	10,741	-	10,741
4 per Cent. Loan of 1832-33 - - - - -	4 per cent.	ditto - ditto	1,308,875	-	-	1,308,875	38,051	1,270,824
4 per Cent. Loan of 1835-36 - - - - -	4 per cent.	ditto - ditto	3,207,850	-	-	3,207,850	32,080	3,175,770
4 per Cent. Loan of 1842-43 - - - - -	4 per cent.	ditto - ditto	14,528,240	89,450	-	14,617,690	50,840	14,566,850
4 per Cent. Loan of 1854-55 - - - - -	4 per cent.	ditto - ditto	6,745,150	19,770	-	6,764,920	111,420	6,653,500
4 per Cent. Transfer Loan of 1 May 1865 - - - - -	4 per cent.	ditto - ditto	14,457,845	*2,365,890	*2,173,992	16,823,735	62,770	16,760,965
4 per Cent. Transfer Loan of 22 April 1864 - - - - -	4 per cent.	15 months after notice by Government	†1,257,980	-	-	1,257,980	19,541	†1,238,439
3½ per Cent. Loan of 1833-64 - - - - -	3½ per cent.	3 months after notice by Government	65,200	-	-	65,200	-	65,200
4½ per Cent. Loan for Indore State Railway - - - - -	4½ per cent.	-	780,000	-	-	780,000	-	780,000
5 per Cent. Debenture Loan of 1867-68 - - - - -	5 per cent.	-	1,095,900	-	-	1,095,900	-	1,095,900
4 per Cent. Promissory Notes for Mysore Family - - - - -	4 per cent.	-	269,530	-	-	269,530	6,674	262,856
4 per Cent. Maharajah Scindia for State Railway - - - - -	4 per cent.	-	750,000	-	-	750,000	-	750,000
<b>TOTAL DEBT IN INDIA drawing Interest</b> } £.			<b>69,767,679</b>	<b>2,476,310</b>	<b>2,173,992</b>	<b>72,238,089</b>	<b>321,526</b>	<b>71,912,463</b>
<b>LOANS NOT BEARING INTEREST.</b>								
5 per Cent. Loan of 1856-57 - - - - -	5 per cent.	-	58,730	160	-	58,890	10,740	48,140
5 per Cent. Loan of 1825-26 - - - - -	5 per cent.	-	6,240	-	-	6,240	-	6,240
5 per Cent. Loan of 1841-42 - - - - -	5 per cent.	Already advertised for payment	1,590	-	-	1,590	-	1,590
5 per Cent. Loan of 1854-55 for Public Works - - - - -	5 per cent.	-	16,440	-	-	16,440	6,580	9,860
Treasury Bills at 2½ per cent. per diem - - - - -	5 per cent.	-	9,280	-	-	9,280	-	9,280
<b>TOTAL DEBT IN INDIA not bearing Interest</b> } £.			<b>92,280</b>	<b>160</b>	<b>-</b>	<b>92,430</b>	<b>17,300</b>	<b>75,130</b>
<b>TOTAL DEBT IN INDIA - £.</b>			<b>69,849,959</b>	<b>2,476,460</b>	<b>2,173,992</b>	<b>72,326,419</b>	<b>338,826</b>	<b>71,987,593</b>

\* To provide for the disbursements on Public Works Extraordinary, and to maintain the cash balances at a sufficient amount.  
† Includes amount held in England.

Comptroller General's Office, Calcutta,  
30 November 1876.

E. F. Harrison, Comptroller General.

George Hamilton,  
Under Secretary of State.

EAST INDIA (LOANS RAISED IN INDIA).

RETURN of all LOANS raised in *India* chargeable on the REVENUES of *India*, outstanding at the Commencement of the Half-year ending on the 30th September 1875, with the Rates of Interest payable thereon, and the Date of the Termination of each Loan, the Debt incurred during the Half-year, the Moneys raised thereby during the Half-year, the Loans paid off or discharged during the Half-year, and the Loans outstanding at the Close of the Half-year, stating, so far as the public convenience will allow, the Purpose or Service for which Moneys have been raised during the Half-year.

(Presented pursuant to Acts 36 Vict. c. 32,  
and 37 Vict. c. 3.)

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Ordered, by The House of Commons, to be Printed,  
11 February 1876.

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INDIA.

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R E T U R N

To an Address of the HOUSE OF LORDS, dated 7th April 1876,

FOR

COPY of TELEGRAPHIC DESPATCH of 30th September 1875, or the substance thereof, from the SECRETARY OF STATE FOR INDIA to the GOVERNOR-GENERAL, and of any DISSENTS thereto recorded by MEMBERS OF COUNCIL.

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TELEGRAM to VICEROY, 30th September 1875.

Your Despatch forwarding Tariff Act received. I cannot assent to the new duty on raw cotton or to the maintenance of duty on manufactured cotton at present rates. But I am sensible of the inconvenience of altering a tariff by correspondence.

I think it would tend to a complete understanding between Home and Indian Governments and lead to a better result if personal communication on the matter could be arranged.

Do you assent to Sir Louis Mallet being sent out to discuss the whole subject with you? His great experience in these questions would give confidence at home in any settlement arrived at.

But the step entirely depends for its beneficial effect on your hearty concurrence. If you are not able to give that concurrence he can do little good in India, and we had better proceed in the ordinary way. But if you concur, the present difficulty will be overcome in the most satisfactory way, and there will be fair hope of arranging a sound system for future fiscal legislation.

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TELEGRAM from the VICEROY to the SECRETARY OF STATE, 1st October 1875.

I will answer your telegram of 30th as soon as I can consult Members of Council.

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TELEGRAM from VICEROY to SECRETARY OF STATE, 7th October 1875.

Your telegram September 30th.

I heartily concur with your proposal that Sir Louis Mallet should come out and discuss tariff.

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DISSENT BY SIR E. PERRY.

2nd October 1875.

I object strongly to the telegram which passed Council on Thursday last.

In my opinion it is not only premature, but it is a violation of the fundamental principles of good government for India that fiscal measures should originate with the local authorities there. The Government of India is necessarily despotic, and the useful function of the Home Government is, by careful revision of all measures originated there, to prevent the usual concomitants of despotism, such as caprice,

hastiness, injustice, from springing up. If the telegraphic wire is to convey peremptory orders during the concoction of measures in India, it will greatly enhance the difficulties of government in that country, and will increase the repugnance of statesmen of mark to accept the office of Governor-General. But the telegram is also premature. It assumes that the Secretary of State in Council disapproves of Lord Northbrook's tariff. But we have positively no information before us of what has been done in India save what we may glean from the newspapers. We have not even seen the report of the Tariff Commission, on which the recent Act has been passed. When all the papers and the views of the Government of India are before us we may possibly differ from the policy adopted by the Government; but then it would be a question whether, as the Governor-General in Council has, after several months of deliberation, decided between two courses of action, each highly desirable, it would be expedient or conducive to good relations between India and this office to express dissatisfaction. But it may be also that the Council would adopt the conclusion that the interests of India are better promoted by the reduction of taxes on the raw produce of India, and by a general diminution of Customs duties, than by the abolition of the duty on piece goods advocated by Manchester; and I for one incline to this opinion.

Arguments such as these so forcibly commended themselves to Council that the majority voted against the telegram laid before it by Lord Salisbury. But I do not consider that the amendment proposed (in violation, as I think, of the standing orders) has had any effect in mitigating the objections which may fairly be taken to the telegram as it stands.

I concur.

(Signed) E. PERRY.

(Signed) G. CLERK.

#### DISSENT BY SIR H. MONTGOMERY.

5th October 1875.

I regret that I was unable to support the proposition of the Secretary of State laid before Council on Thursday last for deputing Sir L. Mallet to confer personally with the Viceroy on the subject of the late Budget, to certain parts of which his Lordship declares his disapproval. The Council were then called upon suddenly to decide on a highly important matter regarding which I for one had no previous knowledge save that obtained from the public press. I had no opportunity of seeing any of the official or other documents, nor was I aware of the objections which the Secretary of State entertained regarding the financial policy of the Viceroy.

The proposition of itself was a startling one, and of a wholly novel character, and it did not commend itself to my humble judgment so as to admit of my giving it my support. During the 17 years I have had a seat in the Council of India no similar procedure has been suggested, though Budgets have on several occasions been opposed to the opinions of the Home Government.

I cannot think it right to delegate the authority of the Council of India to any individual officer however able. It seems to me to be an indirect departure from the axiom hitherto recognized that India should be governed in India. Whatever popular modifications of the Budget might be made would be believed to emanate from the deputed officer, and he would be placed before the public in contrast unfavourably to the Viceroy, whose prestige must be thereby diminished. As far as I can judge of the general policy of the late Budget, and from the speech of the Viceroy, I am not, as at present informed, disposed to condemn it. But not having seen the official proceedings of the Government of India, not being aware of the objections of the Secretary of State, and not having had an opportunity of conferring with my colleagues, I feel myself still constrained to refuse being a party to a measure which, as far as I understand it, is more likely to provoke than prevent a crisis which would deprive India at this moment of the abilities and experience of Lord Northbrook.

When the income tax was discontinued in India contrary to the known unanimous opinion of the Secretary of State and the Council, it was not deemed fitting to reverse the act of the then Viceroy, though I believe it was pronounced to be regretted.

If any alterations are, after full deliberation, required in the present Budget, I think the Viceroy has the right to have an opportunity of making them, and applying



such remedy as may seem to him requisite, uncontrolled by anyone delegated from home and vested with some degree of authority to oppose his views.

(Signed) H. C. MONTGOMERY.

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MINUTE BY GENERAL STRACHEY.

30th September 1875.

My reason for objecting to the draft of the telegram first proposed to the Council was that it virtually committed the Council to opinions on subjects, the papers relating to which had not been brought before them. Personally, I assent to the views of the Secretary of State, that the new import duty on cotton should not be retained, and that the duties on cotton goods should be further reduced. But I see nothing in the circumstances of the present case to lead me to think that the regular system under which such matters are dealt with by the Secretary of State in Council should be departed from, or that the questions at issue could be more satisfactorily disposed of were Sir Louis Mallet to be sent to India, though his eminent fitness for acting as an adviser on these questions is beyond dispute. As Lord Salisbury, however, appears to think otherwise, it seems to me improper to interpose any obstacle to his acting in the manner he proposed, and I therefore assent to the draft so modified.

(Signed) R. STRACHEY.

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MINUTE BY SIR R. MONTGOMERY.

As Vice-President of the Council, and in the chair on 30th September last, I am desirous of stating that, as a matter of fact, the Council did not, as stated in Sir Erskine Perry's dissent, desire to express, upon the materials at that time before it, any disapprobation of Lord Northbrook's tariff; but that it did, as affirmed by Sir Henry Montgomery, sanction the deputation of Sir Louis Mallet to India.

A telegram considered to be confidential was sent to the Council by the Secretary of State, and was discussed with closed doors, and without the recording officer of the Council being present. The majority of the Council considered that, as framed by Lord Salisbury, it might be thought to commit the Council to an opinion on the proposed tariff legislation before the papers on the subject had been laid before them. It was therefore altered so as to state the unfavourable impression of Lord Northbrook's proposals entertained by Lord Salisbury, personally, as then advised, and so as to express the willingness of the Council that Sir Louis Mallet should proceed to India to discuss the whole subject.

That the Viceroy approved the proposal is clear by his reply, in which he states that he heartily concurs with it.

I find nothing in the Act for the better government of India which prevents the Vice-President from putting to the Council an amendment of any proposal submitted to it.

(Signed) R. MONTGOMERY.

India Office,  
19th April 1876.

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MINUTE BY THE SECRETARY OF STATE.

It is only necessary for me to supplement Sir R. Montgomery's minute by noting that I was at a distance from London when the above telegram was sent to the Council, and that I was not aware that they had not had the opportunity of reading the papers. The Council altered the telegram by striking out two or three words which might seem to commit them to the opinion on the details of the tariff which I had formed, and in which at a subsequent period they concurred. It is necessary also to observe that the language of Sir Erskine Perry has no relation to the words of the telegram. He objects to "conveying by the telegraphic wire peremptory orders during the concoction of measures in India." The telegram conveyed no orders of any kind, peremptory or otherwise, and related to no measures that were being concocted in India at the time.

(Signed) SALISBURY.

INDIA.

RETURN

To an Address of the House of Lords,  
dated 7th April 1876,

FOR

COPY of TELEGRAPHIC DESPATCH of 30th Sep-  
tember 1875, or the substance thereof, from  
the SECRETARY OF STATE FOR INDIA to the  
GOVERNOR-GENERAL, and of any DISSENTS  
thereto recorded by MEMBERS OF COUNCIL.

(*Viscount Halifax.*)

Ordered to be printed 28th April 1876.

(58.)

*Under 1 oz.*

EAST INDIA (TARIFF ACT, 1875).

20

RETURN to an Address of the Honourable The House of Commons,  
dated 29 February 1876;—for,

“COPY of DISSENTS recorded by MEMBERS of the COUNCIL of INDIA upon  
DESPATCH of the SECRETARY of STATE to the GOVERNOR GENERAL,  
No. 51 (Legislative), of the 11th day of November 1875, relating to the  
INDIAN TARIFF ACT of 1875.”

India Office, }  
1 March 1876. }

GEORGE HAMILTON,  
Under Secretary of State.

DISSENT BY SIR E. PERRY.

I HAVE already recorded my dissent to the telegram of 30th September last, which stated disapprobation of Lord Northbrook's financial reforms, and in substance enjoined the abolition of import duties on cotton goods, and I did so on the ground that we had had no opportunity of considering the reasoning on which the Government of India proceeded.

Now that I have read all the papers, I am decidedly of opinion that the course adopted by the Government of India was wise (with the exception, perhaps, of the new duty on raw cotton, which was a concession asked for by the Bombay Chamber of Commerce), and that the abolition of the import duties would inflict a loss on the revenue not easily reparable.

Their decision was the unanimous conclusion of all the Indian authorities, and was mainly in accordance with the recommendations of the Tariff Committee, who have been considering the subject for months.

Lord Northbrook has removed the export duties on articles of native produce, which have been long condemned by all economists. He has reduced import duties on a great variety of imports from 7½ per cent. to 5 per cent., and by a re-valuation of the tariff he has afforded a relief to Manchester goods to the amount of 11 per cent.

By these measures he has rendered, in my opinion, the greatest benefits to trade and commerce, and by the recuperative power of diminished import duties he has done this with probably no sacrifice hereafter of revenue.

The abolition of the cotton duties involves an absolute loss of revenue of 800,000 £, which can only be supplied by the imposition of a new tax, and I see no other available but the income tax. It will not add to the popularity of this impost, which has proved both so obnoxious and so unproductive in India, to learn that its re-introduction is due to the orders of the Home Government.

I am as strong an anti-protectionist as any of my colleagues, and feel very grateful to the Manchester school for its services to free trade, but I am clearly of opinion that the small duty of 5 per cent., which has been imposed for purposes of revenue, should not be remitted until the contingency indicated in Lord Salisbury's Despatch of 15th July last has arrived, viz., the state of the Indian finances permitting the operation.

(signed) E. Perry.

10 November 1875.

## MINUTE BY SIR H. MONTGOMERY.

I, too, recorded a dissent to the telegram of the 30th September, on grounds similar to those now stated by Sir E. Perry.

I concur in his remarks regarding Lord Northbrook's budget arrangements, with the exception of the objections he raises to an income tax. I believe that with a liberal limit, excluding small incomes and a moderate per-centage, all obnoxious and oppressive features could be removed, and the assessments solely made by the covenanted officers of the districts without addition to their establishments. The tax under these restrictions might not be very productive, but it would touch those who can well afford to contribute to the support of the Government, and who are now exempted.

(signed) *H. C. Montgomery.*

16 November 1875.

## MINUTE BY LORD SALISBURY.

I quite concur in the last paragraph of Sir Erskine Perry's dissent. With him I should object to the imposition of any new tax for the purpose of remitting the cotton duties; and I agree that remission should only take place in proportion as the state of the Indian finances permits that sacrifice of revenue. But these views appear to me to be expressed in the Despatch from which he dissents. The paramount importance of not embarrassing the Indian revenue is carefully insisted on, and no suggestion of a new tax is made in any part of the Despatch. The view which we desire to impress on the Indian Government is, that in applying the reduction of taxation, the cotton duties, as weighing on an article of first necessity to the inhabitants of India, as being contrary to the general policy of the Empire, and as being on political grounds highly inexpedient, stand first for remission. Our objection to the proceedings of August is, that having had money available for the reduction of import duties, the Indian Government selected for that purpose import duties, against which the objections above repeated do not lie.

(signed) *Salisbury.*

EAST INDIA (TARIFF ACT, 1875).

COPY of DISSENTS recorded by MEMBERS of the  
COUNCIL of INDIA upon DISPATCH of the  
SECRETARY of STATE to the GOVERNOR GENERAL,  
No. 51 (Legislative), of 11 November  
1875, relating to the INDIAN TARIFF ACT of  
1875.

(*Sir George Campbell.*)

Ordered, by The House of Commons, to be Printed,  
2 March 1876.

EAST INDIA TARIFF ACT.

RETURN to an Address of the Honourable The House of Commons,  
dated 8 May 1876;—for,

“COPY of the Substance of the TELEGRAM, dated the 30th day of September 1875, from the Secretary of State for *India* to Lord *Northbrook*, in reference to the INDIA TARIFF ACT; together with COPY of the OPINIONS of Members of Council on that Telegram.”

India Office, }  
10 May 1876. }

L. MALLET,  
Under Secretary of State.

TELEGRAM to VICEROY, 30th September 1875.

YOUR Despatch forwarding Tariff Act received. I cannot assent to the new duty on raw cotton or to the maintenance of duty on manufactured cotton at present rates; but I am sensible of the inconvenience of altering a tariff by correspondence.

I think it would tend to a complete understanding between Home and Indian Governments and lead to a better result if personal communication on the matter could be arranged.

Do you assent to Sir Louis Mallet being sent out to discuss the whole subject with you? His great experience in these questions would give confidence at home in any settlement arrived at.

But the step entirely depends for its beneficial effect on your hearty concurrence. If you are not able to give that concurrence he can do little good in India, and we had better proceed in the ordinary way. But if you concur, the present difficulty will be overcome in the most satisfactory way, and there will be fair hope of arranging a sound system for future fiscal legislation.

TELEGRAM from the VICEROY to the SECRETARY OF STATE, 1st October 1875.

I WILL answer your telegram of 30th as soon as I can consult Members of Council.

TELEGRAM from VICEROY to SECRETARY OF STATE, 7th October 1875.

YOUR telegram September 30th.

I heartily concur with your proposal that Sir Louis Mallet should come out and discuss tariff.

## DISSENT BY SIR E. PERRY.

2nd October 1875.

I OBJECT strongly to the telegram which passed Council on Thursday last.

In my opinion it is not only premature, but it is a violation of the fundamental principles of good government for India that fiscal measures should originate with the local authorities there. The Government of India is necessarily despotic, and the useful function of the Home Government is, by careful revision of all measures originated there, to prevent the usual concomitants of despotism, such as caprice, hastiness, injustice, from springing up. If the telegraphic wire is to convey peremptory orders during the concoction of measures in India, it will greatly enhance the difficulties of government in that country, and will increase the repugnance of statesmen of mark to accept the office of Governor-General. But the telegram is also premature. It assumes that the Secretary of State in Council disapproves of Lord Northbrook's tariff. But we have positively no information before us of what has been done in India save what we may glean from the newspapers. We have not even seen the report of the Tariff Commission, on which the recent Act has been passed. When all the papers and the views of the Government of India are before us, we may possibly differ from the policy adopted by the Government; but then it would be a question whether, as the Governor General in Council has, after several months of deliberation, decided between two courses of action, each highly desirable, it would be expedient or conducive to good relations between India and this office to express dissatisfaction. But it may be also that the Council would adopt the conclusion that the interests of India are better promoted by the reduction of taxes on the raw produce of India, and by a general diminution of Customs duties, than by the abolition of the duty on piece goods advocated by Manchester; and I for one incline to this opinion.

Arguments such as these so forcibly commended themselves to Council that the majority voted against the telegram laid before it by Lord Salisbury. But I do not consider that the amendment proposed (in violation, as I think, of the Standing Orders) has had any effect in mitigating the objections which may fairly be taken to the telegram as it stands.

(signed) *E. Perry.*

I concur.

(signed) *G. Clerk.*

## DISSENT BY SIR H. MONTGOMERY.

5th October 1875.

I REGRET that I was unable to support the proposition of the Secretary of State laid before Council on Thursday last for deputing Sir L. Mallet to confer personally with the Viceroy on the subject of the late Budget, to certain parts of which his Lordship declares his disapproval. The Council were then called upon suddenly to decide on a highly important matter regarding which I, for one, had no previous knowledge save that obtained from the public press. I had no opportunity of seeing any of the official or other documents, nor was I aware of the objections which the Secretary of State entertained regarding the financial policy of the Viceroy.

The proposition of itself was a startling one, and of a wholly novel character, and, it did not commend itself to my humble judgment so as to admit of my giving it my support. During the 17 years I have had a seat in the Council of India, no similar procedure has been suggested, though Budgets have on several occasions been opposed to the opinions of the Home Government.

I cannot think it right to delegate the authority of the Council of India to any individual officer however able. It seems to me to be an indirect departure from the axiom hitherto recognised, that India should be governed in India.

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Whatever popular modifications of the Budget might be made would be believed to emanate from the deputed officer, and he would be placed before the public in contrast unfavourably to the Viceroy, whose prestige must be thereby diminished. As far as I can judge of the general policy of the late Budget, and from the speech of the Viceroy, I am not, as at present informed, disposed to condemn it. But not having seen the official proceedings of the Government of India, not being aware of the objections of the Secretary of State, and not having had an opportunity of conferring with my colleagues, I feel myself still constrained to refuse being a party to a measure which, as far as I understand it, is more likely to provoke than prevent a crisis which would deprive India at this moment of the abilities and experience of Lord Northbrook.

When the income tax was discontinued in India contrary to the known unanimous opinion of the Secretary of State and the Council, it was not deemed fitting to reverse the act of the then Viceroy, though I believe it was pronounced to be regretted.

If any alterations are, after full deliberation, required in the present Budget, I think the Viceroy has the right to have an opportunity of making them, and applying such remedy as may seem to him requisite, uncontrolled by anyone delegated from home and vested with some degree of authority to oppose his views.

(signed) *H. C. Montgomery.*

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MINUTE BY GENERAL STRACHEY.

30th September 1875.

My reason for objecting to the draft of the telegram first proposed to the Council was that it virtually committed the Council to opinions on subjects, the papers relating to which had not been brought before them. Personally, I assent to the views of the Secretary of State, that the new import duty on cotton should not be retained, and that the duties on cotton goods should be further reduced. But I see nothing in the circumstances of the present case to lead me to think that the regular system under which such matters are dealt with by the Secretary of State in Council should be departed from, or that the questions at issue could be more satisfactorily disposed of were Sir Louis Mallet to be sent to India, though his eminent fitness for acting as an adviser on these questions is beyond dispute. As Lord Salisbury, however, appears to think otherwise, it seems to me improper to interpose any obstacle to his acting in the manner he proposed, and I therefore assent to the draft so modified.

(signed) *R. Strachey.*

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MINUTE BY SIR R. MONTGOMERY.

As Vice President of the Council, and in the chair on 30th September last, I am desirous of stating that, as a matter of fact, the Council did not, as stated in Sir Erskine Perry's dissent, desire to express, upon the materials at that time before it, any disapprobation of Lord Northbrook's tariff; but that it did, as affirmed by Sir Henry Montgomery, sanction the deputation of Sir Louis Mallet to India.

A telegram considered to be confidential was sent to the Council by the Secretary of State, and was discussed with closed doors, and without the recording officer of the Council being present. The majority of the Council considered that, as framed by Lord Salisbury, it might be thought to commit the Council to an opinion on the proposed tariff legislation before the papers on the subject had been laid before them. It was therefore altered so as to state the unfavourable impression of Lord Northbrook's proposals entertained by Lord Salisbury personally, as then advised, and so as to express the willingness of the Council that Sir Louis Mallet should proceed to India to discuss the whole subject.



## PAPERS:—EAST INDIA TARIFF ACT.

That the Viceroy approved the proposal is clear by his reply, in which he states that he heartily concurs with it.

I find nothing in the Act for the better government of India which prevents the Vice President from putting to the Council an amendment of any proposal submitted to it.

(signed) *R. Montgomery.*

India Office, 19 April 1876.

## MINUTE BY THE SECRETARY OF STATE.

It is only necessary for me to supplement Sir R. Montgomery's Minute by noting that I was at a distance from London when the above telegram was sent to the Council, and that I was not aware that they had not had the opportunity of reading the papers. The Council altered the telegram by striking out two or three words which might seem to commit them to the opinion on the details of the tariff which I had formed, and in which at a subsequent period they concurred. It is necessary also to observe that the language of Sir Erskine Perry has no relation to the words of the telegram. He objects to "conveying by the telegraphic wire peremptory orders during the concoction of measures in India." The telegram conveyed no orders of any kind, peremptory or otherwise, and related to no measures that were being concocted in India at the time.

(signed) *Salisbury.*

## EAST INDIA TARIFF ACT.

COPY of the Substance of the TELEGRAM, dated 30 September 1876, from the Secretary of State for India to Lord Northbrook, in reference to the INDIA TARIFF ACT; together with Copy of the OPINIONS of Members of Council on that Telegram.

(*Mr. Fawcett.*)

Ordered, by The House of Commons, to be Printed,  
10 May 1876.

EAST INDIA TARIFF.

21

RETURN to an Address of the Honourable The House of Commons,  
dated 1 May 1876;—for,

‘COPY of FINANCIAL DESPATCH, No. 364, of the 15th day of July 1875,  
referred to in RETURNS laid before Parliament relating to the TARIFF  
of India.’

India Office, }  
9 May 1876. }

LOUIS MALLET,  
Under Secretary of State.

(*Sir George Balfour.*)

Ordered, by The House of Commons, to be Printed,  
12 May 1876.

## FINANCIAL DESPATCH RELATING TO

COPY of FINANCIAL DESPATCH, No. 364, of the 15th day of July 1875,  
referred to in RETURNS laid before Parliament relating to the *TARIFF*  
of *India*.

(Financial, No. 364.)

To His Excellency the Right Honourable the Governor General of *India*  
in Council.

My Lord,

India Office, London, 15 July 1875.

Para. 1. I HAVE considered in Council your Financial Letters, dated the 31st December 1874, No. 545, and the 19th March 1875, No. 107, which transmitted the Finance and Revenue Accounts for 1873-74, your Regular Estimate for 1874-75, your Budget Estimate for 1875-76, with the Financial Statement prepared by Sir W. Muir, and a copy of a Minute by the Commander in Chief as to Military Public Works.

2. The information contained in the Revised Estimate for 1874-75, forwarded with your Financial Letter, dated the 18th December 1874, No. 522, has been modified in your Regular Estimate for that year, and does not call for any remark.

3. In para. 3 of your Financial Letter, No. 107, you state that in incorporating in your Estimate the transactions of the Home Treasury, you have increased the Estimate for Telegraph Stores in 1875-76 to 89,000 *l.*, and have reduced the provision for Public Works Extraordinary (Stores) to 699,800 *l.* On these alterations I have no observation to offer.

4. You also inform me that you have shown under Refunds (and Draw-backs) the amount of fines returned to Contractors in England in 1873-74 and 1874-75, that you have transferred to the head of Superannuation Allowances the Marine Pensions in those years and in 1875-76, and have transferred from Miscellaneous to Medical in the Estimates for 1874-75 and 1875-76 the sum provided for the Royal India Lunatic Asylum at Ealing.

5. Of those alterations I do not approve.

6. The fines imposed on Contractors are credited in the Home Accounts as Miscellaneous Receipts, and any remission of a portion of those fines should be debited to Miscellaneous Charges.

7. The Marine Pensions and Retired Allowances should, I consider, be shown as Marine Charges, in like manner as Military Pensions are included under Army Charges, and you will observe that the alterations made in India in the Accounts and Estimates of Home Expenditure last year were not adopted.

8. I also consider that the charge on account of the Lunatic Asylum at Ealing should continue to be shown under the head of Miscellaneous, as it is not similar to the "consolidated Salaries of Medical Officers and Allowances of Regimental Medical Officers in charge of Civil Stations" in India, of which the charge for "Medical Services" is composed.

9. Any such changes in the Accounts as those proposed would interfere very much with the comparisons of the expenditure of different years, and the charges in question will therefore be shown as they have heretofore been.

10. The Regular Estimate for 1873-74, as presented to Parliament, was:—

Revenues and Receipts (India and England) - - - - -	£.	49,478,795
Charges:	£.	
India - - - - -	42,098,900	
England, Stores for India - - - - -	1,157,924	
England, other Charges - - - - -	6,707,053	
Guaranteed Interest on Railway, &c., Capital, less net Traffic Receipts - - - - -	1,567,531	
	51,531,408	
Deficit, exclusive of expenditure on Public Works Extraordinary -	2,052,613	
Expenditure on Public Works Extraordinary - - - - -	£.	3,591,330

Comparison of  
the Accounts of  
1873-74, with the  
Regular Estimate  
for that year.

THE TARIFF OF INDIA.

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11. The Revenues and Receipts, and Expenditure shown by the Actual Accounts, are,—

	£.
Revenues and Receipts (India and England) - - - - -	49,598,253
Charges:	£.
India - - - - -	42,094,995
England, Stores for India - - - - -	1,156,535
England, other Charges - - - - -	6,717,039
Guaranteed Interest on Railway, &c., Capital, less net Traffic Receipts - - - - -	1,437,352
	51,405,921
Deficit, exclusive of expenditure on Public Works Extraordinary - - - - -	1,807,668
Expenditure on Public Works Extraordinary - - - - -	3,553,307

12. The actual result of the finances of 1873-74 was therefore more favourable than the Regular Estimate, the deficit, exclusive of Public Works Extraordinary, having been reduced from 2,052,613 £. to 1,807,668 £. That reduction was caused by—

	£.
An increase in the Revenue of - - - - -	119,458
A decrease in the ordinary Expenditure, including famine relief, of - - - - -	125,487

13. The increase in the Revenue of 119,458 £. is the balance of differences under the several heads, which were generally of small amount. The principal increases were 18,368 £. in Gain by Exchange on transactions with London, caused by the net traffic receipts from Guaranteed Railways having exceeded the Estimate; 33,958 £. in Miscellaneous, the increased receipts in India being described by you as "owing to certain unexpected adjustments," and those in England, arising from increased fines paid by Contractors in relation to supplies of stores and freight; and 51,741 £. under Army, consequent on large credits for tents and other stores supplied in aid of famine relief. The principal decrease was 31,802 £. under Post Office, and is explained in your letter as being "due to large over-estimates of receipts of the bullock train and the Punjab van dak, and to a large under-estimate of the share of the steam postage payable to Her Majesty's Imperial Government."

REVENUES AND RECEIPTS, 1873-74.

	REGULAR ESTIMATE.			ACTUAL ACCOUNTS.			Increase.	Decrease.
	India.	England.	TOTAL.	India.	England.	TOTAL.		
	£.	£.	£.	£.	£.	£.	£.	£.
Land Revenue - - - - -	21,039,500	-	21,039,500	21,037,912	-	21,037,912	-	1,588
Tributes and Contributions - - - - -	768,300	-	768,300	768,544	-	768,544	244	-
Forest - - - - -	619,500	-	619,500	623,131	-	623,131	3,631	-
Excise on Spirits and Drugs - - - - -	2,285,100	-	2,285,100	2,286,637	-	2,286,637	1,537	-
Assessed Taxes - - - - -	19,600	-	19,600	20,136	-	20,136	536	-
Customs - - - - -	2,624,600	-	2,624,600	2,628,495	-	2,628,495	3,895	-
Salt - - - - -	6,151,000	-	6,151,000	6,150,662	-	6,150,662	-	338
Opium - - - - -	8,322,000	-	8,322,000	8,324,879	-	8,324,879	2,879	-
Stamps - - - - -	2,697,800	-	2,697,800	2,698,936	-	2,698,936	1,136	-
Mint - - - - -	66,500	15	66,515	66,529	15	66,544	29	-
Post Office - - - - -	720,000	-	720,000	688,198	-	688,198	-	31,802
Telegraph - - - - -	239,700	4,218	243,918	246,425	4,218	250,643	6,725	-
Law and Justice - - - - -	367,500	-	367,500	359,146	-	359,146	-	8,354
Marine - - - - -	220,700	1,224	221,924	235,099	1,224	236,323	14,399	-
Interest - - - - -	383,500	69,883	453,383	396,028	56,424	451,452	-	11,931
Receipts in aid of Super-annuation, Retired and Compassionate Allowances - - - - -	599,800	98,030	697,830	601,719	96,134	697,853	9,023	-
Gain by Exchange on Transactions with London - - - - -	376,800	-	376,800	395,168	-	395,168	18,368	-
Miscellaneous - - - - -	242,200	19,402	261,602	261,026	84,534	345,560	89,958	-
Army - - - - -	933,000	20,298	953,298	982,703	28,336	1,011,039	57,741	-
Public Works, Ordinary - - - - -	70,800	15,830	86,630	73,681	15,830	89,511	2,881	-
Ditto - - Irrigation - - - - -	465,000	-	465,000	475,174	1,401	476,575	11,575	-
State Railways - - - - -	40,000	-	40,000	39,914	-	39,914	-	86
							165,203	45,745
TOTAL - - - - -	49,243,900	234,895	49,478,795	49,380,142	238,111	49,598,253	119,458	-

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## FINANCIAL DESPATCH RELATING TO

14. The expenditure of 1873-74, exclusive of Public Works Extraordinary, was 125,487 *l.* below the Regular Estimate.

## EXPENDITURE, 1873-74.

	REGULAR ESTIMATE.			ACTUAL ACCOUNTS.			Increase.	Decrease.
	India.	England.	TOTAL.	India.	England.	TOTAL.		
	£.	£.	£.	£.	£.	£.	£.	£.
Refunds and Drawbacks -	276,400	-	276,400	277,183	-	277,183	783	-
Land Revenue -	2,497,300	1,729	2,499,029	2,482,808	1,729	2,484,537	-	14,497
Forest -	405,200	5,361	410,561	384,540	5,861	390,401	-	20,160
Excise on Spirits and Drugs	93,100	-	93,100	98,569	-	98,569	469	-
Assessed Taxes	2,100	-	2,100	2,165	-	2,165	65	-
Customs -	184,300	-	184,300	183,883	-	183,883	-	417
Salt -	473,300	-	473,300	477,967	-	477,967	4,667	-
Opium -	1,996,000	-	1,996,000	2,001,377	-	2,001,377	5,377	-
Stamps -	64,900	-	64,900	65,927	-	65,927	1,027	-
Mint -	70,100	-	70,100	70,620	-	70,620	520	-
Post Office -	736,000	64,908	800,908	736,010	64,908	801,818	910	-
Telegraph -	336,900	40,340	377,240	330,417	40,395	370,812	-	6,428
Allowances and Assignments under Treaties and Engagements -	1,765,800	19,336	1,785,136	1,837,364	19,336	1,856,700	71,564	-
Administration -	1,234,500	215,004	1,450,104	1,243,233	211,208	1,454,670	4,422	-
Minor Departments -	288,000	15,489	303,489	290,226	20,945	311,171	7,682	-
Law and Justice -	2,332,100	-	2,332,100	2,266,136	-	2,266,136	4,036	-
Marine -	363,300	114,212	477,612	367,900	114,162	482,062	4,640	-
Ecclesiastical -	157,500	1,950	159,450	157,577	1,950	159,527	77	-
Medical -	180,100	-	180,100	180,596	-	180,596	496	-
Political Agencies -	322,000	34,667	356,667	331,288	34,662	366,176	9,208	-
Superannuation, Retired, and Compassionate Allowances -	660,700	860,994	1,521,694	662,698	860,371	1,522,969	1,275	-
Loss by Exchange on Transactions with London -	985,700	-	985,700	986,530	-	986,530	830	-
Miscellaneous -	58,500	33,616	92,116	59,803	49,894	109,697	17,551	-
Civil Purlough and Absentee Allowances -	-	260,137	260,137	-	258,404	258,404	-	1,673
Provincial Services -	5,071,500	-	5,071,500	5,069,972	-	5,069,972	-	1,528
Army -	11,806,500	2,510,626	14,317,126	11,872,941	2,502,858	14,375,794	-	1,332
Public Works Ordinary (including Supervision and Cost of Land for Guaranteed Railways) -	2,431,500	92,557	2,524,057	2,381,824	94,699	2,476,523	-	47,534
State Railways -	55,000	-	55,000	72,824	-	72,824	17,824	-
Interest on Permanent and Floating Debt -	2,816,500	2,434,207	5,250,707	2,814,523	2,434,207	5,248,730	-	1,977
Interest on Service Funds and other Accounts -	537,100	-	537,100	541,001	-	541,001	3,901	-
Famine Relief -	3,907,000	1,000	3,908,000	3,851,423	1,000	3,852,423	-	55,577
Expenditure in England for Stores transmitted to India -	-	1,157,924	1,157,924	-	1,156,535	1,156,535	-	1,389
Guaranteed Interest on Railway Capital, less net Traffic Receipts -	-	1,567,531	1,567,531	-	1,437,352	1,437,352	-	130,179
							157,224	282,711
								157,224
Total Expenditure, exclusive of Public Works Extraordinary -	42,098,900	9,432,508	51,531,408	42,094,995	9,310,926	51,405,921	-	125,487
Public Works Extraordinary -	2,681,000	1,010,330	3,691,330	2,542,642	1,010,665	3,553,307	-	38,023
TOTAL - - - £.	44,679,900	10,442,838	55,122,738	44,637,637	10,321,591	54,959,228	-	163,510

15. There were increases under certain heads, amounting to 157,224 *l.*, and decreases to the amount of 282,711 *l.* Of the former, the most considerable was 71,564 *l.* in the Allowances and Assignments under Treaties and Engagements, stated by you to be owing to the transfer "to this head from Land Revenue" of a debit in the Bombay Presidency, and to the adjustment of certain payments since 1868 to the family of Maharajah Dhuleep Singh.

16. The expenditure was below the Estimate under several heads. An apparent decrease of 14,497 *l.* under Land Revenue was due to the transfer to the head of Allowances and Assignments above referred to. Under Forest the expenditure was 20,160 *l.* below the Estimate, the expenditure in the Punjab having been over-estimated. The expenditure on Public Works Ordinary was 47,534 *l.* below the Estimate, of which 13,500 *l.* was in military works, and 22,562 *l.* was in cost of land for railways.

THE TARIFF OF INDIA.

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17. The expenditure for famine relief proved to be 55,577 *l.* below the estimate.

18. The charge for Guaranteed Interest on Railway, &c. Capital, was 130,179 *l.* below the estimate, and was mainly attributable to the famine traffic receipts having exceeded the estimate by 80,000 *l.*, the remainder arising from an improvement which was general over all the lines.

19. The expenditure on Public Works Extraordinary was 38,023 *l.* below the Estimate, and a portion of that sum is explained by you as a transfer to the ordinary head of State Railways of a debit for the hitherto unvalued stock of the Calcutta and South Eastern Railway.

20. The financial result of the Year 1872-73 was a surplus of 1,765,672 *l.*, exclusive of expenditure on Public Works Extraordinary, which amounted to 2,184,569 *l.* The year 1873-74, as already shown, closed with a deficit of 1,807,668 *l.*, exclusive of 3,553,307 *l.* expended on Public Works Extraordinary. Comparison of the Actual Accounts of 1873-74 and 1872-73.

21. A comparison of the accounts of the two years shows that the Revenue of 1873-74 was 621,236 *l.* below, and the expenditure, exclusive of Public Works Extraordinary, 2,952,104 *l.* above that of the previous year.

	ACTUAL, 1872-73.			ACTUAL, 1873-74.			Increase.	Decrease.
	India.	England.	TOTAL.	India.	England.	TOTAL.		
	£.	£.	£.	£.	£.	£.	£.	£.
Land Revenue	21,348,669	-	21,348,669	21,037,912	-	2,037,913	-	310,757
Tributes and Contributions	741,465	-	741,465	768,544	-	768,544	27,079	-
Forest	570,337	-	570,337	623,131	-	623,131	52,794	-
Excise on Spirits and Drugs	2,323,788	-	2,323,788	2,286,637	-	2,286,637	-	37,151
Assessed Taxes	580,139	-	580,139	20,136	-	20,136	-	560,003
Customs	2,653,890	-	2,653,890	2,028,495	-	2,028,495	-	25,395
Salt	6,165,630	-	6,165,630	6,150,692	-	6,150,692	-	14,938
Opium	8,684,691	-	8,684,691	8,524,870	-	8,524,870	-	559,821
Stamps	2,608,512	-	2,608,512	2,699,936	-	2,699,936	91,424	-
Mint	54,250	11	54,261	66,539	15	66,544	12,283	-
Post Office	580,312	-	580,312	688,198	-	688,198	107,886	-
Telegraph	229,186	20,610	249,802	246,425	4,213	250,638	836	-
Law and Justice	392,686	-	392,686	369,146	-	369,146	-	33,540
Marine	207,943	1,000	208,943	235,099	1,224	236,223	27,380	-
Interest	439,553	67,226	506,779	395,028	69,424	451,462	-	55,327
Receipts in aid of Superannuation, Retiret, and Compassionate Allowances	494,335	92,743	587,078	601,719	98,134	607,853	110,775	-
Gain by Exchange on Transactions with London	* 301,436	-	301,436	395,168	-	395,168	93,732	-
Miscellaneous	* 241,617	7,000	248,617	201,026	34,594	235,600	46,984	-
Army	885,545	21,265	906,810	982,703	26,386	1,011,039	104,229	-
Public Works, Ordinary	64,202	11,365	75,567	73,681	15,830	89,511	13,944	-
Public Works, Irrigation	43,535	-	43,535	475,174	1,401	476,575	63,040	-
State Railways	10,533	-	10,533	39,914	-	39,914	29,381	-
							775,717	1,986,953
								775,717
TOTAL	£. 49,988,254	221,235	50,210,489	49,360,142	238,111	49,608,253	-	631,236

22. The receipts from Tributes and Contributions in 1873-74 exceeded those of the previous year in consequence of the recovery of arrears.

23. The Forest Revenue was larger in 1873-74 by 52,794 *l.*, from an increased quantity of sleepers and fuel having been supplied to the Guaranteed and State Railways.

24. The revenue from Stamps in 1873-74 was 91,424 *l.* in excess of that of the previous year, which was to some extent owing to increased receipts in Bengal, and to the levy of process fees in Madras by means of stamps, the receipts from Law and Justice being consequently reduced.

\* In making this comparison, a sum of 14,791 *l.* for "Gain on Transactions with London" (included under Miscellaneous in the Accounts presented to Parliament for 1872-73), has been transferred to "Gain by Exchange on Transactions with London."

25. The Mint receipts were larger than those of 1872-73 by 12,283 *l.*, the effect of an increased importation of silver bullion, which commenced in December 1873, and continued to the close of the year.

26. The increase of 107,886 *l.* under Post Office was consequent on the receipts from the Bullock Train and Military Van Dāk Departments being for the first time included under this head.

27. The Marine receipts of 1873-74 were larger by 27,380 *l.*, having been augmented by the sale of steamers of the Punjab Flotilla, by receipts in Bengal, and at the Bombay Dockyard, for work done for the Royal Navy, and by adjustments of charges against other Departments.

28. The increase of 110,775 *l.* in 1873-74 of receipts in aid of Superannuation, Retired, and Compassionate Allowances was due to larger credits from the Military and Medical Funds.

29. The Gain by Exchange was 93,732 *l.* above that of the previous year, consequent on increased railway receipts and the adjustment of credits belonging to former years.

30. The Miscellaneous receipts were larger in 1873-74 by 46,934 *l.*, owing to the lapse of certain unclaimed deposits and Savings Bank balances, and to unexpected adjustments.

31. The increase of 104,229 *l.* in Army receipts was due partly to credits for tents and other stores supplied for famine relief operations already noticed, and partly to some adjustments at Madras.

32. The receipts from irrigation were larger by 63,040 *l.*, consequent on the expansion of irrigation from the canals of Northern India, and general improvement in other provinces. On the other hand, the Land Revenue of 1873-74 was 310,757 *l.* below the amount received in 1872-73, which was attributable to several causes. The receipts were exceptionally large in 1872-73, and included arrears to the amount of 150,000 *l.* on account of 1871-72. The failure of rain in Upper India in 1873-74 caused a postponement of the payment of revenue to the amount of about 72,000 *l.* in Bengal, and 30,000 *l.* in the North-Western Provinces. It was found necessary to reduce temporarily the assessment in Oude, and in Madras there was a decrease in the Southern Districts. There were, however, increases in Bombay, the Central Provinces, and Burmah.

33. The Excise Revenue of 1873-74 was 37,151 *l.* below that of the previous year, but it was partly nominal, the cost price of opium purchased in Malwa for home consumption in Bombay having been excluded from both sides of the account.

34. The abolition of the Income Tax accounts for the falling-off in the Assessed Taxes.

35. The receipts from Customs were 25,395 *l.* below those of 1872-73, as the large shipments of rice from Burmah to Bengal, instead of to other countries, in 1873-74, led to a considerable loss of export duty. There was a decrease in Bengal resulting from the scarcity, but it was more than covered by increased receipts in Madras and Bombay.

36. The receipts from Salt were below those of 1872-73 by 14,968 *l.*, the stock in Calcutta being low; and there was a diversion of capital and carriage in North-Western India from the salt to the grain trade, in consequence of the famine.

37. The Opium receipts were less in 1873-74 by 359,812 *l.*, owing to a smaller number of chests having been sold.

38. A decrease of 33,540 *l.* under Law and Justice was consequent on the transfer to the head of Stamps of certain receipts at Madras, which were brought to account in 1872-73 under this head, as already noticed.

39. The decrease of 55,327 *l.* under Interest was due to the operation of the new Port Trust Act in Bombay, under which payment of interest on the capital of the Trust was postponed till 1st April 1874.

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40. The expenditure of 1873-74, exclusive of that on Extraordinary Public Works, exceeded the expenditure of 1872-73 by 2,952,104 l.

	ACTUAL, 1872-73.			ACTUALS, 1873-74.			Increase.	Decrease.
	India.	England.	TOTAL.	India.	England.	TOTAL.		
	£.	£.	£.	£.	£.	£.	£.	£.
Refunds and Drawbacks -	325,065	-	325,065	277,183	-	277,183	-	47,882
Land Revenue -	2,449,957	2,994	2,452,951	2,482,808	1,729	2,484,539	31,581	-
Forest -	388,118	3,781	391,899	384,540	5,861	390,401	-	1,498
Excise on Spirits and Drugs	130,557	-	130,557	93,569	-	93,569	-	36,988
Assessed Taxes -	13,244	-	13,244	2,165	-	2,165	-	11,079
Customs -	180,375	-	180,375	183,868	-	183,868	3,488	-
Salt -	476,646	-	476,646	477,967	-	477,967	1,321	-
Opium -	1,813,976	-	1,813,976	2,001,277	-	2,001,277	187,301	-
Stamps -	83,452	37	83,489	63,927	-	63,927	-	17,562
Mint -	80,890	8	80,898	70,620	-	70,620	-	10,278
Post Office -	616,412	66,834	683,246	736,910	64,908	801,818	118,572	-
Telegraph -	382,756	28,215	390,971	330,417	40,395	370,812	-	20,159
Allowances and Assignments under Treaties and Engagements -	1,730,554	10,336	1,740,890	1,837,364	10,336	1,858,700	106,810	-
Administration -	1,232,709	219,918	1,452,627	1,243,238	211,868	1,454,626	1,899	-
Minor Departments -	310,308	36,339	346,647	290,226	30,045	311,171	-	35,476
Law and Justice -	2,218,895	3,280	2,222,175	2,266,136	-	2,266,136	43,961	-
Marine -	360,836	128,866	489,702	367,900	114,162	482,052	-	7,650
Ecclesiastical -	150,938	1,350	152,288	157,577	1,950	159,527	7,239	-
Medical -	176,262	-	176,262	180,596	-	180,596	4,334	-
Political Agencies -	313,734	47,082	390,816	331,283	34,802	366,175	-	24,641
Superannuation, Retired, and Compassionate Allowances -	701,514	874,739	1,576,253	662,598	860,371	1,522,969	-	53,284
Loss by Exchange on Transactions with London -	765,109	-	765,109	966,530	-	966,530	221,421	-
Miscellaneous -	78,695	107,031	275,726	59,803	49,894	100,097	-	166,029
Civil, Furlough, and Absentee Allowances -	-	156,059	156,059	-	258,464	258,464	102,405	-
Provincial Services -	5,223,190	-	5,223,190	5,098,972	-	5,098,972	-	124,218
Army -	11,979,327	2,712,549	14,691,876	11,872,941	2,502,853	14,375,794	-	316,082
Public Works Ordinary (including Supervision and Cost of Land for Guaranteed Railways) -	2,599,136	26,665	2,625,801	2,381,824	94,699	2,476,523	-	149,278
State Railways -	22,004	-	22,004	72,324	-	72,324	50,320	-
Interest on Permanent and Floating Debt -	2,834,764	2,466,905	5,301,669	2,814,523	2,434,297	5,248,820	-	52,849
Interest on Service Funds and other Accounts -	555,789	-	555,789	541,001	-	541,001	-	14,788
Famine Relief -	-	-	-	3,851,423	1,000	3,852,423	3,852,423	-
Expenditure in England for Stores transmitted to India -	-	1,146,116	1,146,116	-	1,156,535	1,156,535	10,419	-
Guaranteed Interest on Railway Capital, less Net Traffic Receipts -	-	2,110,501	2,110,501	-	1,437,352	1,437,352	-	673,149
							4,743,904	1,791,890
Total Expenditure, exclusive of Public Works Extraordinary -	38,205,212	10,248,605	48,453,817	42,094,995	9,310,996	51,405,991	2,952,104	-
Public Works Extraordinary -	1,981,022	308,547	2,184,569	2,542,642	1,010,665	3,553,307	1,368,736	-
TOTAL - - - £.	40,086,234	10,557,152	50,643,386	44,637,637	10,321,661	54,959,298	4,322,662	-

41. An increase of 31,581 l. under Land Revenue was consequent on the vigorous prosecution of settlement operations.

42. The Opium Charges were 187,301 l. in excess of those of 1872-73, in which year the crop having to some extent failed, smaller advances were made.



43. The Post Office Charges were larger by 118,572 *l.*, the expenditure on account of the Bullock Train and Military Van Dâk having been first included under this head in 1873-74, as already referred to.

44. There was an increase of 106,810 *l.* in the Allowances and Assignments under Treaties and engagements, owing to the transfer to this head from Land Revenue in Bombay of certain charges, and to the adjustment in 1873-74 of payments made since the year 1868 to the family of Maharajah Dhuleep Singh.

45. Under Law and Justice there was an increase of 43,961 *l.*, the payments to Process servers in Madras having been first brought on the books in 1873-74.

46. The Loss by Exchange on Transactions with London exceeded that of 1872-73 by 221,421 *l.*, owing to the unfavourable rate of exchange prevailing in 1873-74.

47. The Civil Furlough and Absentee Allowances were larger in 1873-74 by 102,405 *l.*, the Allowances to Military Officers in Civil employ having in that year been transferred to this head from "Army."

48. An increase of 50,820 *l.* under State Railways was due to the transfer from the head of Public Works Extraordinary of a debit for "the hitherto unvalued Stock of the Calcutta and South Eastern Railway" referred to in para. 19 of this Despatch.

49. The expenditure on account of Famine Relief amounted to 3,852,423 *l.*

50. The Charges of 1873-74 were less than those of the previous year under several heads.

51. There were decreases of 47,882 *l.* under Refunds and Drawbacks; of 36,988 in Excise on Spirits and Drugs, partly due to the exclusion from both sides of the account of the cost price of opium consumed at Bombay; of 35,476 *l.* under Minor Departments, the charge in 1872-73 having included payments for the Census and for several Exhibitions as well as arrears due to the India Office Geographer; of 53,284 *l.* under Superannuation, Retired, and Compassionate Allowances, the charge for the year 1872-73, having included the grant of 20,000 *l.* to the younger children of the late Earl of Mayo; of 166,029 *l.* in Miscellaneous Charges, the sum of 163,318 *l.* paid in England to the representatives of the late D. O. Dyce Sombre having been included in 1872-73; of 153,218 *l.* under Provincial Services, the charge in 1872-73 having included a large grant for Public Offices, &c. for Bengal, Bombay, and Burmah, and a large charge consequent on the adjustment of the cost of Medical and Ordnance Stores supplied to the Medical and Police Departments in the Punjab.

52. The Army Charges were less in 1873-74 by 316,082 *l.*, the charge for 1872-73 having included arrears of pay to two regiments of Madras Native Infantry returned from China and the Straits Settlements, arrear charges of the Order of British India, and extraordinary charges for the Looshai Expedition. In 1873-74 the charges in England for Furlough Allowances of Military Officers employed in the Civil and Public Works Department were transferred to Civil Furlough and Absentee Allowances, as already referred to, and to Public Works Ordinary, and a smaller sum was paid to the Imperial Government for Effective Charges of Troops serving in India.

53. Under Public Works Ordinary there was a decrease of 149,278 *l.*, notwithstanding an increased charge of 68,034 *l.* in England for additions to the Royal Indian Engineering College, and for Furlough Allowances of Military Officers in the Public Works Department, previously included among Army Charges.

54. Interest on debt was less by 52,849 *l.*, consequent on the conversion in India in 1872 of the 5 per cent. Loan of 1856-57 into 4½ and 4 per cent. Debt, and the reduction in England from 5 to 4 per cent. of interest on Debentures.

55. The most important decrease was, however, that of 673,149*l.* in Guaranteed Interest on Railway Capital, less net Traffic Receipts. The charge in 1872-73 had been exceptionally large, owing to a debit against Revenue of a larger sum than usual for Stores, to a decrease in the receipts from Goods Traffic, and to repairs rendered necessary by the effects of floods. In 1873-74, the gross Traffic Receipts exceeded those of 1872-73 by 751,761*l.*, of which 400,000*l.* were received by the East Indian Railway for Famine Traffic, and the receipts on the Eastern Bengal, Great Indian Peninsula, Sind, Punjab and Delhi, and Oudh and Rohilcund Railways were also increased to a great extent from the same cause.

56. The expenditure on Public Works Extraordinary in 1873-74 exceeded that of 1872-73 by 1,368,738*l.*

57. It appears, therefore, from this comparison that the apparent falling off in the Revenue in 1873-74 of 621,236*l.*, as compared with 1872-73, was mainly due to the cessation of the Income Tax, and that but for that cause and reductions in the Land Revenue receipts, which were, however, exceptional, and in the receipt from Opium, the Revenue of 1873-74 would have considerably exceeded the Revenue of 1872-73.

58. It is also apparent that the excess in the ordinary charges in 1873-74, over those of the previous year, was caused by the expenditure incurred on account of famine relief, and that independent of that contingency, the charges would have been less by about 900,000*l.*

59. For the year 1874-75 your Budget Estimate was :—

Revenues and Receipts (India and England) - - - - -		£.	48,984,000
Charges :		£.	
India - - - - -	40,778,500		
England, Stores for India - - - - -	1,402,500		
England, other Charges - - - - -	6,797,000		
Guaranteed Interest on Railway, &c., Capital, less net Traffic Receipts - - - - -	1,394,000		
			50,372,000
Estimated Deficit - - - - -		£.	1,388,000
Exclusive of Expenditure on Public Works Extraordinary, which was estimated at - - - - -		£.	4,563,050

Comparison of the Regular Estimate for 1874-75, with the Budget Estimate for that year.

60. The Regular Estimate is :—

Revenues and Receipts (India and England) - - - - -		£.	50,070,410
Charges :		£.	
India - - - - -	41,183,100		
England, Stores for India - - - - -	1,595,821		
England, other Charges - - - - -	6,653,623		
Guaranteed Interest on Railway, &c., Capital, less net Traffic Receipts - - - - -	1,132,355		
			50,564,899
Estimated Deficit - - - - -		£.	494,489
Exclusive of Expenditure on Public Works Extraordinary, which is estimated at - - - - -		£.	4,032,103

61. The Regular Estimate of Revenue is 1,086,410 *l.* in excess of the Budget, there being increases under some heads to the amount of 1,528,169 *l.*, and decreases under other heads of 441,759 *l.*

	BUDGET ESTIMATE, 1874-75.			REGULAR ESTIMATE, 1874-75.			Increase.	Decrease.
	India.	England.	TOTAL.	India.	England.	TOTAL.		
	£.	£.	£.	£.	£.	£.	£.	£.
Land Revenue - - -	21,404,000	-	21,404,000	21,085,000	300	21,085,300	-	320,700
Tributes and Contributions - - -	726,000	-	726,000	739,000	-	739,000	13,000	-
Forest - - - - -	606,000	-	606,000	599,000	-	599,000	-	7,000
Excise on Spirits and Drugs - - -	2,286,000	-	2,286,000	2,335,000	-	2,335,000	49,000	-
Assessed Taxes - - - - -	-	-	-	3,000	-	3,000	3,000	-
Customs - - - - -	2,738,000	-	2,738,000	2,642,000	-	2,642,000	-	96,000
Salt - - - - -	6,079,000	-	6,079,000	6,188,000	-	6,188,000	109,000	-
Opium - - - - -	7,615,000	-	7,615,000	8,520,000	-	8,520,000	905,000	-
Stamps - - - - -	2,708,000	-	2,708,000	2,779,000	-	2,779,000	71,000	-
Mint - - - - -	124,000	-	124,000	133,082	32	133,082	9,082	-
Post Office - - - - -	685,000	-	685,000	713,000	-	713,000	18,000	-
Telegraph - - - - -	241,200	10,800	252,000	265,500	13,716	279,216	27,216	-
Law and Justice - - - - -	333,000	-	333,000	321,000	-	321,000	-	12,000
Marine - - - - -	201,000	-	201,000	200,700	81,864	282,564	81,564	-
Interest - - - - -	447,000	15,000	462,000	458,000	-	457,512	75,512	-
Receipts in aid of Super-annuation, Retired, and Compassionate Allowances - - - - -	584,400	94,600	679,000	699,000	94,809	693,809	14,809	-
Gain by Exchange on Transactions with London - - - - -	322,000	-	322,000	370,000	-	370,000	48,000	-
Miscellaneous - - - - -	187,000	8,000	195,000	195,000	31,699	227,699	32,699	-
Army - - - - -	870,000	20,000	890,000	910,000	25,337	935,337	45,337	-
Public Works, Ordinary - - - - -	64,300	18,700	83,000	62,500	17,143	79,643	-	3,357
Ditto - Irrigation - - - - -	491,000	-	491,000	488,000	298	488,298	-	2,702
State Railways - - - - -	95,000	-	95,000	121,000	-	121,000	26,000	-
							1,528,169	441,759
<b>TOTAL - - - - £.</b>	<b>48,816,900</b>	<b>167,100</b>	<b>48,984,000</b>	<b>49,725,700</b>	<b>344,710</b>	<b>50,070,410</b>	<b>1,086,410</b>	

62. The increase in Opium is no less than 905,000 *l.*, the prices obtained having largely exceeded the original estimate.

63. The other principal increases are:—49,000 *l.* in Excise, although there was a falling off in Bengal from the prevalence of scarcity and high prices. 109,000 *l.* in Salt, notwithstanding the abolition of the preventive line from the Taptee to the Muhanuddee and the small line between Madras and Bengal. It appears, from the statement of Sir W. Muir, that the net loss caused by that measure will probably not exceed 40,000 *l.*, and that the loss has been more than made good by progress in the general Salt Revenue of Bengal, the North West Provinces, and the Punjab. 71,000 *l.* under Stamps (after allowing 12,000 *l.* for a reduction under Law and Justice) is mainly due to Bengal, but is more or less general. 81,564 *l.* in Marine receipts, consequent on the sale, by the Secretary of State, of stock received some years since from the Scinde Railway in payment for steamers, barges, and stores forming the old Indus Flotilla. 75,512 *l.* under Interest, mainly in England, which includes 10,690 *l.*, the amount of unclaimed dividends received from the late East India Company, the remainder being interest obtained from the investment of portions of the Cash Balance. 48,000 *l.* in Gain by Exchange is, for the most part, attributable to the scarcity in Bengal having caused an excess in traffic receipts on the Guaranteed Railways; and 45,337 *l.* under Army is explained by Sir W. Muir as being due "partly to a change in the mode of accounting for Commissariat supplies, and also to unexpected receipts for stores supplied for the famine districts, &c."

64. On the other hand, the Regular Estimate of Land Revenue is 320,700 *l.* below the Budget, of which the larger portion is attributable to the temporary suspension of payments in Bengal and the North Western Provinces in consequence of the famine, the remainder being due to the unusual floods which devastated parts of Madras and Bombay.

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65. The receipts from Customs are estimated at 96,000*l.* below the Budget, and the reduction is attributed to the rice exports from Burmah being in the present season very late.

66. The other decreases are comparatively unimportant.

67. The total ordinary expenditure shown in the Regular Estimate exceeds the Budget by 192,899*l.*, the increases under some heads amounting to 1,056,317*l.*, and decreases under other heads to 863,418*l.*

	BUDGET ESTIMATE, 1874-75.			REGULAR ESTIMATE, 1874-75.			Increase.	Decrease.
	India.	England.	TOTAL.	India.	England.	TOTAL.		
	£.	£.	£.	£.	£.	£.		
Refunds and Drawbacks	262,000	-	262,000	318,000	-	311,000	49,000	-
Land Revenue	2,508,400	3,800	2,512,200	2,470,100	2,057	2,472,157	-	40,843
Forest	440,000	3,000	443,000	427,300	2,551	429,751	-	13,849
Excise on Spirits and Drugs	87,600	-	87,600	83,600	-	83,600	-	4,000
Customs	186,800	-	186,800	178,000	-	178,000	-	8,800
Salt	490,000	-	490,000	478,900	-	478,900	-	11,100
Opium	2,115,800	-	2,115,800	2,348,700	-	2,348,700	234,700	-
Stamps	70,500	-	70,500	66,400	-	66,400	-	4,100
Mint	82,000	-	82,000	112,600	170	112,770	30,770	-
Post Office	733,600	73,800	807,400	745,200	53,130	798,330	-	9,070
Telegraph	382,100	22,000	411,100	356,200	35,575	391,775	-	19,325
Allowances and Assignments under Treaties and Engagements	1,702,600	29,400	1,732,000	1,730,600	19,386	1,750,086	17,986	-
Administration	1,161,500	340,800	1,432,300	1,211,400	209,575	1,420,975	-	11,325
Minor Departments	283,600	21,000	304,600	274,600	22,311	296,911	-	7,689
Law and Justice	2,277,000	2,000	2,279,000	2,281,300	1,285	2,282,585	3,585	-
Marine	383,200	121,000	504,200	374,800	121,953	496,753	-	7,447
Ecclesiastical	158,100	900	159,000	158,600	1,259	159,859	859	-
Medical	180,200	-	180,200	187,200	-	187,200	7,000	-
Political Agencies	402,000	43,000	445,000	331,100	37,064	368,064	-	76,936
Superannuation, Retired, and Compassionate Allowances	709,000	1,070,000	1,779,000	621,000	1,099,863	1,720,863	59,137	-
Loss by Exchange on Transactions with London	746,000	-	746,000	862,000	-	869,000	123,000	-
Miscellaneous	44,800	32,800	77,600	98,800	59,383	158,183	81,383	-
Civil, Furlough, and Absentee Allowances	-	277,000	277,000	-	216,333	216,333	-	60,667
Provincial Services	5,030,000	-	5,030,000	5,123,000	900	5,123,900	93,900	-
Army	11,869,700	2,580,000	14,449,700	11,870,300	2,496,215	14,366,515	-	83,185
Public Works Ordinary (including Supervision and Cost of Land for Guaranteed Railways)	2,550,800	70,500	2,621,300	2,508,700	78,137	2,586,837	-	34,463
State Railways	104,000	-	104,000	281,000	-	281,000	177,000	-
Interest on Government and Floating Debt	2,917,000	2,210,000	5,127,000	2,275,500	2,190,547	4,466,047	-	60,953
Interest on Service Funds and other Accounts	358,000	-	358,000	382,000	-	382,000	24,000	-
Famine Relief	2,522,000	-	2,522,000	2,370,900	5,679	2,376,579	-	145,021
Expenditure in England for Stores transmitted to India	-	1,402,500	1,402,500	-	1,595,821	1,595,821	193,321	-
Guaranteed Interest on Railway Capital, less net Traffic Receipts	-	1,394,000	1,394,000	-	1,132,355	1,132,355	-	261,645
<b>Total Expenditure, exclusive of Public Works Extraordinary</b>	<b>40,778,500</b>	<b>9,693,500</b>	<b>50,472,000</b>	<b>41,183,100</b>	<b>9,281,799</b>	<b>50,464,899</b>	<b>1,056,317</b>	<b>863,418</b>
<b>Public Works Extraordinary</b>	<b>3,420,000</b>	<b>1,143,030</b>	<b>4,563,030</b>	<b>2,897,400</b>	<b>1,134,703</b>	<b>4,032,103</b>	<b>192,899</b>	<b>530,947</b>
<b>TOTAL - - £.</b>	<b>44,198,500</b>	<b>10,736,530</b>	<b>54,935,030</b>	<b>44,080,500</b>	<b>10,516,502</b>	<b>54,597,002</b>	<b>-</b>	<b>338,048</b>

68. The principal increases are:—49,000*l.* in Refunds and Drawbacks from unexpected demands, 234,700*l.* in Opium, the Bengal crop having proved much larger than was expected. 123,000*l.* in Loss by Exchange on transactions with London, the Secretary of State's Bills having exceeded the sum of 10,000,000*l.*, included in your Budget Estimate, and the rate of expenditure having been lower than was estimated. 81,383*l.* in Miscellaneous, mainly owing

owing to a call for capital on the Government shares in the Bank of Bombay. 93,900 *l.* under Provincial Services, in consequence, as stated in Sir W. Muir's Minute, of "an extra grant of 27,000 *l.* (of which 17,000 *l.* will be permanent) for public improvements in the new administration of Assam, a like grant of 25,000 *l.* for Burmah, and (a less hopeful item) 24,000 *l.* in adjustment of expenses incurred during the last three years for the destruction of snakes in the Madras Presidency." 177,000 *l.*, under State Railways, due to expenditure on the Tirhoot State Railway in excess of the amount charged to famine relief; and the expenditure in England for stores transmitted to India is increased by 193,321 *l.*, there being an increase in Army stores to the amount of 146,688 *l.*

69. The Regular Estimate of Expenditure is lower than the Budget under numerous heads, the principal being :—75,936 *l.* in charges of Political Agencies owing to non-payment of certain subsidies. 60,667 *l.* in Civil Furlough Allowances paid in England, as the numbers of those who avail themselves of the New Furlough Rules are now declining. 83,185 *l.* in Army Charges, which is almost wholly in England, and is in consequence of smaller payments for Effective Charges, Furlough Allowances, and India Troop Transport Service, which more than counterbalanced the increase of 147,040 *l.* for capitalised value of annuities granted to Military Officers under the new retirement scheme. 38,863 *l.* in Public Works Ordinary, owing to diminished operations, and "deduction of cost of land for Guaranteed Railways paid for in former years." 60,953 *l.* in Interest on Permanent and Floating Debt, attributable to "a full year's interest not having been demanded." 146,021 *l.* in Famine Relief; and 261,645 *l.* in Guaranteed Interest on Railway, &c., Capital, consequent on the increased traffic receipts due to the carriage of grain to famine districts.

70. The Regular Estimate of expenditure on Public Works Extraordinary is 530,947 *l.* below the Budget Estimate, the explanation of which, given by Sir W. Muir, is that 185,000 *l.* is due to the "removal from this head to the ordinary account of the expenditure upon the Tirhoot State Railway, and 50,000 *l.* to a like transfer of estimated outlay on the irrigation canals from the River Gunduck."

71. In a recapitulation of the cost of the Famine in Bengal, Sir W. Muir states that the gross expenditure was 8,824,500 *l.*, that the recoveries will amount to 2,624,000 *l.*, and that it was thought better to enter in the Estimates of Revenue and Expenditure only the net charge, and not to encumber the Estimates of 1875-76 with recoveries which would have largely raised the apparent surplus of that year. The net charge will apparently be 6,304,809 *l.*, the expenditure in 1873-74, including Stores purchased in England, having been

been	£. 3,864,673
And in the Regular Estimate for 1874-75, including Stores	
from England	2,440,136
	<u>£. 6,304,809</u>

Comparison of the Budget Estimate for 1875-76, with the Regular Estimate for 1874-75.

72. Your Budget Estimate for 1875-76 is :—

Revenues and Receipts		£.	49,820,000
Charges:—		£.	
India	39,503,500		
England, Stores for India	1,320,800		
" other Charges	6,906,700		
Guaranteed Interest on Railway, &c., Capital,			
less net Traffic Receipts	1,583,000		
			<u>49,314,000</u>
Estimated Surplus, exclusive of Expenditure on Public Works			506,000
Extraordinary			
Public Works Extraordinary		£.	<u>4,300,000</u>

73. Your

THE TARIFF OF INDIA.

13

73. Your Estimated Revenue for 1875-76 is 250,410 *l.* below the Regular Estimate for 1874-75, although there are estimated increases under some heads.

	REGULAR ESTIMATE, 1874-75.			BUDGET ESTIMATE, 1875-76.			Increase.	Decrease.
	India.	England.	TOTAL.	India.	England.	TOTAL.		
	£.	£.	£.	£.	£.	£.		
Land Revenue	21,083,000	300	21,083,300	21,378,000	-	21,378,000	295,700	-
Tributes and Contributions	739,000	-	739,000	700,000	-	700,000	-	39,000
Forest	599,000	-	599,000	572,000	-	572,000	-	27,000
Excise on Spirits and Drugs	2,395,000	-	2,395,000	2,370,000	-	2,370,000	25,000	-
Assessed Taxes	3,000	-	3,000	-	-	-	-	3,000
Customs	2,642,000	-	2,642,000	2,670,000	-	2,670,000	28,000	-
Salt	6,188,000	-	6,188,000	6,208,000	-	6,208,000	20,000	-
Opium	8,520,000	-	8,520,000	8,050,000	-	8,050,000	-	470,000
Stamps	2,779,000	-	2,779,000	2,784,000	-	2,784,000	5,000	-
Mint	133,000	58	133,032	73,000	-	73,000	-	61,032
Post Office	713,000	-	713,000	735,000	-	735,000	22,000	-
Telegraph	285,500	13,716	279,216	268,400	21,600	290,000	10,784	-
Law and Justice	321,000	-	321,000	319,000	-	319,000	-	2,000
Marine	200,700	81,864	282,564	197,000	-	197,000	-	85,564
Interest	458,000	79,512	537,512	532,000	20,000	572,000	34,488	-
Receipts in aid of Superannuation, Retired, and Compassionate Allowances	599,000	94,809	693,809	542,400	91,600	634,000	-	59,809
Gain by Exchange on Transactions with London	370,000	-	370,000	325,000	-	325,000	-	45,000
Miscellaneous	196,000	31,609	227,609	172,000	8,000	180,000	-	47,609
Army	910,000	25,337	935,337	880,000	27,000	907,000	-	28,337
Public Works Ordinary	62,500	17,143	79,643	75,200	18,800	94,000	14,357	-
Ditto Irrigation	438,000	298	438,298	532,000	-	532,000	-	43,702
State Railways	121,000	-	121,000	230,000	-	230,000	109,000	-
							618,031	868,441
								618,031
TOTAL - - £.	49,725,700	344,710	50,070,410	49,683,000	187,000	49,870,000	-	250,410

74. There is an increase of 295,700 *l.* in the Land Revenue, the improvement being in Madras, the North Western Provinces, and Burmah. In Bombay there are symptoms of decline. It is, however, observed, in Sir W. Muir's Minute, that this great branch of income is likely to yield an appreciable increment year by year. The next most considerable increase is 109,000 *l.* in receipts from State Railways, consequent on the further opening of those railways to public traffic, and the carriage of Sambhur salt.

75. There is also an increase of 43,702 *l.* in the receipts from Irrigation, mainly in the North Western Provinces and an advance is anticipated in the receipts of the Soane and Bombay Canals.

76. The other increases do not call for notice.

77. The most important decrease in the Revenue is 470,000 *l.* in the receipts from Opium, but the estimated receipt is nevertheless 435,000 *l.* in excess of the Budget Estimate for 1874-75. It is, however, stated in Sir W. Muir's Minute to be sufficiently safe.

78. The Mint receipts are estimated at 61,032 *l.* below the Regular Estimate for 1874-75, in consequence of the cessation of the coinage of copper.

79. The decrease of 85,564 *l.* in Marine receipts is owing to the extraordinary receipt in England in 1874-75, already referred to in paragraph 63 of this Despatch.

80. The decrease of 59,809 *l.* in receipts on account of Superannuation Allowances is owing to the exhaustion of the Capital of one of the Military Funds from which transfers are made to meet the pensions.

81. The other decreases do not call for notice.

82. The Budget Estimate of Expenditure, exclusive of Public Works Extraordinary for 1875-76, is 1,250,899 *l.* below the Regular Estimate for 1874-75. If, however, the charge on account of Famine relief (including

Stores from England) in the last-mentioned year be deducted, the Budget Estimate for 1875-76 is no less than 1,189,237*l.* in excess of the Regular Estimate for 1874-75.

	REGULAR ESTIMATE, 1874-75.			BUDGET ESTIMATE, 1875-76.			Increase.	Decrease.
	India.	England.	TOTAL.	India.	England.	TOTAL.		
	£.	£.	£.	£.	£.	£.		
Refunds and Drawbacks -	311,000	-	311,000	300,000	-	300,000	£.	11,000
Land Revenue -	2,470,100	2,057	2,472,157	2,477,700	2,300	2,480,000	7,843	-
Forest -	427,200	2,551	429,751	402,800	2,200	405,000	-	24,751
Excise on Spirits and Drugs	82,000	-	82,000	86,000	-	86,000	-	3,000
Customs -	178,000	-	178,000	179,000	-	179,000	-	1,000
Salt -	478,900	-	478,900	498,000	-	498,000	-	19,100
Opium -	2,349,700	-	2,349,700	2,300,000	-	2,300,000	-	49,700
Stamps -	66,400	-	66,400	74,000	-	74,000	-	7,600
Mint -	112,800	170	112,770	73,900	-	73,600	-	39,170
Post Office -	745,200	53,130	798,330	752,500	56,800	809,300	10,970	-
Telegraph -	356,200	35,575	391,775	395,000	33,000	428,000	36,225	-
Allowances and Assignments under Treaties and Engagements	1,720,800	19,336	1,739,936	1,675,600	19,400	1,695,000	-	44,936
Administration -	1,211,400	209,575	1,420,975	1,247,400	243,000	1,490,400	69,425	-
Minor Departments -	274,000	22,311	296,311	278,000	10,000	288,000	-	8,311
Law and Justice -	2,281,300	1,285	2,282,585	2,337,500	2,500	2,340,000	57,415	-
Marine -	374,800	121,953	496,753	402,600	120,300	522,900	26,147	-
Ecclesiastical -	158,000	1,259	159,259	160,100	900	161,000	1,141	-
Medical -	187,200	-	187,200	180,200	-	180,200	-	7,000
Political Agencies -	331,100	37,984	369,084	303,000	33,000	336,000	-	33,084
Superannuation, Retired, and Compassionate Allowances -	691,000	1,009,863	1,700,863	695,500	1,120,000	1,815,500	24,637	-
Loss by Exchange on Transactions with London -	869,000	-	869,000	1,300,000	-	1,300,000	521,000	-
Miscellaneous -	98,800	59,363	158,163	43,800	33,000	76,800	-	81,363
Civil Furlough and Absentee Allowances -	-	216,333	216,333	-	221,000	221,000	4,667	-
Provincial Services -	5,123,000	900	5,123,900	5,058,400	600	5,059,000	-	64,900
Army -	11,870,300	2,498,215	14,368,515	11,930,400	2,774,400	14,704,800	338,285	-
Public Works Ordinary (including Supervision and Cost of Land for Guaranteed Railways) -	2,503,700	78,137	2,581,837	2,661,200	71,500	2,732,700	150,863	-
State Railways -	281,000	-	281,000	180,000	-	180,000	-	101,000
Interest on Permanent and Floating Debt -	2,875,500	2,190,547	5,066,047	3,045,200	2,162,800	5,208,000	141,953	-
Interest on Service Funds and other Accounts -	382,000	-	382,000	376,000	-	376,000	-	6,000
Famine Relief -	2,370,900	5,079	2,375,979	-	-	-	-	2,375,979
Expenditure in England for Stores transmitted to India -	-	1,595,821	1,595,821	-	1,320,800	1,320,800	-	275,021
Guaranteed Interest on Railway Capital, less Not Traffic Receipts -	-	1,132,355	1,132,355	-	1,563,000	1,563,000	450,645	-
							1,871,916	3,122,816
Total Expenditure, exclusive of Public Works Extraordinary -	41,183,100	9,381,799	50,564,899	39,503,500	9,810,500	49,314,000	-	1,250,899
Public Works Extraordinary -	2,897,400	1,134,703	4,032,103	3,600,200	699,800	4,300,000	267,897	-
							267,897	1,250,899
TOTAL - - £.	44,080,500	10,516,502	54,597,002	43,103,700	10,510,300	53,614,000	-	983,002

83. The principal increases are 36,225*l.* in Telegraph Charges, provision being made for the purchase of telegraphs on certain Guaranteed Railways, for the construction of new telegraphs both on the State and Guaranteed Railways, and for larger purchases of Stores; 69,425*l.*, under Administration, partly caused by expenditure in India consequent on the transfer of Government during the summer to Simla, and on the appointment of a new member of the Governor General's Council, and partly in England by certain additions to the India Store Department. Your Budget Estimate shows a decrease under this head, but that is consequent on the charge for Stores (the estimate for which in 1874-75 greatly exceeds the Estimate for 1875-76) being included therein, whereas the charge for Stores is shown under a separate head in this Despatch. Of 57,415*l.* in Law and Justice, above 20,000*l.* is for improved Judicial machinery which has just been introduced into the Punjab, 20,000*l.* is for reorganising

reorganising the process serving establishment in the Bombay Presidency, and provision is also made for the constitution of a new district in Burmah; 521,000 *l.* in Loss by Exchange is consequent on the necessity for remitting to England the sum of 14,300,000 *l.*, which it is estimated will be effected at an average exchange of 1 *s.* 9½ *d.* the rupee. 338,285 *l.* in Army charges, of which 60,100 *l.* is in India, and 278,185 *l.* in England, mainly for Retired Pay, and for payments to the Imperial Government for Effective and Non-effective Services. It is observed in Sir W. Muir's Minute, that provision is made for the continuance of the Colonels' Retirement Scheme to the same extent as in 1873-74, also that 20,000 *l.* is for increased pay to Majors of Royal Artillery and Engineers, and that within two or three years "a large permanent addition has been made in military expenditure to improve the condition, equipment, and organisation of the Army; among such improvements may be named the revised scale of pay for British troops, new Establishment for garrison instruction and musketry inspection, additional hutting money for Indian troops, and increase of Subalterns in British and Indian Regiments." 150,863 *l.* in Public Works Ordinary, including supervision and cost of land for Guaranteed Railways, is mainly owing to an extraordinary grant of 100,000 *l.* for Military works, to admit of the more vigorous construction of barracks throughout the country, and to provision being made for special repairs in the Kidderpore Dockyard. 141,953 *l.* in the charge for Interest on Permanent and Floating Debt, is owing to the recent increase to the debt. 450,645 *l.* in Guaranteed Interest, although the additional interest paid on the capital will be only 31,000 *l.*, but as the traffic receipts of 1874-75 were greatly increased by the Famine, the Budget Estimate for 1875-76, under this head, compares unfavourably with the Estimate for the former year.

84. The Budget Estimate of expenditure under some heads is lower than the Regular Estimate of 1874-75. The Miscellaneous charges are 81,383 *l.* less, owing to the non-recurrence of the special expenditure in that year for Government shares in the Bank of Bombay. Provincial Services are less by 64,900 *l.*, the estimated special grants being lower.

85. The charge on account of State Railways is less by 101,000 *l.* as in the Regular Estimate for 1874-75, 185,000 *l.* is included on account of the Tirhoot State Railway.

86. The expenditure in England for Stores for India is estimated at 275,021 *l.* below that of 1874-75, when large payments were required for Stores and Freight for Famine Relief, Stationery, Public Works Stores, Snider Arms, Gun Carriages, Ammunition, &c.

87. The Budget Estimate of Expenditure on Public Works Extraordinary is 4,300,000 *l.*, being 267,897 *l.* in excess of the Regular Estimate for 1874-75, and you inform me that the instructions in relation to such works contained in my Financial Dispatch, dated 23rd July last, No. 387, have been followed.

88. On a review of the Finances of the year 1873-74, and of the Regular Estimate for 1874-75, and the Budget for 1875-76, the particulars of which are shown in the statement annexed to this Despatch, the following facts are apparent.

89. That the Income, including receipts from Irrigation and State Railways, which in 1873-74 amounted to	£.
is estimated for 1875-76 at	49,598,253
	49,820,000
being an estimated increase of	£. 221,747

90. That the Expenditure (exclusive of charges on account of the Famine and on Public Works Extraordinary) which in 1873-74 amounted to	£.
is estimated for 1875-76 at	47,541,248
	49,314,000
being an estimated increase of	£. 1,772,752

although there is a reduction in the charge for Interest on Permanent and Floating Debt of 40,820 *l.*, consequent on the redemption of the Dividend of



the East India Company, the relief from which has now to a great extent been neutralised by the subsequent increase to the debt.

91. I am aware that the Army receipts of 1873-74 had been augmented by credits on account of supplies for Famine relief, and that the charge in that year for Guaranteed Interest, less net Traffic Receipts, was reduced by the exceptional traffic on the railways consequent on Famine relief operations; also that the estimated receipts from Opium for 1875-76 are 274,879 *l.* below the actual receipts in 1873-74, while the charge on that account is increased; but, after allowing due weight to these considerations, I cannot regard the financial position with satisfaction.

92. An estimated increase in the expenditure in two years of upwards of a million and three quarters cannot be disregarded. That increase occurs mainly under the following heads:—

	£.
In Opium Charges - - - - -	298,720
Superannuation, Retired, and Compassionate Allowances	292,531
Loss by Exchange - - - - -	403,470
Army - - - - -	454,571
Public Works Ordinary - - - - -	234,621
	£. 1,683,913

93. In regard to the Opium charges, it would, with reference to the receipts from that head of revenue, be unsafe to anticipate a smaller expenditure.

94. The charge for Superannuation, Retired, and Compassionate Allowances was increased in 1874-75 by the Civil Service Annuities being treated in that year for the first time as a direct charge, the addition being to some extent counterbalanced by a smaller charge on account of Interest, but the expenditure under this head will probably increase for some years to come.

95. The Loss by Exchange may possibly be less than the amount included in the Budget, but at present there are no sufficient data on which to form a more favourable estimate, especially in view of the policy which it appears to be the present disposition of several European countries to pursue of adopting a single standard of gold.

96. In the Army expenditure the large additional permanent charge recently incurred to improve the condition of the troops has been already referred to. The future payments to the Imperial Government for effective services will in a great measure depend on the report of Mr. Bouverie's Committee, but there is no reason to hope for any relief to the revenues of India as the result of the deliberations of that Committee.

97. Of the probability which exists of a future increase in the Public Works expenditure, an illustration is afforded by the Minute of the Commander-in-Chief, dated the 11th March 1875, forwarded with your Letter, No. 107.

1875-76.		
Surplus per Budget Estimate, the receipts from Opium being estimated at 8,050,000 <i>l.</i>	506,000	£. 71,000
Surplus if the estimated receipts from Opium were 7,615,000 <i>l.</i> , or less by - - -	435,000	
	71,000	

99. The smallness of the margin between your revenue and expenditure might not be a serious evil, if there were any branch of expenditure in respect to which material reductions could, in case of need, be counted on, or if your surplus were not almost entirely due to the increased productiveness which you attribute this year to Opium. It must not be forgotten that, although the yield of this source of revenue has been recently steady, it has been in times past liable to great fluctuation.

100. The absence of any considerable surplus presents an obstacle to the accomplishment of reforms which are urgently required in more than one Department of your fiscal system. I refer especially to the Salt duties, and to the

the import duties upon cotton goods and manufactures. These measures can hardly be undertaken without a temporary sacrifice of revenue, and therefore cannot prudently be adopted without a larger surplus.

101. The first of these reforms, towards which your Excellency has already taken considerable steps, is of importance as concerning a tax upon an article of the first necessity which is neither so productive nor so equitable in its incidence as it may become under a sounder system. The continued existence of an internal Customs line, with which the present form of this tax is intimately connected, furnishes a cogent reason for dealing with it at the earliest opportunity.

102. I have, in my Separate Revenue Despatch of this day's date, No. 6, called your Excellency's attention to the importance which I attach to the gradual withdrawal of the duties now levied upon cotton goods, before the lapse of time shall have created greater obstacles than those which already exist to a change which is desirable both with a view of placing the industry on a solid foundation, and also of removing a growing cause of conflict between the manufacturing interests of England and of India, which may before long become a political difficulty. I regret that you have been compelled to postpone a revision of the tariff directed to this end.

103. In reviewing your loan transactions since 1869-70 your Excellency states that during that period not only have three quarters of a million been appropriated out of ordinary revenue to reproductive works, but that the whole cost of the famine in Bengal, amounting to 6,000,000 *l.*, has been defrayed from surpluses on ordinary account. Indeed during that period, excluding expenditure on Public Works Extraordinary, but including that on account of the Famine, the surpluses in the years 1869-70 to 1872-73, and as estimated for 1875-76, have exceeded the deficits of 1873-74, and as estimated for 1874-75, by no less than 4,695,351 *l.*\*

\* Surplus or deficit in each year, from 1869-70 to 1875-76, exclusive of expenditure on Public Works Extraordinary, but including that on account of the Famine:—

	Surplus.	Deficit.
	£.	£.
1869-70	118,689	—
1870-71	1,482,990	—
1871-72	3,124,177	—
1872-73	1,765,673	—
1873-74	—	1,807,068
1874-75 (Regular Estimate)	—	494,489
1875-76 (Budget)	506,000	—
	6,997,508	2,302,157
	2,302,157	—
	£ 4,695,351	—

104. The Cash Balances in the Indian Treasuries on the 31st March 1875 are estimated at 15,700,042 *l.*, and in the Home Treasury at 2,793,293 *l.*, together 18,493,335 *l.*

105. During 1875-76, you estimate that you will expend on reproductive works 4,300,000 *l.*, and that 633,700 *l.* will be withdrawn on account of Railway Capital, making together 4,933,700 *l.* Assuming that the estimated surplus of 506,000 *l.* will be realised, and that the receipts will exceed the disbursements on the general Cash Account by 316,000 *l.*, a sum of 4,111,700 *l.* is wanting to defray the estimated expenditure of the year.

106. If this expenditure were to be met from your Cash Balance, it would, you state, be reduced at the end of the year to 12,107,642 *l.*, or, including the balance in England, to about 14½ millions. You consider that amount too small, and that "it will be necessary so to arrange that the balances" (India and England) "shall not fall below 17 millions." As the Maharajahs Scindia and Holka are under engagements to contribute 360,000 *l.*, you propose to raise by loan in India 2,500,000 *l.*, and you then estimate that the Cash Balance, in India and England, will, on the 31st March 1876, amount to 17,096,598 *l.* A balance of about 2,000,000 *l.* at the commencement of the official year is sufficient for the Home Treasury, and 15,000,000 *l.* is therefore the amount which you require for India.

107. The grounds on which you consider it necessary to hold so large a sum are not stated. In a resolution of your Government, forwarded to me with your Financial Letter, dated the 24th April 1874, No. 142, it was observed that, apart from those directly under the Government of India, the Balances need not on the 30th November exceed the sum of 8,000,000 *l.*, and that, as the Balances on the 30th November 1873 amounted to 14,516,625 *l.*, they should be reduced by the sum of 3,810,000 *l.*, viz., to 10,706,625 *l.* After the month of November the balances generally increase, and in the Budget Estimates for the

years from 1866-67 to 1869-70, the following balances were considered sufficient:—

		£.
At the end of 1865-66	- - - -	10,860,430
” ” 1866-67	- - - -	10,506,659
” ” 1867-68	- - - -	10,612,168
” ” 1868-69	- - - -	10,038,499
” ” 1869-70	- - - -	11,627,310

it being, however, stated in the Financial Letter from the Government of India forwarding the Budget Estimate for 1869-70, that of a loan to be raised in that year, half a million was required to strengthen in some measure the balances which, owing to recurring deficits, had for some time past been inconveniently low, but that additional sum was included in the estimated Balance of 11,627,310*l*.

108. It appears from the above figures that a balance of about 11 millions was during several years adequate for the service of the State. Since the first of those years no great alteration has taken place in the conditions under which payments in various parts of the country have to be made. The increased facility of communication, which is the only material change, has tended to lessen, not increase, the necessity for heavy balances. I should have doubted the expediency of keeping them up, even if the money had been in your Treasury, but the policy of raising a special loan in order to maintain them appears to me to serve no useful purpose, but only to impose a needless burden on the Indian finances.

109. I observe in the Resolution before referred to, the following statement:—

“For some time past the balances in the Government Treasuries throughout the country have been so large that it has been unnecessary to take any particular measures for their economical distribution. But the balances are now being rapidly reduced, and the resources of the State must be concentrated, so that they may be available for early use when required.”

110. The Resolution then proceeds to show in detail that it is not necessary that the balances of all the transactions taken together should in the month of November exceed the sum of 8,000,000 *l*., and it requires that a surplus of nearly 4,000,000 *l*. should be forthwith collected from them for the public service, in addition to a sum of 2,500,000 *l*. which was at the time under the control of the Government of India.

111. If this economical distribution has since been effected, there would appear to be still less reason for the unusually high estimate which you have now made of your future requirements in this respect.

112. In my Financial Despatch, dated the 28th January last, No. 23, I informed you that, in order to meet the expenditure of 1875-76, and to retain a Cash Balance of 2,000,000 *l*. at the end of the year, it would be necessary, if the rate of exchange obtained for Bills on India be only 1 *s*. 10 *d*. the rupee, to draw throughout the year Bills to the amount of 1,30,00,000 rupees a month.

113. Acting upon the information received from you in reply to my telegram of the 2nd January last, Bills were drawn up to the end of May to the amount of 1,40,00,000 rupees a month, at rates varying from 1 *s*. 9  $\frac{1}{2}$  *d*. to 1 *s*. 10  $\frac{3}{16}$  *d*. The drawings in June amounted to 1,30,00,000 rupees, at rates varying from 1 *s*. 9  $\frac{1}{2}$  *d*. to 1 *s*. 9  $\frac{1}{8}$  *d*. (exclusive of 200,000 rupees, for which Bills were granted to the Agents for Crown Colonies), and tenders will be invited for 1,20,00,000 rupees during July. For the remaining months of the year 1875-76 it will be necessary to draw at the rate of 1,40,00,000 rupees a month.

I have, &c  
(signed) Salisbury.

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**ABSTRACT STATEMENT**  
OF THE  
REVENUES AND CHARGES OF INDIA IN THE YEAR 1873-74,  
AND AS  
ESTIMATED FOR 1874-75 AND 1875-76.

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## ABSTRACT STATEMENT of the REVENUES and CHARGES of India

REVENUES AND RECEIPTS.	1873-74.			REGULAR ESTIMATE, 1874-75.			BUDGET ESTIMATE, 1875-76.			Increase or Decrease in Estimate for 1875-76, as compared with Actuals of 1873-74	
	India.	England.	TOTAL.	India.	England.	TOTAL.	India.	England.	TOTAL.	Increase.	Decrease.
	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.
Land Revenue - -	21,037,912	-	21,037,912	21,083,000	300	21,083,300	21,379,000	-	21,379,000	341,088	-
Tributes and Contributions	768,544	-	768,544	739,000	-	739,000	700,000	-	700,000	-	68,544
Forest - - - -	623,131	-	623,131	599,000	-	599,000	572,000	-	572,000	-	51,131
Excise on Spirits and Drugs	2,286,637	-	2,286,637	2,335,000	-	2,335,000	2,370,000	-	2,370,000	83,363	-
Assessed Taxes - -	20,136	-	20,136	3,000	-	3,000	-	-	-	-	20,136
Customs - - - -	2,628,495	-	2,628,495	2,642,000	-	2,642,000	2,670,000	-	2,670,000	41,505	-
Salt - - - - -	6,150,662	-	6,150,662	6,188,000	-	6,188,000	6,208,000	-	6,208,000	57,338	-
Opium - - - - -	8,324,879	-	8,324,879	8,520,000	-	8,520,000	8,050,000	-	8,050,000	-	274,879
Stamps - - - - -	2,609,936	-	2,609,936	2,779,000	-	2,779,000	2,784,000	-	2,784,000	84,064	-
Mint - - - - -	66,529	15	66,544	133,000	32	133,032	72,000	-	72,000	5,456	-
Post Office - - -	688,198	-	688,198	713,000	-	713,000	735,000	-	735,000	46,802	-
Telegraph - - -	246,425	4,213	250,638	265,500	13,716	279,216	268,400	21,600	290,000	39,362	-
Law and Justice - -	359,146	-	359,146	321,000	-	321,000	310,000	-	310,000	-	40,146
Marine - - - - -	235,099	1,224	236,323	200,700	81,864	282,564	197,000	-	197,000	-	39,323
Interest - - - - -	396,026	56,424	452,452	458,000	79,512	537,512	552,000	20,000	572,000	120,548	-
Receipts in aid of Super- annuation, Retired, and Compassionate Allow- ances - - - - -	601,719	96,134	697,853	599,000	94,800	693,800	542,400	91,800	634,000	-	69,853
Gain by exchange on Transactions with Lon- don - - - - -	395,168	-	395,168	370,000	-	370,000	325,000	-	325,000	-	70,168
Miscellaneous - - -	261,028	34,534	295,562	198,000	31,699	229,699	173,000	8,000	181,000	-	115,560
Army - - - - -	982,708	28,336	1,011,039	910,000	25,337	935,337	880,000	27,000	907,000	-	104,039
Public Works Ordinary -	73,681	15,830	89,511	62,500	17,143	79,643	75,200	18,800	94,000	4,489	-
Ditto - Irrigation -	475,174	1,401	476,575	488,000	298	488,298	532,000	-	532,000	55,425	-
State Railways - - -	39,914	-	39,914	121,000	-	121,000	230,000	-	230,000	190,086	-
										1,069,523	847,779
										847,779	
<b>TOTAL - - -</b>	<b>49,360,142</b>	<b>288,111</b>	<b>49,648,253</b>	<b>49,725,700</b>	<b>344,710</b>	<b>50,070,410</b>	<b>49,633,000</b>	<b>167,000</b>	<b>49,800,000</b>	<b>221,747</b>	
Deficit (exclusive of Public Works Extra- ordinary) - - - - -	-	-	1,807,638	-	-	494,489	-	-	-		
			51,405,921			50,564,899					
Deficit (including Charges for Public Works Ex- traordinary) - - - - -	-	-	5,380,975	-	-	4,326,592	-	-	3,794,000		
£.	-	-	54,959,228	-	-	54,897,002	-	-	58,614,000		

THE TARIFF OF INDIA.

in the Year 1873-74, and as estimated for 1874-75 and 1875-76.

CHARGES.	1873-74.				REGULAR ESTIMATE, 1874-75.				BUDGET ESTIMATE, 1875-76.				Increase or Decrease in Estimate for 1875-76, as compared with Actuals of 1873-74.	
	India.	In England.		TOTAL.	India.	In England.		TOTAL.	India.	In England.		TOTAL.	Increase.	Decrease.
		Stores for India.	Other Charges.			Stores for India.	Other Charges.			Stores for India.	Other Charges.			
	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.
Grants and Drawbacks	277,183	-	-	277,183	311,000	-	-	311,000	300,000	-	-	300,000	22,817	-
Revenue	2,482,803	1,743	1,729	2,486,275	2,470,100	2,782	2,057	2,474,939	2,477,700	-	2,300	2,480,000	-	6,275
on Spirits and Drugs	384,540	98	5,861	390,499	427,200	3,410	2,551	433,161	402,800	-	2,200	495,000	14,501	-
and Taxes	93,569	-	-	93,569	83,000	359	-	83,359	86,000	-	-	86,000	-	7,569
	2,165	-	-	2,165	-	-	-	-	-	-	-	-	-	2,165
	183,863	-	-	183,863	178,000	18	-	178,018	179,000	-	-	179,000	-	4,863
	477,967	278	-	478,245	478,900	32	-	478,932	498,000	-	-	498,000	19,755	-
	2,001,277	3	-	2,001,280	2,349,700	264	-	2,349,964	2,300,000	-	-	2,300,000	298,720	-
	65,927	22,013	-	88,840	66,400	59,232	-	125,632	74,000	49,000	-	123,000	34,160	-
	70,620	5,609	-	76,229	112,600	14,923	170	127,693	73,600	16,400	-	90,000	13,771	-
	736,910	6,866	64,908	808,684	745,200	7,078	53,130	805,408	752,500	6,700	56,800	816,000	7,316	-
	330,417	41,006	40,395	411,818	356,200	46,601	35,575	438,376	395,000	56,000	33,000	484,000	72,182	-
Allowances and Assignments under Treaties and Engagements	1,837,304	-	19,336	1,856,700	1,720,600	-	19,336	1,739,936	1,675,600	-	19,400	1,695,000	-	161,700
Administration	1,243,233	118,718	211,293	1,573,244	1,211,400	179,286	209,575	1,600,261	1,247,400	124,600	243,000	1,615,000	41,756	-
Minor Departments	290,226	14,202	20,945	325,373	274,600	15,058	22,311	311,969	278,000	11,000	10,000	299,000	-	26,373
Law and Justice	2,266,136	43	-	2,266,179	2,281,300	138	1,285	2,282,723	2,337,500	-	2,500	2,340,000	73,821	-
Marine	367,900	46,281	114,152	528,333	374,800	54,028	121,953	550,781	402,600	66,600	120,300	589,500	61,167	-
Ecclesiastical	157,577	-	1,950	159,527	158,600	-	1,259	159,859	160,100	-	900	161,000	1,473	-
Medical	180,596	-	-	180,596	187,200	-	-	187,200	180,200	-	-	180,200	-	396
Political Agencies	331,283	34	34,892	366,209	331,100	110	37,964	369,174	303,000	-	33,000	336,000	-	30,209
Superannuation, Retired, and Compassionate Allowances	662,598	-	860,371	1,522,969	691,000	-	1,099,863	1,790,863	695,500	-	1,120,000	1,815,500	292,531	-
Loss by Exchange on Transactions with London	986,530	-	-	986,530	869,000	-	-	869,000	1,390,000	-	-	1,390,000	403,470	-
Miscellaneous	59,803	-	49,894	109,697	98,800	-	59,383	158,183	43,800	-	33,000	76,800	-	32,807
Civil Furlough and Absentee Allowances	-	-	258,464	258,464	-	-	216,333	216,333	-	-	221,000	221,000	-	37,464
Provincial Services	5,069,972	-	-	5,069,972	5,123,000	-	900	5,123,900	5,058,400	-	600	5,059,000	-	10,972
Army	11,872,941	852,635	2,502,853	15,228,429	11,870,300	1,124,888	2,496,215	15,491,403	11,930,400	978,200	2,774,400	15,683,000	454,571	-
Public Works Ordinary (including Super- vision and Cost of Land for Guaranteed Railways)	2,381,824	33,856	94,699	2,510,379	2,503,700	23,457	78,137	2,605,294	2,661,200	12,300	71,500	2,745,000	234,621	-
State Railways	72,824	-	-	72,824	281,000	-	-	281,000	180,000	-	-	180,000	107,176	-
Interest on Permanent and Floating Debt	2,814,523	-	2,434,297	5,248,820	2,875,500	-	2,190,547	5,066,047	3,045,200	-	2,162,800	5,208,000	-	40,820
Interest on Service Funds and other Accounts	541,001	-	-	541,001	382,000	-	-	382,000	376,000	-	-	376,000	-	165,001
Guaranteed Interest on Railway Capital, less Net Traffic Receipts	-	-	1,437,352	1,437,352	-	-	1,132,355	1,132,355	-	-	1,583,000	1,583,000	145,648	-
Famine Relief	3,851,423	12,250	1,000	3,864,673	2,370,900	64,157	5,079	2,440,136	-	-	-	-	-	3,864,673
													2,299,456	4,391,377
Total Expenditure, exclusive of Public Works Extraordinary	42,094,995	1,156,535	8,154,391	51,405,921	41,183,100	1,595,821	7,785,978	50,564,899	30,503,500	1,320,800	8,489,700	49,314,000	-	2,299,456
Surplus	-	-	-	-	-	-	-	-	-	-	-	506,000	-	-
												49,820,000		
Public Works Extraordinary	2,542,642	1,002,059	8,606	3,553,307	2,897,400	1,041,098	93,605	4,032,103	3,600,200	689,800	10,000	4,300,000	746,693	746,693
£.	44,637,637	2,158,594	8,162,997	54,959,228	44,080,500	2,636,919	7,879,583	54,597,002	43,103,700	2,010,600	8,499,700	53,614,000	-	1,945,226

EAST INDIA TARIFF.

COPY of FINANCIAL DESPATCH, No. 864, of the  
15th day of July 1875, referred to in RETURNS  
laid before Parliament relating to the TARIFF of  
*India.*

*(Sir George Balfour.)*

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*Ordered, by The House of Commons, to be Printed,  
12 May 1876.*

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INDIA TARIFF ACT, 1875.

22

RETURN to an Address of the Honourable The House of Commons,  
dated 14 June 1876;—for,

“COPY of the Opinions of Members of the Council of *India* on the Despatches of the Secretary of State, dated the 31st day of May 1876, and published in the further CORRESPONDENCE recently laid upon the Table of the House, relating to the INDIAN TARIFF ACT of 1875.”

India Office, }  
2 July 1876. }

LOUIS MALLET,  
Under Secretary.

At a Meeting of the Council of India, held on Tuesday, the 23rd May 1876, the Marquis of Salisbury presiding,—

The draft of a Despatch to India, replying to letter from the Government of India, No. 3 of 1876, in the Financial Department, on the subject of the Indian Tariff Act of 1875, was read, and, after discussion, was, on the Question, Approved.

Ayes, 10.

Mr. Cassels.  
Hon. E. Drummond.  
Sir. H. B. E. Frere.  
Sir E. B. Johnson.  
Sir H. S. Maine.  
Sir H. Montgomery.  
Sir R. Montgomery.  
Sir H. Rawlinson.  
General Strachey.  
Colonel Yule.

Noes, 3.

Sir F. Halliday.  
Sir B. H. Ellis.  
Sir E. Perry.

Dissents by Sir Barrow Ellis and Sir Frederick Halliday from, and a Minute by General Strachey in favour of, the said Despatch were subsequently recorded.

DISSENT by Sir *Barrow H. Ellis*.

WHEN the Dispatch No. 15, of the 11th November last, passed Council, I did not record a dissent, because that Despatch seemed to me the legitimate conclusion of a policy initiated before I joined the Council, and a necessary continuation of proceedings in which I had had no share. Circumstances have since occurred to prevent the Despatch of 11th November being now fully acted on, and I consider that the opportunity ought to have been taken to issue instructions free from the objection to which both the former and present drafts seem to me to be open.

2. I am prepared to endorse so many of the general principles enunciated in the proposed Despatch, and I concur in so many of the arguments contained therein, that I feel some difficulty in recording my dissent; still, as the main aim of the Despatch is to urge the early abolition of the whole of the import duties on piece goods, I feel bound to state why I do not accept this conclusion,



and to explain the mode in which, according to my views, the duties might be more properly dealt with.

3. The wide question of the policy of import duties generally I do not stop to discuss. I fully concur with those who desire their abolition whenever it can be effected with due regard to financial considerations, but I maintain that quite apart from any question of the relative urgency for relief from other forms of taxation, the import duties on many articles ought to be reduced or remitted altogether, before the duty on the better sorts of cotton goods. It may with truth be urged that the inferior piece goods are consumed largely by the poorer classes, and that we ought to cheapen the cost of necessaries to the masses; but the superior Manchester goods are consumed only by those who can well afford to pay, who are already too lightly taxed, and to whom the 5 per cent. on value would make no difference whatever. In this class of goods too there is no competition with other countries; the tax must fall on the consumers, and the consumers may most properly be taxed. I conceive, therefore, that so long as any import duties are retained, this part of the duty on piece goods is a legitimate item of revenue and ought not to be remitted. I cannot agree to the claim put forward for the remission specially of this branch of the import duties, and therefore I do not concur in the Despatch.

4. Moreover, I believe that assuming the real object to be the abolition of all duties which have the effect of protecting any particular class of manufacturers at the expense of others, the object may equally well be attained without disturbance of the finances, and without any of the objections which may be taken to the course proposed. I entirely assent to the necessity for sweeping away import duties so far as they act as protective duties, and I go thoroughly with the Manchester manufacturers so far as they protest against the retention of a duty that really protects Indian fabrics in competition with their own. But I cannot make use of a cry against protection in order to remove duties which are in no way protective, nor can I think it right that a large revenue, which is in the main of an unobjectionable character, should be abandoned, because a very small portion of it is open to objection, especially seeing that there are other means of remedying the evil without any appreciable sacrifice of revenue.

5. So far as the demand for the abolition of the duty is confined to the lower numbers of piece goods, I think it ought to be complied with. At present the Indian manufacturers compete with Manchester in this class of goods, and in this alone. It is quite possible that the duty is a cause why the quantity of these goods now imported into India is so small; whether this is so or not, is immaterial; the fact remains that the quantity being small, the loss to the revenue by the abolition of the duty must be small also. I would, therefore, urge on the Government of India the propriety of immediately removing all just ground of complaint on the part of competing manufacturers by abolishing the duty on this class of goods.

6. But it is stated that the Indian manufacturers will shortly be able to compete in a better class of goods. This is disputed, but granting the possibility, it might be distinctly declared that as the standard of manufacture is raised, so will Government by degrees, and as financial considerations admit, remove all duties that have a protective action. Indian manufacturers would then know what to expect, and English manufacturers would have no reasonable ground of complaint. Thus, instead of an order to the Government of India directing a remission of duty, embracing all kinds of piece goods, and exceedingly difficult to carry out on account of its sweeping operation, the instructions would be confined to the progressive remission of duties as they become really protective, and our common object would be attained.

7. I know that it has been stated that there is a difficulty in discriminating between the several classes of piece goods. On the other hand, many competent authorities, and among them the officials of the Calcutta Custom-house, declare that there is no difficulty. Even admitting it to be true that some trouble may be caused to the custom house, and some inconvenience to merchants, it is clear that the difficulties are not insuperable, and it will be worth some trouble in the one case, and some slight inconvenience in the other, if we  
can

can thereby secure an important object without detriment to the revenue. At any rate it is right to make the attempt.

8. I contend, therefore, that the object of abolishing all protective import duties on cotton goods would be more quickly and more effectually attained in this mode, without injuriously affecting the Indian revenues, and I submit that instead of re-affirming the policy of the previous Despatches of 15th July and 11th November, the tenor of the instructions to the Government of India should have been to the effect above suggested.

25 May 1876.

(signed) B. H. Ellis.

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DISSENT by Sir F. Halliday.

I REGRET that I was unable to assent to the Despatch in reply to the Government of India's letter, No. 3 of 1876, although the powerful argument it contains in favour of the policy declared by the Secretary of State has, in its substance, my entire concurrence.

I quite agree that the 5 per cent. duty on cotton manufactures is, to a certain extent, protective; and I also agree that as and so far as it is a protective duty, it is mischievous and impolitic, and ought to be removed as soon as circumstances will permit of its removal.

But the Despatch goes beyond this, and advocates, indeed directs, the removal of the whole tax, protective and non-protective, as soon as circumstances will permit of its removal.

Para. 7 upholds, without qualification, the views expressed in the Secretary of State's Despatches of 25th July and 11th November last, and directs that the question be dealt with "in the sense of those Despatches," as soon as the condition of the revenue shall enable the Government to do so without danger of financial embarrassment. And the sense of those Despatches is that provision should be made for the *entire* removal of the duties on cotton manufactures within a fixed term of years.

This sense is also obviously the sense of the present Despatch, which after stating the *entire* revenue now derived from these duties, goes on to show in figures how they may, by degrees, be entirely got rid of. The Government of India had argued that the duties were protective more in theory than in practice, and were therefore not injurious or contrary to sound policy; that they were purely fiscal, and as such an unobjectionable source of revenue, which could not be spared without much inconvenience. To this it is replied, that the strength of this reasoning depends on the question whether the duties are protective or not; meaning of course that the argument is weak if they are protective; strong if they are not protective. It then proceeds to show, in a very lucid and convincing manner, that the duties are protective as to a distinguishable part of the trade, and may at some future time be so as to another part, but are not so now; and it concludes, as it began, by directing, or at all events advising, the abolition of the entire duties as soon as conveniently may be. But I should rather draw the conclusion that the duties should be withdrawn *only as far as they are actually protective*; and hereafter to such extent, and *to such extent only*, as they may become protective.

I do not see why a valuable source of very needful revenue, to which avowedly there is no objection not derived from its protectiveness, should be given up, so far as and so long as it is shown not to be protective.

It was said in reply, that the time and manner of abandoning the duties are left entirely to the discretion of the Government of India. If this were so I should still object that the distinction between the protective and non-protective part of the duties is not adverted to in the Despatch, and evidently not contemplated by it; but in fact the discretion of the Government of India is by the terms of the Despatch limited by the condition of its finances. If they should improve, the directions of 1875 will revive, and they are to the effect that the whole duty is to be abolished within a fixed term "of years."

As a minor matter, I object to para. 63 of the Despatch. It is there stated that the Government of India have expressed "grave objections to prospective reductions upon general grounds of finance, at any time and in any country."

I doubt if this correctly, or at all events clearly, represents what the Government of India did object to, which was to engaging or pledging themselves, in advance, to give up a tax at some future time. This is a somewhat different thing, and a thing as to which I am disposed to think the Government of India is right.

(signed) *F. J. Halliday.*

25 May 1876.

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MINUTE by Lieutenant General *R. Strachey.*

I QUITE concur in the arguments of the Draft Despatch on the subject of the cotton duties, and in the policy sketched out in it as that which may, with advantage, be followed in dealing with the existing system of Indian customs duties. The general views adopted accord with those I have long held, and which I had an opportunity of stating in the Legislative Council of the Governor General at Calcutta, when the customs duties were revised in March 1871.

But besides the objections to much of the existing commercial taxation, based on special arguments such as those adduced in the Draft Despatch, I have broader grounds for my opinions, being convinced that the fiscal system of India requires very considerable modifications before it can be regarded as established on a sound footing. A system under which about one-sixth of the gross revenue is derived from the opium monopoly, and which confessedly fails to supply any means of adjusting the income to meet unforeseen causes of expenditure, must be regarded with mistrust; a revenue which is not substantially based on the internal resources of a state is clearly precarious, and it seems to me incumbent on Indian statesmen to endeavour to establish a fiscal system which, without being open to the existing grave causes of difficulty, should furnish from the growing wealth of the country itself the means of meeting from time to time all the legitimate requirements of the administration; and as I believe that it is exclusively through the development of its industry and commerce, and the enlargement of its home and foreign markets, that the substantial wealth of India can be increased, and that it is only from such an increase that the means are to be furnished of securing a sufficient public income on a sound basis, so I regard the reform of the customs duties as being of primary importance. All that is possible should, in my opinion, be done to foster the growth of the commerce of India, whether by removing existing obstacles, or by giving greater facilities for increased production and cheap transport; nor does it appear to me unreasonable to hope that it may be possible, by judicious arrangements, to provide for the ultimate entire extinction of all customs duties, which, so far as I am able to judge, are a form of taxation altogether unsuited to a country in the actual condition of India.

And though I do not say that it is necessary or desirable at the present time to obtain the means of taking off customs duties by help of other taxes imposed for the purpose, yet I should not hesitate to support such a course if I thought that it offered the only means of accomplishing the fiscal reforms that appear desirable. I regard the clamour that has been heard for some years past against new taxation in India as mistaken and mischievous. I feel assured, looking at the elements of which the revenue of India is made up, that great changes must be made in the future, and that modifications of the incidence of taxation will be inevitable as the wealth of the country increases, and brings with it, as its inseparable consequence, a more costly system of administration. The burden of taxation in India at the present time is certainly very moderate; and were it otherwise, it is indisputable that a very high order of prosperity is compatible with taxation far heavier than anything ever proposed for India.

I readily admit that the measures, which I agree with the Draft Despatch in holding to be desirable, have for the moment become impossible, and that some little time must elapse before they can be carried out. But this would be no justification for postponing the further consideration of the subject, and I entirely support the arguments in this general sense used in para. 63 of the Draft Despatch, and in those that follow it. Before improvements can be made in a system acknowledged to be defective, a distinct understanding must be come to as to the exact nature of the change desired, and the best way of setting about it,

it, though where financial considerations are involved there will necessarily be an element of doubt as to the precise time and manner of giving effect to a general decision, and any such policy must be subject to revision until it is actually brought into operation.

It is clear, then, that I regard the questions discussed in the Draft Despatch from a very different point of view to those who oppose the policy it advocates. They assume the propriety of maintaining the Customs duties as a permanent source of revenue, but are content to give up only such small portions of them as they are compelled to admit to be mischievous; I, on the other hand, require proof that any of these duties are such as can properly be maintained. They, by demanding the retention of these items of revenue, virtually affirm that they can find no other forms of taxation less objectionable; while I contend that there are among these imposts some which are almost as bad as is possible. They are content to see the growing revenue dissipated by yielding to the demands for increased expenditure on administrative objects; I consider that of all objects to be carried out at the cost of the revenues there are none so pressing as the reform of the commercial taxation and the improvement of the general fiscal system.

I need not follow in detail the arguments of the Draft Despatch as to the cotton duties, or say more than that I consider them to show conclusively the importance, from a purely Indian point of view, of getting rid of these duties entirely. Few things, I think, could be more mischievous for India than the development of a disposition to call for protective commercial legislation; and it is impossible not to recognise, in the discussions that have recently taken place there, a strong tendency in that direction, or to doubt that much of the support offered to the Government of India was in fact based on this feeling, though that Government distinctly disavowed all sympathy with it. That among the changes made by the Customs Act of 1875, there were many in themselves very proper, I do not for a moment question; but they were made in a manner which has added considerably to the difficulty of the early accomplishment of the larger and more essential changes that I advocate, and were accompanied by a declared intention of maintaining the cotton duties, and of supporting them, if necessary, even by weighting the cotton industry of India by excise duties, than which I cannot conceive a more mistaken or impracticable policy.

I have elsewhere stated my opinion that the weakest part of Indian administration is that of its finances, and here I will add that the Customs system is probably the weakest part of the financial administration. The spirit which, some years ago, proposed to put export duties on the infant industries of coffee and tea planting, and which retained export duties on Indian cotton manufactures till 1875, and which still keeps up a 10 per cent. duty on the export of the sugar of Northern India into the adjacent native states, is consistently succeeded by the last suggestion of loading Indian cotton manufactures with an excise duty. I trust that the present expression of the opinions of the Secretary of State in Council will be such as to lead to a more healthy condition of things in the future.

I feel bound to add a few words on the manner in which some of those outside of this Council, who have supported the Government of India in these discussions in opposition to the Secretary of State in Council, have accused the latter authority of having sacrificed Indian interests in deference to English interests, and have suggested that the Secretary of State has not in fact been supported by the opinion of his Council. Of the last imputation it might be sufficient to give a simple denial; but I would add, that to the best of my belief the Despatch of July last, which distinctly recognised the propriety of giving up the cotton duties, was agreed to without a dissentient voice, and certainly without any record of dissent. When it was known that the Government of India had passed the Customs Act of 1875 before the receipt of the July Despatch, differences of opinion certainly arose, which have been recorded by the dissenting minority in the usual way, and as to which there never has been any doubt. As to the alleged disregard of Indian interests shown in adopting the policy of giving up the cotton duties, it is no doubt open to everyone to form an opinion as to what is good or bad for India, and differences on such matters are to be expected. But when the allegation is made use of for the purpose of suggesting a deliberate disregard of interests the protection of which are in a

special manner committed to the Secretary of State in Council, it assumes a very different aspect; and when to this is added a suggestion that the Governor General and his Council, by opposing the Secretary of State in Council in this matter, place themselves in the position of defending the true interests of India against measures dictated for the advantage of the manufacturers of Great Britain, the position is rendered still more serious.

Arguments which are thus supported by appeals to motives are at once laid open to suspicion, and the wholly untenable nature of such allegations as those referred to must be apparent to every one who candidly examines the facts.

It is of course true that the cotton trade, the yearly value of which now amounts to nearly 20 millions sterling, is of very great importance to the British manufacturer. But how can its simultaneous enormous importance to India be questioned when we call to mind that this 20 millions forms a part of an import trade the whole of which is no more than 35 millions, and that of an export trade amounting to 56 millions, more than 15 millions represents the value of raw cotton chiefly required for the manufacturers of Great Britain. That any considerable injury done to the cotton trade between England and India would be felt as a very serious evil to India, alike in relation to the interests of the producer of raw cotton, of the trader, and of the consumer, as well as of the Government, there is plainly no room to doubt. In truth the real interests of both countries are to be found in removing all fiscal obstacles to the healthy and natural development of trade, and the application of capital to industry; and it is the conviction of the force of this elementary doctrine that has prompted the action of the Secretary of State in Council in the matter now under consideration.

(signed) *Richard Strachey.*

7 June 1876.

At the same meeting of the Council, the draft of a Despatch to India in the Legislative Department, replying to the letter from the Government of India, No. 9 of 1876, on the subject of the Tariff Act and the relations of the Indian to the Home Government, which was laid before Council on the 6th instant, was read, and, after some discussion, Approved.

Ayes, 11.

Mr. Cassels.  
Hon. E. Drummond.  
Sir B. H. Ellis  
Sir H. B. E. Frere.  
Sir F. Halliday.  
Sir E. B. Johnson.  
Sir H. S. Maine.  
Sir R. Montgomery.  
Sir H. Rawlinson.  
General Strachey.  
Colonel Yule.

Noes, 2.

Sir E. Perry.  
Sir H. Montgomery.

Dissents by Sir E. Perry and Sir Henry Montgomery from, and Minutes by Sir Henry Maine and General Strachey in favour of, the said Despatch, were subsequently recorded.

**DISSENT** by *Sir Erskine Perry.*

My reasons for voting against the draft reply to the Despatch, No. 9 of 1876, are as follows:—

The Government of India complain in substance that the orders contained in the Secretary of State's Despatch of March 1874, as applied and extended by the Despatch of November 1875, have introduced considerable innovations into the relations between the Home and Indian Governments, and have greatly fettered the powers of the latter for good government. They especially demur to the order which requires them to communicate to the Secretary of State by telegraph

telegraph whenever they desire to pass a Legislative Act that they deem urgent. And they ask for a reconsideration of these orders, more particularly in reference to fiscal measures. I entirely agree with the views of the Government of India.

The Despatch of March 1874 passed Council, I think, without discussion; it was founded on no practical evil that had been brought to the notice of Council; I am not aware of any important measure having been introduced into the Legislative Council of India without full information having been previously given to the Secretary of State; and on the whole I am of opinion that if the orders in the Despatches referred to are to be fully carried out, they will mainly transfer the initiative in Legislative proceedings, especially in those relating to taxation, to this country. And this result I should greatly deplore.

It is obvious that in a country governed like India, the stroke of a pen by the Governor General, or the Secretary of State, may at once subvert the policy that has been accepted for a generation, and measures fraught with the purest principles of philanthropy may, if suddenly or rashly introduced, produce unspeakable evils amongst a conservative people like the Hindoos. The problem to be solved is how to obtain for the people of India sufficient revision of the Acts of the Executive Government to secure them against hasty and unwise innovations. I think the solution is to be found in the practice that has hitherto existed of the general initiative being left to the Governor General, and of the Home Government being content to exercise only a reviewing power.

If a crude or dangerous measure receives the "fiat" of a Governor General, the record of his proceedings is at once transmitted to the Home Government, and after careful scrutiny by Department, Committee, and Council, it is not difficult for any practised statesman, filling the office of Secretary of State, to exercise a sound judgment on the occasion. And thus immediate responsibility is brought to bear on the local Government in the shape of criticism, disapproval, veto, or recal. If, on the other hand, the reviewing decision of the Secretary of State himself is called in question, Parliament, if it demands the papers, will have ample material before it to judge between him and the Government of India.

But if the initiative is to be exercised by the Secretary of State no careful deliberation can be ensured, for no revision is possible. An obnoxious measure may be ordered in a single Despatch, without any papers accompanying it; there may have been dissents by members of Council, but Parliament knows nothing, perhaps never hears, of them; grave objections to the measure, founded on local considerations, may exist, but they might not be patent to English politicians, and the mere production of a Despatch in Parliament would not enable any effective responsibility to be brought home to the Secretary of State. Indeed, unless English interests were affected by the measure, Parliament would probably never hear of it, or hear of it years after the Secretary of State had left office.

Thus the broadest possible distinction exists between the responsibility to Parliament of the Secretary of State for original acts done by him under powers which are substantially uncontrollable, and for acts reversing the decisions of the Government of India, in which latter case full materials for a decision can be obtained by Parliament.

I cannot but think that the draft Despatch now under consideration greatly overstates the responsibility of the Secretary of State for measures initiated in India. If such measures are canvassed in Parliament, they have already met either with the approval or disapproval of the Secretary of State. In the latter case, he will, if he thought the matter of sufficient importance, have disallowed or vetoed the measure; if he deemed it undesirable to overrule the local authorities, he will have confined himself to criticism, but either course is an all-sufficient answer to Parliamentary attack.

Under the present constitution of the Home Government, I cannot conceive how any effective check can be exercised by Parliament if the initiative, especially in fiscal matters, is to be assumed by the Secretary of State; and on the other hand, I foresee great danger if Parliamentary pressure may be put in force to produce measures having the interests of England much more broadly in view than those of India.

In the language that I have used above, I claim only the *general* initiative for the Government of India, and that is all that I understand that Government to contend for, although the general words they have used may, when taken by themselves, bear a wider interpretation. The practice of the Government of India has always been whenever any important innovation has been sought to be introduced into the Legislative Council, to ask the sanction of the Home authorities. When the income tax was first imposed in India, the subject had been under discussion between the two Governments for many months, and the same is true of other important measures. This practice is clearly approved, and was, I believe, followed by Lord Northbrook's Government.

I repudiate altogether the claim set up by some Indian lawyers, that the absolute initiative in legislation is left to the authorities in India, and that the only legal or constitutional check in the hands of the Secretary of State consists in the veto which he is enabled to exercise. When such a claim is set up, it is necessary to refute it in firm and decided language, such as was used by Sir Charles Wood in 1865, and by the Duke of Argyll in 1870, but this is very different from putting shackles on the Indian Legislature at every stage of their proceedings, as the orders of March 1874 and November 1875 appear to me to have done.

(signed) *E. Perry.*

24 May 1876.

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DISSENT by *Sir Henry Montgomery.*

I REGRET I am unable fully to assent to the proposed Despatch to the Government of India in reply to their public letter of 17th March. In some points I cordially concur. The passing of the Tariff Act, at Simla, in the absence of the unofficial Members of Council, for making laws and regulations, was most properly noticed in a previous Despatch, and there appear no grounds for any modification of the remarks then made. I approve also of upholding the requirement of the Secretary of State, that, except in cases of urgency, communication should be made by the Government of India to the Home Government of proposed legislation before action is taken on it. The inconvenience of the practice of reporting Acts when passed had been long felt. The exercise of the power of veto often might prevent the passing of a salutary law, merely because one portion of it was deemed objectionable. The remedy now proposed is complete, and cautiously and judiciously acted on should not have injurious consequence. But I should wish, as so earnestly desired by the Government of India, that some concession should be made in financial measures. To my mind the present Despatch relieves the Government of India of a responsibility for the financial condition of India, which has always appertained to it, and which they pray may be continued; while, on the other hand, I consider the Secretary of State has taken upon himself and the Council of India a responsibility which does not attach to his office, and which he would not incur under a continuance of the hitherto recognised practice.

It is true that theoretically the Secretary of State and the Council of India are the officers to whom Parliament look for an efficient control of the financial measures of the Government of India, but the Local Government, in the management of its finances, has never been divested of the larger share of the responsibility, and the Parliament has always looked more to it than to the Secretary of State for the success or failure of all financial policy which has hitherto been supposed to emanate from those actually in India having the means at hand of judging of the wants, and feelings, and prejudices of the population which no distinct authority, such as the Secretary of State in England, can possess.

I have been so thoroughly imbued with the axiom that the Government of India should be mainly conducted in India, and I have been so accustomed to hear said that the Government of India must be supported, though full approval of its measures could not be given, that I look with some alarm at any encroachment on the powers of the Governor General by which his prestige could be diminished; and I believe that in the present instance the Government of India might be safely entrusted with the power of initiating measures of finance  
which,

which, under the rather stringent rules now laid down for their guidance, they will shrink from doing, fearing to raise controversial discussion with the Secretary of State with the certainty that, in the end, they must yield to his authority.

It may be said that all will depend on the spirit in which the powers of the Secretary of State are exercised, and I admit that there is every reason to expect they will be exercised with caution and full consideration of the opinions of the local authorities, and that collisions will not occur. But a possibility of vacancies arising and of interference on the part of Parliament hostile to the interests of India is serious to contemplate, and I look upon the orders now issuing as more likely to promote than to prevent such a catastrophe. It is rare that the interference of Parliament has been in the direction of just consideration for the finances of India. Only last year the loudly expressed views of some of the most active of members who take part in Indian discussions, imposed on the revenues of India an excessive expenditure in the suppression of famine that would not have occurred had the Government of India been left undisturbed in the exercise of the discretion which they were well able to be guided by. His Lordship, the Secretary of State, has in many parts modified the expressions which appeared to myself, and others of my colleagues, to be open to misinterpretation, and I cannot sufficiently express my appreciation of his great consideration in so doing. It is, therefore, with the more regret that I cannot bring myself thoroughly and cordially to concur in the Despatch in its entirety; but my convictions, possibly erroneous and arising from prejudice, and leaning to hitherto admitted principles, interfere with my changing opinions I have already recorded, and appear to make it necessary for me to state the nature and extent of the objections which have occurred to me to the more prominent features of this Despatch.

24 May 1876.

(signed) *Hy. C. Montgomery.*

MINUTE by Sir *Henry Sumner Maine.*

I FULLY concur in the Despatch before us, and I am merely desirous of recording some observations on so much of it as maintains the instructions given in March of 1874.

The fact that the Legislative Despatch of 31st March 1874, signed by the whole of the Judicial Committee, passed the Council unanimously and without discussion, seems to me to show that the demand embodied in it was then regarded as simple and natural. Not only does legislation, as Mr. J. S. Mill remarked in his now famous Minute, include executive action theoretically as the whole includes the part, but in India it practically affects the fortunes of the people far more deeply and permanently than administrative policy; and Indian legislation, except on the rarest occasions, can always wait without disadvantage, and is always more popular in proportion to the delay. Accordingly, on the very lowest view of the duties and responsibilities of the Secretary of State, no elaborate justification seemed to be required for a Despatch asking that information concerning legislative measures fully matured in the Indian Executive Departments should be supplied in some regular way, and securing to the Secretary of State an opportunity of expressing an opinion on them if he thought fit, an opportunity (which it was carefully stated) would not of necessity be used. The Government of India, which replied that it could act on the suggested rules without difficulty, must have taken this view at first; and the statement that it had already supplied the information demanded, though I think erroneous in point of fact, at all events admits that a demand for information is in itself reasonable.

But now that the Despatch of 1874 has become entangled with the correspondence on the Tariff Act, it is argued that the request for full and timely information covered a design to transfer the initiative in Indian legislation from Simla to the India Office. In my judgment, no evidence of any such intention has ever been before the English public or the Government of India. The place of such evidence is not supplied by discussions on the abstract and speculative rights of the two branches of the Indian Government; and I fully concur in the



argument of the present Despatch, that there is evidence to the contrary in the limitation of the request of 1874 to measures so fully matured that they are on the point of being presented to a nominated Council, in which the Government has always an irresistible majority. Indeed, so far as the Government of India is concerned, there are facts enough before it to show how the system is likely to work in practice. The Secretary of State, though no longer condemned to imperfect knowledge of an important branch of Indian affairs, has offered very few suggestions, and the only suggestion of any importance proceeding from him was accepted by the Government of India as a great improvement of a measure on which, for once in a way, a real popular agitation has arisen in India. Looking back myself to an experience of seven years in the Law Membership of Council, I am wholly at a loss to understand how the Despatch of 1874 can embarrass Indian legislation or deprive the Indian Government of its initiative; and my successor, Mr. Fitzjames Stephen, is equally unable to perceive how it can produce such results. The truth is, that anybody in any degree responsible for Indian legislation must feel his hands materially strengthened by the knowledge that the Secretary of State approves, or does not strongly disapprove, of his proposals; and, if he be wise or even commonly prudent, he will court criticism from all quarters. For he will remember that the apparent ease of Indian legislation is the measure of its inherent difficulty; that it is the work of foreigners making laws for a people but imperfectly understood by those who know them best; and that Indian legislative proposals, even when most discussed, are but half discussed. Nor will he reject criticism as valueless because it happens to come from England. He will keep in mind that one great security for the wisdom of legislative enactments which is found in England is wanting in India; that Englishmen retire from public life in India at an age at which Englishmen in England are just beginning to exercise serious influence upon legislation; that there is in reality more matured Indian experience in England than in India, and that the combination of this experience with judicial knowledge and authority, which the Indian Law Commission placed at the service of India, has been lost to it for the present through an unfortunate misunderstanding.

There is one sense of the words employed, in which I do not altogether agree with the position, that the initiative in Indian legislation should be left to the Government of India. I think that the best arrangement is that which Parliament in its wisdom devised, which it has not yet seen fit to repeal, and which was carried into practice till the other day. Under this arrangement, the more permanent and important Indian laws were prepared by a Law Commission (16 & 17 Vict. c. 95, s. 28, following 3 & 4 Will. 4, c. 85, s. 53), and its only defect was that the limits of the authority of the Commissioners and of the authority of the Indian Legislative Council were not distinctly defined. But, as against the Secretary of State for India in Council, I quite concur with some who dissent from the present Despatch in holding that the general initiative in legislation should be left to the Indian Governments, merely adding an expression of my wonder that anything which has proceeded from the India Office should have been thought likely to take it away. The initiative in fiscal matters seems to me even less threatened than in any others. The Despatch before us is wholly concerned with legislation, and asks that information of the fact that a law is about to be passed, as was the Tariff Act at Simla, should be communicated by telegraph. But, during the tenure of his office by the late Governor General, three budgets out of four required no legislation whatever. It is only when the financial provision for the year involves a distinct fiscal innovation, and therefore requires legislation, that the Secretary of State is to be informed of it, so far as regards the present Despatch.

I hope I may say without offence that the language used in the discussion as to the relative responsibility of the Secretary of State and of the Government of India seems to me paradoxical. The worst that ever happens to the Governor General in Council is the receipt of a scolding from this Office, which is usually taken with the greatest equanimity. The responsibility of the Secretary of State is no doubt reserved in the main for serious occasions, which have been rare since the assumption of the Government of India by the Crown; but, if ever any considerable miscarriage or disaster is brought home to the responsible Minister, I venture to predict that he will be far more severely judged and treated than Indian rulers, to whom many things are condoned which would be fatal

fatal to an English statesman. However this may be, if there be one branch of Government more than another for which the Secretary of State cannot throw the responsibility on the local Indian authorities, it is legislation. Parliament has not left to the Indian Legislature a pretence of claiming the immunities enjoyed by the Colonies having representative institutions. In emphatic and even solemn language which still makes part of the law, it has declared (3 & 4 Will. 4, c. 85, s. 51) that it reserves to itself a "full, complete, and constantly existing power" to "control, supersede, and prevent all proceedings and acts whatsoever of the Governor General in Council, and to repeal and alter at any time any law or regulation" made by him. The clause ends with a direction to lay copies of all Indian laws and regulations before Parliament. The instruction has not been followed since 1857, doubtless because in 1858 a Minister responsible to Parliament was created. But I cannot understand how Parliament can "prevent" or "control" Indian legislation unless the responsible minister is informed concerning it at all its stages.

(signed) *Henry S. Maine.*

3 June, 1876.

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MINUTE by Lieut. General *Strachey.*

I DESIRE to record my complete approval of the Draft Despatch in reply to the Government of India letter of the 17th March last, No. 9.

The draft explains the reasons which render it expedient to reply at length to the arguments raised by the Government of India on the proper limits to the exercise by the Secretary of State of a general power of controlling Indian legislation. But I can hardly regard those arguments as serious. As a matter of fact, there is no room for real difference of opinion on the principles by which this control should be guided; no specific instance of a departure from a correct application of those principles is adduced, and to the best of my belief no invasion whatever of the proper independence of the Government of India has taken place or has been contemplated.

It is indisputable that the Secretary of State is responsible for the good government of India in all matters; and though his responsibility is necessarily shared by the Governor General in Council, and through that authority by every officer employed under the Government, it is a grave error to imply that the specific responsibility of any of these public functionaries for the proper discharge of his duty to the State is lessened because it is thus shared by others. In a complicated administration joint duties necessarily devolve on its several parts, and the responsibility of individuals is rather increased than lessened by the complication and importance of the duties to be discharged, and by the risk of public injury from their improper performance. Responsibility for the performance of a public duty, as I understand it, is something much more than mere liability to praise or blame as the originator of any particular measure. The sense of responsibility that should enforce on a statesman the performance of his duty is the obligation to apply his abilities to the utmost, consistently with the position he occupies, with a view of securing future public good and avoiding future public evil. Such a sense of responsibility on the part of the Governor General in Council in the performance of his duties can never be lessened by the legitimate action of the Secretary of State.

The draft reply most truly indicates that under the actual conditions of the Government of India there should be the fullest communication between the Secretary of State and the Governor General of India before any final step is taken in any important measure; and there is no room to doubt that the turn which has been given to the discussion regarding the Customs Act of 1875 has been directly due to the want of such communication in that case. The reasons that led the Secretary of State in Council to consider the manner of dealing with the Customs duties of India to be a matter of much importance, on which his opinions should be stated to the Government of India, form the subject of a separate despatch. Here it is only necessary to say that the Secretary of State having formed those opinions, did no more than he was bound to do in stating them to the Government of India. That they should be stated distinctly was essential, but this did not make the instructions peremptory, and I see no

reason to doubt that the greatest consideration would have been given to any arguments in a sense opposed to the conclusions of the Home Government, if unforeseen circumstances had not arisen to render the reduction of the cotton duties for the moment impracticable.

The Secretary of State claims, and I think most properly, to be made acquainted with the intentions of the Government of India in respect to all proposed legislation of importance, not necessarily with a view to interference, but as an essential to his proper place in the administration for which such knowledge is certainly requisite.

The Government of India desire to be specially relieved from the control of the Secretary of State in respect to financial legislation. I concur with the draft in thinking that there is no justification for this, and am of opinion that the difference, if any, should rather be in the other direction. In the first place I will refer to the interference with the proper independence of the Government of India, which it is alleged would arise, or has arisen, from the exercise of such control. It is plainly true of this class of legislation (of which the late Customs Act is taken as an illustration by the Government of India), that more frequently than otherwise it represents purely executive decisions of the Government, to which it is only necessary to give the form of law in order to meet the requirements of a system of administration enforced by judicial process. The fact that the Customs Act of 1875 was passed at Simla at a single sitting of the Legislative Council in the absence of the non-official members, without previous publication, and without discussion, sufficiently indicates the practical views of the Government of India itself as to the character of the Act, and as to the little value attached by that Government to the ordinary procedure of the Legislature in dealing with such measures, so far as concerns the operation of individual criticism on the part of the several Members of the Council. There is something almost ludicrous in arguing that the proper independence of the Government in its legislative capacity was invaded by the Secretary of State when he stated his opinions as to an important question of fiscal policy involved in an Act which had been the subject of legislation so conducted. Obviously measures of this kind must be framed and carried through the Legislature on the responsibility and by the authority of the executive Government as a whole, to which the opinion of a minority must yield, so that when such measures are once introduced in the Legislative Council, the exercise of individual criticism by the Members of the executive Government on their principles or even their details would be out of place. Such discussions and criticisms are evidently for the executive and not the Legislative Council, and the interposition of the Secretary of State, being an act of executive authority, obviously operates on the deliberations of the executive, and not on those of the Legislative Council.

The importance of affording the non-official Members of the Council the opportunity of free discussion and criticism on fiscal measures after their introduction is in no degree affected by the corresponding limitation of such discussions among the official Members; and the greater the administrative necessity for passing such measures with unusual speed the greater is the caution required in adopting a well-considered and unanimous policy on the part of the executive Government.

The distinction is very plain between such legislation as this, and that which relates to complicated questions of public or private rights, or the administration of civil or criminal justice, or which concerns matters involving customs of the people calling for special consideration. In proportion as the difficulties and complications increase, the necessity for active intervention of executive authority will commonly be less, and the limitation of the expression of individual opinion will properly be less tightly drawn. But on such subjects no precise rule can be laid down, and each case must be met according to its particular nature.

Passing from the possible effects of this control, I will refer to its policy. That a satisfactory financial system is a necessary basis to all good government is a truism which might of itself be held sufficient to require of the Secretary of State special attention to the financial measures of the Government of India, and to establish the position that among all the branches of the administration there is none in which such a control as is under discussion is more legitimate.

And the actual circumstances of India appear to me to supply other unanswerable

able arguments in the same direction. It has generally been considered that the part of the business of the Government of India which has been least satisfactorily done is the financial part. The effect of this on English statesmen is apparent from the arrangement under which the Member of the Council of the Governor General specially charged with the control of the finances may be appointed without reference to Indian experience. The clear intention of Parliament when this was decided was to maintain in the Governor General's Council the influence of English opinion in dealing with the finances of India; and this policy was clearly adopted by the Secretaries of State who appointed to this post the late Mr. Wilson and his more immediate successors. It necessarily happened that persons thus appointed were in the confidence of the Secretary of State, that he was thoroughly acquainted with their general opinions on questions of finance, and it practically followed that they continued to be in confidential communication with the Secretary of State on matters of importance while in India. The more recent selection of Indian civil servants to fill the post of financial Member of Council for India, has rather increased than diminished the importance of maintaining a close communication between the Secretary of State and the Government of India on all questions of finance.

At no time in the history of India have the questions thus to be dealt with been more difficult or required more caution. How best to meet the ever-growing demands for improved administration for more complete and extended material aid to agriculture, industry, and commerce, with relief from objectionable forms of taxation, and without causing undue or unsuitable burdens on the country, is a problem that has long been felt to be increasingly difficult of solution, and the events of the present year, the great depression of trade and the disturbance of the exchanges, have still further added to its complexity. Unfortunately the public service of India, from its constitution, has necessarily been at a great disadvantage in dealing with all this class of subjects. Formed as it is of a body wholly cut off from all direct participation in commercial or industrial pursuits, the administration has never had the advantage, possessed by most civilised countries, of counting among its members persons having experience derived from the practical exercise of such pursuits, excepting in the financial Members of Council appointed from England. The system under which the finances of India were long administered was most crude. The adoption of regular annual estimates dates back less than 20 years. Nor is the organisation of the financial branch of the service such as to tend towards any special development of the knowledge or taste required for success in dealing with these subjects. The whole of the subordinate posts outside of which the requisite knowledge of details can hardly be properly acquired are filled by uncovenanted servants or natives of India, and the civil servants selected from time to time to fill the highest financial posts are taken from the ordinary administrative class, which is employed on executive duties of a totally different nature, affording none of the training presumably to be desired in officers filling such situations. It is neither difficult to account for this state of things nor to see its consequences in many directions. The growth of the revenues of India, and of its wealth and commerce, have been very rapidly developed within a comparatively short period, and the magnitude of the task now to be performed, and of the interests involved, has come upon the Government almost as a surprise, and the time has hardly been sufficient adequately to develop the local skill required for the duties now to be discharged. How rudimentary, is the condition of economical knowledge in relation to Indian administration is apparent on the surface. Properly comparable returns of the foreign trade have only been arranged during the last year, and one complete year's figures have not even yet been got; our knowledge of the internal trade of the country is still less advanced; the first census of Bengal, the province that has been longest under our own rule, was made four years ago; and the first reliable census of Calcutta, the capital of British India, within the last six months; the cultivated area of Bengal is still unknown even approximately; and though India is a country which is more than usually dependent on its agricultural produce, hardly any serious effort has yet been made to obtain correct returns of the ordinary distribution of crops, or their annual yield.

Much more might be said in the same direction. But it is not necessary to adduce further evidence of the backward condition of India in respect to the

progress of economical and statistical knowledge, which must be admitted by all acquainted with the facts.

Under such circumstances, it cannot be doubtful that it is to England that India should look for guidance in its financial and fiscal policy. This country is alike eminent for its practical success in financial administration, and for the progress it has made in economical knowledge, for the acquisition of which its vast commercial transactions give it exceptional advantages. I can conceive nothing more prejudicial to the best interests of India than to deprive it of the co-operation of English statesmen and economists in the conduct of its finances, and I earnestly hope that no change will be made that shall withdraw the control of this part of the administration from the Secretary of State, through whose action it must be that this most beneficial influence is brought to bear.

10 June 1876.

(signed) *R. Strachey.*

INDIA TARIFF ACT, 1875.

COPY of the ORDERS of Members of the Council of India on the DESPATCHES of the Secretary of State, dated 31 May 1876, and published in the further CORRESPONDENCE recently laid upon the Table of the House, relating to the INDIAN TARIFF ACT of 1876.

(*Mr. Faussett.*)

Ordered, by The House of Commons, to be Printed,  
4 July 1876.

333.

*Under 2 oz.*

EAST INDIA (SMUGGLING).

(23)

RETURN to an Address of the Honourable The House of Commons,  
dated 20 February 1877 ~~for~~,

“ RETURNS, for the last Year for which the Information has been received, of the CONVICTIONS, FINES, and PUNISHMENTS imposed for Breaches of the SALT LAWS in *Bengal* :”

“ Of the CONVICTIONS for SALT SMUGGLING in *Bombay* :”

“ Of the CONVICTIONS for Breaches of the CUSTOMS LAWS, which principally relate to SALT, of the Inland Customs Department of the Government of *India* :”

“ And, uniform RETURN from the Government of *India* relating to all *India* .”

India Office,  
17 July 1878. }

EDWARD STANHOPE,  
Under Secretary of State.

RETURN of all CONVICTIONS, FINES, and other PUNISHMENTS imposed for Breaches of the SALT LAWS throughout *India*, for the Year 1875-76.

1.	2.	3.	4.	5.	6.	7.	8.	
PRESIDENCY OR PROVINCE.	Total Number of Persons Convicted before a Magistrate.	Number of Persons from whom Fines were Levied.	Average Amount of Fines Paid by each Person, in Column 2.	Number of Persons Imprisoned.	Average Period of Imprisonment awarded to each Person, in Column 4.	Quantity of Salt Confiscated.	Quantity of Salt Seized and Released on Payment of a Penalty, in lieu of Confiscation.	Amount of such Penalty.
			<i>Rs. a. p.</i>		<i>Ye. m. d.</i>	<i>Mds. s. l.</i>	<i>Mds. s. l.</i>	<i>Rs. a. p.</i>
Inland Customs Department, i.e., Punjab, North-Western Provinces and Oudh, and Central Provinces.	2,204	* 1,256	10 11 -	953	0 1 29	3,814 - -	784 - -	3,597 - -
Presidency of Bombay - - -	1,051	554	9 12 11	109	0 0 14	5,051 - -	415 34 22	28 8 2
Province of Sind - - - -	5	4	4 8 -	1	0 2 0	† 12 19 40	-	† 13 11 4
Lower Provinces of Bengal - -	1,097	‡ 1,080	7 4 -	4	0 0 10	1,087 24 13‡	-	-
Presidency of Madras - - - -	¶ 3,296	1,801	4 14 7	¶ 1,489	0 0 18	8,855 35 75	- 1 -	-

\* Five persons were imprisoned, as well as fined, under Act VIII. of 1875.  
 † Of this quantity, 4 maunds, 10 seers, 14 tolas were sold by auction, and the sale proceeds credited to Government.  
 ‡ Of this amount, Rs. 6. 11. 4. was realized from sale of confiscated salt.

§ Fourteen of the persons convicted did not pay up their fines during the year.  
 || Of these, six were whipped.  
 ¶ One of these was also fined.

EAST INDIA (SMUGGLING).

RETURN for the Year 1875-76, of the CONVICTIONS  
FINES, and PUNISHMENTS imposed for Breaches of the  
SALT LAWS in *Bengal*; of the CONVICTIONS for SALT  
SMUGGLING in *Bombay*; of the CONVICTIONS for  
Breaches of the CUSTOMS LAWS, which principally re-  
late to SALT, of the Inland Customs Department of  
the Government of *India*; and, uniform RETURN from  
the Government of *India* relating to all *India*.

(*Mr. Potter.*)

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*Ordered, by The House of Commons, to be Printed*  
*18 July 1878.*

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## RETURN

To an Address of the House of Lords, dated 29th April 1879,

FOR

COPIES of any MINUTES which have been recorded under 33 Vict. chap. 3., by Members of the Council of the Governor General of India, on the REDUCTION of the CUSTOMS DUTY upon COTTON MANUFACTURES by the authority of the Governor General contrary to the opinion of the majority in Council.

MINUTE by the Honourable W. STOKES, C.S.I., dated 13th March 1879.

I DISSENT from the proposal to exempt from import duty cotton goods containing no yarn of a higher number than thirties:—

Firstly, because the financial condition of this country is so deplorably bad that we cannot afford to lose even twenty lakhs a year, which sum is said to be about the annual cost of the proposed exemption. We have spent our Famine Insurance Fund, or what was intended to be such. We are carrying on a costly war with Afghanistan. We may any day have to begin one with the King of Burma. Our estimates show a deficit. We have now to borrow five crores in India, and we are begging for two millions sterling from England. Our income is almost stationary. Our opium revenue is precarious. And our difficulties arising from the depreciation of silver seem, for some years at all events, likely to increase rather than diminish. We have exhausted all gainful sources of indirect taxation, and for every tax we surrender we must, therefore, impose a direct tax. Knowing, as I do, the horror (in my opinion the reasonable horror) of new direct taxation, which is felt by the natives of India, I cannot think it wise to do anything which must lead to its imposition. It is painfully clear that the time has not arrived for even a partial fulfilment of the undertaking that the import duty on cotton goods should be repealed as soon as the financial condition of India permitted.

Secondly, because the surrender of duty now proposed will inevitably lead to the surrender, at no great distance of time, of the import duty on all other cotton goods, that is to say, of about sixty-five lakhs a year. The powerful Lancashire manufacturers will be encouraged by their second victory to new attacks on our revenue. It will be said that the retention of the duty on the finer cloths enables the India-made coarse goods to displace the finer goods imported, and thus operates as an indirect protection. The argument seems to me fallacious; but it will be none the less, effective in the mouths of those that will use it against the helpless people of India. If ever we have any true surplus, we should, in my opinion, lessen some of our direct taxes rather than abolish any of our moderate import-duties.

Thirdly, because, apart from the trifle we obtain as tributes and *nazranas* from the native states, the only way in which we can get those states to pay anything towards their proper share of our expenditure in keeping the peace of India and protecting it from invasion is by taxing their consumption of salt, and by levying import duties on the cotton goods which are landed at our ports and pass through our territories into theirs. To give up any part of those duties, therefore, amounts to a relinquishment *pro tanto* of the means of making the native states contribute, as they clearly ought, to the expenditure above mentioned.

Fourthly, because the present duty on cotton goods is not, so far as I know, complained of by anyone except the Manchester manufacturers and the merchants in India who are interested in importing Manchester goods. When we have got a tax to which the people who pay it are accustomed, and of which they do not complain, it surely is unwise to give up that tax, and replace it, as we must, by some new and odious burden. I fully admit the danger of keeping open between the people of India and the manufacturers of England an irritating controversy, but it seems to have been

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forgotten that this controversy may be closed by the latter relinquishing their attack on the Indian fiscal system, as well as by the former surrendering a portion of their scanty revenues.

Fifthly, because the free admission of cotton goods would probably destroy a promising and useful local industry, and, in the absence of competition, the Manchester manufacturers would practically compel the people of India to buy cotton cloths adulterated, if possible, more shamefully than such goods are at present. The cost of the clothing of the people would thus be increased rather than lessened, and the arguments founded on the injurious effect of an imaginary protection would lose the little force that they ever possessed.

Sixthly, because nothing will ever induce the people of India to believe that the proposed exemption, if made, has been made, as no doubt we shall say it has, solely in their interest. They will be convinced by their newspapers (which are read aloud in every bazar) that it has been made solely in the interest of Manchester and for the benefit of the Conservative party, who are, it is alleged, anxious to obtain the Lancashire vote at the coming elections. Of course the people of India will be wrong: they always must be wrong when they impute selfish motives to the ruling race. Nevertheless, the evil political results likely to follow from this popular conviction should not be ignored, and should, if possible, be avoided.

Lastly, I object to the way in which the proposed change in the law is to be effected. The Viceroy, as I understand, intends to overrule the majority of his Council and to make the proposed exemption by Executive order, in the Revenue Department, under section 23 of the Sea Customs Act. Such an order is, no doubt, authorised by the terms of that section. But the Indian Legislature, in conferring on the Executive power to make such exemptions, never intended that it should be exercised so as to make suddenly a vast change in our law, affecting not only the importers and consumers of the particular class of goods dealt with, but the taxpayers of India in general—a change that will not only seriously diminish our present revenue, but force the hand of the Legislative Council by compelling them to impose new direct taxation. The power to exempt goods from Customs duties was originally conferred by Act XVIII. of 1870, and was merely intended to relieve the Executive from the useless and troublesome formality of coming from time to time to the Indian Legislature to make in the tariff petty alterations which that Legislature, if applied to, would have made at once. The change now proposed is of a very different character. I have reason to think that it would never be sanctioned by the Legislative Council, unless, indeed, arguments were brought forward in its favour far more cogent than those that I have heard. The proposed exemption of cotton goods, if made by a mere Executive order, will thus resemble what lawyers call a fraud on the power; and there is, unfortunately, no court of equity to relieve the people of India against it.

WHITLEY STOKES.

Calcutta,  
The 13th March 1879.

MINUTE by the Honourable A. R. THOMPSON, C.S.I., dated 15th March 1879.

*Exemption of Duty on Cotton Imports.*

IN the discussions which preceded the publication of the Financial Statement for 1879-80, I with several of my colleagues in the Council objected to that portion of the proposals which related to the further exemption from Customs duty of all imported cotton goods containing no yarn finer than 30's. His Excellency the Viceroy, by the authority vested in him by Act XXXIII., Victoria, cap. 3., section 5, overruled the objections and directed the adoption of the Finance Minister's proposal; and as a member of the dissentient majority in the Council I desire to place on record the reasons which in my opinion justify my opposition to that measure.

I yield to no one in the condemnation of any form of taxation in India which operates in defiance of the fundamental principles of British commercial policy and fosters local industries by restrictions on other classes of Her Majesty's subjects; and so far as the inquiries of the Tariff Committee have established the fact that there is a real competition in the coarser qualities of cotton goods between English and Indian

manufacturers, I have never hesitated to accept the conclusion that the application of relief in this direction to be effective must extend to the exemption from Customs duties of all cotton goods of *every size and denomination* if made of yarn of No. 30's and under. No intermediate limit would reach the directly protective character of the duty; and it is on this point that the reclamations of the home manufacturers are justifiable, and claim at our hands a remedy.

With the acceptance, however, of this principle, as enunciated by the late Secretary of State for India, and affirmed by the House of Commons in the resolution that "the duties now levied upon cotton manufactures imported into India being protective in their nature are contrary to sound commercial policy and ought to be repealed without delay," it is impossible to set aside the condition which attaches to every public utterance and every official statement that has been made on the subject, viz., that the fulfilment of the pledges to gradually remove these duties was dependent upon the satisfactory condition of the finances in India. Such a proviso formed a part of the resolution which has already been quoted. It was recognized as an essential feature of the measure in the speeches of every Secretary of State and Viceroy who has had to deal with the question; and if the impending motion in the House of Commons at the instance of the member for Blackburn has had anything to do with the action which His Excellency has sanctioned in the present instance, there too the whole contention as to the desirability of further relief is based on the assumption that "the surplus of Indian revenue affords the means of doing so."

If any idea has prevailed in England, and I am afraid from some inadvertent expressions in Parliament in connexion with the expenses of the Afghan war it has prevailed, that India would now possess a surplus available for the remission of taxation, the financial statement which has just been made public must dispel such an illusion. I have never seen an official document which contained a more depressing representation of present facts or which foreshadowed a gloomier prospect in the future; and I regret to think that in accepting the financial member's proposal for the redemption to a considerable extent of the cotton duties this year His Excellency has underrated the gravity of the situation.

The Budget statement must speak for itself. It is not that there is no surplus in the most restricted sense of Indian finances to admit of reduction of any taxes, but that the estimate for the year upon which we are entering exhibits a deficit of 1,395,000*l.*; and even this very considerable deficit is only not greater because the promises under which special taxation was raised last year have been disregarded, and the money intended for special purposes has not been used for those purposes, but has been absorbed in the general revenues. It is necessary to bring these facts into prominence. The frequent desolations from famines spreading over wide provinces in India during the last few years led the Government, 12 months ago, to adopt the unusual course of attempting by special measures of taxation to provide against what appeared to be a regular recurring evil of great intensity. The poverty or the unthriftiness of the people precluded the notion that they would ever possess the resources necessary to meet the pressure of such calamitous seasons; and thus Government in the interest of the helpless masses, undertaking the responsibility of maintaining life during severe times of scarcity, imposed new taxes for the creation of a reserve fund upon which to draw when famine was in the land. It was the object of the Government of India that a million and a half (sterling) should thus be provided in ordinary years as a protection against famine, and that the money should be utilized in the promotion of public works of a remunerative character, which at the same time, in the event of famine, would help in its relief by the establishment of speedier and more complete communications. The Government of India, with very solemn attestations, devoted this money as an insurance against famine alone. Sir John Strachey then said: "We consider that the estimates of every year ought to make provision for religiously applying the sum I have mentioned to this sole purpose; and I hope that no desire to carry out any administrative improvement, however urgent, or any fiscal reform, however wise, will tempt the Government to neglect this sacred trust." Apart from this, half a million was to be reserved under these taxes "as a margin such as every solvent state ought to maintain to meet unforeseen contingencies." The admissions of the Budget statement show that the arrangements for the above purposes "have for the time failed to produce the desired effect;" and in view of the peculiar character of this recent taxation, the appropriation of its proceeds for the ordinary current expenses of this country, in the very first year of its institution, affects our position seriously in more ways than one. The famine

insurance fund is gone, and if famine arises its cost must be met by extra taxation; but it has also the graver aspect of exciting the very injurious suspicion that the Government has been wanting in good faith.

It is alleged in the financial statement that one of the strongest reasons for the removal of these duties is the political consideration "of the danger of keeping open " between two great communities of Her Majesty's subjects an irritating question " which can be closed by one and only one solution." Allowing every force to the statement, and I believe that the extraordinary depression of trade at home gives additional weight to it at the present moment, I still venture to submit that the embarrassment arising from the controversy with the large bodies of cotton manufacturers in England is under the circumstances only a temporary embarrassment, and that certainly it is a very trifling inconvenience in comparison with the political danger which disaffection and discontent among our Indian population must engender; and that such discontent exists every year, European or native, in this country testifies. It is true that no extra taxation has been imposed in the present Budget for the purpose of making up the reduction of the cotton import duty now effected; but with an unfinished war on our north-western frontier, with threatening complications with the Burmese Government, with the very severe and annually increasing losses imposed upon the Government of India by the fall in exchange, and at a time when the Finance Minister has to raise a loan of five millions in India, and to get another loan of two millions raised in England to cover the expenses of the year, I fear there is too much reason to anticipate that the prediction will be verified before the year closes, that "it will become necessary to take measures of a most serious nature for the improvement of the financial position."

It is not at such a time that in my judgment any portion of the cotton duties should be repealed; and I deprecate the procedure all the more because in impending circumstances at home the measure has all the appearance of the subordination of the reasonable claims of the Indian Administration to the necessities of English politics.

RIVERS THOMPSON.

March 15, 1879.

MINUTE by the Honourable SIR ALEXANDER J. ARBUTHNOT, K.C.S.I., dated the 15th March 1879.

THE Secretary of State has been informed by our despatch of the 13th instant, No. 3, that I and a majority of my colleagues in the Council of the Governor General did not concur in the propriety of exempting from Customs duty all imported cotton goods containing no yarn finer than 30's, but that the Governor General being of opinion that the measure was one "whereby the interests of British India are essentially affected," and that the measure should be adopted and carried into execution, had, under the authority vested in him by Act 33 Vict., cap. 3., section 5, given orders to that effect. At the special meeting of Council held on the 12th instant, at which the decision of the Governor General was announced to the Council, I stated at some length the reasons which led me to consider the measure to be unwise both from a financial and from a political point of view, and to be specially ill-timed at the present juncture. I now desire to place these reasons on record, in order that they may be laid before the Secretary of State.

2. Commencing with the financial aspect of the question, I may observe that if the Budget estimate for the ensuing financial year had not been more unfavourable than the regular estimate for the year now about to close, I should have regarded the remission of duties yielding an estimated revenue of 200,000*l.* which are easily collected, and which practically are not felt by the people, as a measure of somewhat questionable expediency. The Budget estimate for the current year provided for a surplus of 2,216,000*l.*, of which 1,500,000*l.* was intended to constitute a Famine Insurance Fund, and 500,000*l.* was provided to meet those other demands which cannot be foreseen but which will inevitably occur. The actual result, so far as it can be shown by the regular estimate, based, I believe, upon the actuals of ten months and upon a careful estimate for the remaining two months, is a surplus of only 1,309,000*l.*, and of this surplus some 600,000*l.* is composed of abnormal receipts which cannot be counted on in future years. Treating the expenditure of 555,000*l.* actually incurred on famine relief as a contribution to the Famine Insurance Fund, the sum which would have been available for Famine Insurance, had there been no

abnormal receipts, is thus reduced to  $550,000\text{L.} + 709,000\text{L.} = 1,259,000\text{L.}$ , or 241,000L. less than was pronounced last year to be necessary for this particular purpose. Looking to these facts, and bearing in mind that the war in Afghanistan is not yet at an end, and that the political horizon in the direction of Burma is exceedingly threatening, I should have deemed it very doubtful whether the present was an opportune time for the remission of duties which has now been carried out, even if the financial forecast for the ensuing year had not been more unfavourable than the financial results of the year now about to close. When, however, I turn to the forecast for 1879-80, and when I find that this forecast provides for a deficit of 1,395,000L., while the Famine Insurance Fund, upon the necessity of which so much stress has been laid, has to be altogether suspended for the present, any doubts that I might have entertained are replaced by the most unhesitating conviction that it would have been scarcely possible to select a more unsuitable time, either for a reduction of the cotton duties or for any other reduction of indirect taxation. Not only are we at the present moment engaged in a war with Afghanistan, the duration and consequent cost of which are still quite uncertain, while affairs in Upper Burma have recently taken such a turn that we have thought it right to authorise our resident at the Court of the King of Burma to exercise his discretion as to quitting his post, and have been compelled to send considerable reinforcements for the protection of British Burma; but our main financial difficulty, that arising from the heavy fall in the value of silver, is of such a nature—and it is so impossible to affirm that the evil will not continue and go on increasing—that we have been forced to announce to the people of India that “it is extremely difficult to follow any settled financial policy, for the Government cannot even approximately tell what income will be required to meet the necessary expenditure of the state.”

3. A good deal is said in the concluding paragraphs of the Budget resolution of what might have been the state of the facts if there had been no war and no famine and no fall in the value of silver. Such questions, it appears to me, have rather a speculative than a practical interest. The actual facts with which we have to deal, are—one war actually in progress, and another which, if it cannot be said to be actually impending, is so clearly a possible, and indeed a proximate contingency, that we have already been forced to move troops from India to Burma, in anticipation of its breaking out; famine in the immediate past, with the admitted certainty that its periodical recurrence is a thing for which it is our duty to provide; and worse than all, a fall in the value of our currency, of the duration and the possible extent of which we are alike uncertain. I cannot think that this is a time for parting with or reducing any source of income which is so easily realized as the import duty on cotton goods.

4. I do not overlook the prospect of a loan from the Imperial treasury in aid of the war in Afghanistan, to which reference is made in the Budget resolution, and which I gather from the English papers is likely to be in the form of a loan, to be repaid by instalments without interest. Such aid, if it be granted by Parliament, will help us to tide over our immediate difficulties; but I assume that the loan will have to be repaid eventually, and I apprehend that when the time comes for doing so we shall regret having cut off a source of income which would have materially aided us in repaying the loan. And here I wish to observe that apart from the immediate cost of the present war in Afghanistan, that war (unavoidable as, in my judgment, it has been), and the causes which have led to it, are likely to entail a permanent increase to the military charges of India. I do not for a moment believe that the rectification of frontier, which we desire to effect, will not necessitate an increase to our military expenditure. For many years to come, at all events, the occupation of the principal passes into Afghanistan, even if we do no more than this, must entail a larger military force than that which has hitherto sufficed; but as yet we cannot tell what further steps may or may not be the necessary result of the advance we have made. It may be very desirable, but it does not follow that it will be possible to restrict our occupation to the limits which have been assigned to it. There is apparently an inevitable tendency to bring the two great military powers, which now practically hem in Afghanistan, into greater proximity, and there can be no question that every step that is taken in this direction must be followed by an addition to our military charges. The suggestions which have been recently made for reducing the cost of the army of India appear to me, under present circumstances, to be based upon an extraordinary misconception of the most palpable facts.

5. It is argued in the resolution (paragraph 195) that the serious financial difficulties in which the Government of India is at present involved do not furnish a

sufficient reason for refusing to sanction any further remission in the duty on cotton goods. In regard to the war, it is stated that the "Governor General in Council cannot recognize in this fact any reason whatever for the postponement of a necessary fiscal reform;" and with reference to the difficulties caused by the increased loss by exchange, it is observed that "they will not practically be aggravated to an appreciable extent by a loss of 200,000*l.*" Adverting to the first of these observations, if the meaning be that the fiscal reform alluded to is so necessary as to outweigh all considerations of financial economy, I deny the alleged necessity, and I consequently dissent from the assertion that the war does not furnish a strong reason for postponing the sacrifice of revenue which the reform in question involves. This assertion, I would remark, is strangely in contrast with the principles laid down for the guidance of the Government of India by the Marquis of Salisbury in his earlier despatches on the subject of the cotton duties. At the time when those despatches were written the estimates for the year showed a probable surplus of 506,000*l.*: and with reference to this state of things Lord Salisbury wrote\* as follows:

The absence of any considerable surplus presents an obstacle to the accomplishment of reforms which are urgently required in more than one department of your fiscal system. I refer especially to the salt duties and to the import duties upon cotton goods and manufactures. These measures can hardly be undertaken without a temporary sacrifice of revenue, and therefore cannot prudently be adopted without a larger surplus.

The foregoing remark was penned in 1875, when, as I have said, there was a surplus of half a million. In 1879, when we are budgetting for a deficit, which, if we consider a Famine Insurance Fund to be an essential part of our financial system, amounts to little less than three millions, it is held that the circumstance of the country being embarked in war is no "reason whatever for the postponement of a necessary fiscal reform." The argument that because our difficulties are so great it will therefore do no harm to add to them to the extent of 200,000*l.* is the sort of argument that I should not have been surprised to hear from the lips of an embarrassed spendthrift, but which seems to me utterly out of place in a resolution dealing with the finances of an empire. It betrays, in my opinion, a disregard of the first principles of financial economy, which is equally certain to lead to disaster, whether it be applied to the fortunes of an individual or to the finances of a state, and which cannot be too emphatically condemned.

6. Moreover, it is impossible to feel sure that the estimated sacrifice of revenue which this measure involves will not be considerably exceeded. The report of the Commission, which is appended to the resolution, is on this point most cautiously worded. Describing the estimate of the loss involved in the comparatively small remission of duties made last year as obscure and doubtful, they remark that "it is certainly compared with any figures that can be offered relating to the extension to "all goods made of 30's and under, which is now in question." They say that "the extension (of exemption) under discussion will probably soon effect a complete revolution in the piece goods trade." They describe the exemption as "invading in unknown force the great domain of shirtings and long cloths, which produces about a third of a million sterling." The figures on which their estimate is based are put forward with the remark that they are "possibly of little worth, and are derived as regards Calcutta from our sifting of the various surmises which have come before us." There is evidently no certainty that the estimated loss of revenue will not before long reach a much higher figure than 200,000*l.*

7. Other considerations, which I think should not be overlooked, are the natural tendency of the concession which has now been made, to lead to demands for further concessions in the same direction, and the fact that the revenue involved in those demands represents a further sum of 600,000*l.*, for it must be borne in mind that it is not only the duty on coarse cotton goods, but the whole of the duties on cotton goods, against which the reclamations of English manufacturers have been directed during the last four years; and the remission of duty which has been ordered by the Secretary of State, to be carried out whenever the state of the finances admit, applies to the whole of the cotton duties, and involves a total sacrifice of Customs revenue, not of 200,000*l.*, but of 815,000*l.*

8. Allusion is made in the Budget resolution to the resolution adopted by the House of Commons on the 11th July 1877, in favour of a repeal of the cotton duties. Admitting that any resolution passed by either House of Parliament is entitled to implicit respect from the Government of India, and assuming, for the sake of argu-

\* Despatch No. 364, dated 15th July 1875.

ment, that the duties which have now been remitted may have been in some measure protective,—on which point, however, the members of the Commission, upon whose report the decision of the Governor General purports to have been based, have carefully guarded themselves from expressing an opinion,—I must be permitted to observe that the step which has now been taken is not only not rendered necessary by the resolution in question, but is directly at variance with the condition embodied in it, which is to the effect that the repeal of the cotton duties is only to be carried out “so soon as the financial condition of India will admit.” By the resolution of the House of Commons the Government of India were in no way set free from the responsibility which belongs to them for maintaining the solvency of the state. It in no way justifies them in reducing this particular source of revenue in the face of a serious financial deficit.

9. In the preceding remarks I have dealt almost exclusively with the financial aspect of the question; but the question has a political aspect as well, which, in my opinion, is not less important than the financial one. There can be no doubt that the people of India attribute the action which has been taken by Her Majesty's Government in this matter to the influences which have been brought to bear upon it by persons interested in the English cotton trade, or in other words by the manufacturers of Lancashire. It is notorious that this impression has prevailed throughout India from the time, just four years ago, when the Marquis of Salisbury informed a large body of Manchester manufacturers that the Government of India would be instructed to provide for the gradual abolition of the import duties on cotton goods. When Lord Northbrook's Government a few months afterwards adopted the very moderate measures of imposing an import duty on raw cotton not the produce of continental Asia or Ceylon, and of lowering the tariff valuation on cotton goods, the native press was full of reclamations against the new principle, which, it was alleged, was being introduced into the Government of India, of conducting that Government for the benefit of a particular section of the people of England without reference to the interests of the people of India. This feeling was greatly strengthened by the language used in Lord Salisbury's despatch of the 11th November 1875, wherein (paragraph 10) he referred to the duty on cotton goods as placing the manufacturers of England and those of India in a position of political hostility to each other, and in subsequent passages put forward “the claims of the English manufacturers,” in order to propose that they should be satisfied by the abolition of the duty on cotton manufactures. The same feeling has very recently found expression in the address presented to His Excellency the Governor General by the British Indian Association—an address which I am bound to say appears to me to contain a correct enunciation of the principles which ought to guide the Government of India in this matter. Nor is this feeling limited to the native community. From communications which have been received from the Chambers of Commerce at Madras and Calcutta, it is evident that the feeling is shared by the leading representatives of the European mercantile community in those cities. In a letter which forms one of the appendices to the Budget resolution the Madras Chamber state their opinion that “the present is a most unsuitable time for thinking of sacrificing any of the state's resources under pressure from interested and imperfectly informed foreign manufacturers,” and a more recent letter which the Calcutta Chamber addressed to the Governor General on the 10th instant concludes with the following paragraph:

It has hitherto been proclaimed by the Home Government that taxation in India would be levied, and that the administration of the country would be conducted, not in the interests of England—far less a section of it—but in the interests of India itself. It will be a source of mortification and disappointment if it be now shown that the opinions and wants of sections of the people of England have more influence in determining the character of the financial legislation in India than the interests and expressed wishes of the people under the government of Your Excellency.

10. Nor is the impression to which I allude confined to the unofficial classes. It is equally shared by the great body of the official hierarchy throughout India. I am convinced that I do not overstate the case when I affirm my belief that there are not at the present time a dozen officials in India who do not regard the policy which has been adopted in this matter as a policy which has been adopted, not in the interests of India, not even in the interests of England, but in the interests, or the supposed interests, of a political party, the leaders of which deem it necessary at any cost to retain the political support of the cotton manufacturers in Lancashire. This, it appears to me, is a most unfortunate state of things. It is very undesirable that an impression should exist, which, if it were well founded, would go far to justify the forebodings of those who deprecated the transfer of the direct government of India from the East India Company to the Crown, on the ground that

India would be sacrificed to the exigencies of political parties in Parliament. For many years after that transfer took place, the propriety, and indeed the necessity, of treating Indian questions, and especially questions connected with the internal administration of India, as a thing apart from parliamentary politics, was recognized by both the great parties in the state. By a tacit, but well understood, compact, India was excluded from the arena of party politics in the House of Commons. Now for the first time there is a prevalent belief that this understanding has been departed from. A measure seriously affecting the finances of India has been, and is being, pressed upon Parliament by a powerful section of the English mercantile community, and the general opinion is that that pressure has so far produced an effect, that at a juncture of the gravest financial difficulty and anxiety the Government of India has been impelled to incur a sacrifice of revenue which the most ordinary considerations of financial prudence should have led it to retain, with the certainty that the present concession will only encourage further pressure until the whole of the particular branch of the state revenue which has been the subject of attack shall have been abandoned. And this has been done at a time when we are engaged in war; when we have very recently emerged from a calamitous famine; when we have in consequence re-imposed direct taxation of a notoriously unpopular, and, in its practical working, often of an oppressive description, which, having been raised for a special purpose, we are forced to divert to other purposes; and when the Government of India has scarcely recovered from the odium which it incurred by its legislation restricting the license of the vernacular press. This last-mentioned measure was one of which I was personally in charge, and which, in concurrence with the Governor General and with my colleagues in Council, I deemed to be called for by important political considerations; but important as those considerations in my judgment were, and important as I still regard them, I do not hesitate to say that nothing would have induced me to have been a party to the imposition of restrictions on the press, if I could have foreseen that, within a year of the passing of the Vernacular Press Act, the Government of India would be embarked on a course, which, in my opinion, is as unwise and ill-timed as it is destructive of the reputation for justice, upon which the prestige and political supremacy of the British Government in India so greatly depend. And here I must remark that the slight value which in some influential quarters is now attached to the popularity of our rule with our native subjects has for some time past struck me as a source of grave political danger. The British Empire in India was not established by a policy of ignoring popular sentiment, and of stigmatizing all views and opinions which are opposed to certain favourite theories as the views and opinions of foolish people. Nor will our rule be long maintained if such a policy be persisted in.

11. I have deemed it my duty to record my dissent from the measure to which this minute refers, in language of emphatic disapproval; for the circumstances of the case are, in my opinion, circumstances of such extreme gravity that I feel that reticence would be altogether out of place. As the machinery for administering the government of India is constituted under the statute of 1858, the only branch of it, which, from its composition, can hope to have the credit of being at once independent of party influences and in a position to urge its views against any measure which it deems to be prejudicial to India, is the Council of the Governor General, composed as it is of men selected irrespectively of political considerations, and most of whom have passed the greater part of their lives in India. During the rule of the East India Company, the Court of Directors furnished what often proved an effective barrier between the interests of the people of India and the pressure of powerful classes in England. In this respect the Council of India, as the Council of the Secretary of State is called, has in no way taken the place of the Court of Directors. It need not necessarily be consulted in regard to any matter which does not involve expenditure from the revenues of India; and, as a matter of fact, most important measures are sometimes resolved on, and orders issued, by the Secretary of State, without the knowledge of his Council. The Council of the Governor General, on the other hand, has large powers and heavy responsibilities imposed upon it by law. The consent of a majority of the Council is required to every measure of any importance (legally, I believe, to every measure) that is adopted by the Governor General, except in those cases of rare occurrence, such as the present case, wherein the Governor General exercises the power vested in him by law, of overruling the decision of a majority of the Council; and in such cases the dissentient members legally are empowered, and morally, as I regard the matter, are bound to record the reasons of their dissent for the information of the Secretary of State, and eventually of Parliament and of the

public, should the papers be called for and published. This feature in the constitution of the Council of the Government appears to me to render it incumbent upon the members of that body to express their views with the utmost clearness and precision, when measures have been proposed to be carried out, which they deem to be detrimental to the interests of this country; and, in my humble opinion, it will be an evil day for India when the members of this Council fail to discharge the duty thus appertaining to them.

ALEX. J. ARBUTHNOT.

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MINUTE by Colonel the Honourable SIR ANDREW CLARKE, R.E., K.C.M.G., C.B.

I HAVE been unable to recognize any justification for a departure from the policy on which the Tariff Act of August 1875 was based, and to which I was a party, and therefore I concur in the above Minute by Sir Alexander Arbuthnot.

A. CLARKE.

15th March 1879.

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India Office,  
May 1879.

EDWARD STANHOPE,  
Under-Secretary of State.



COTTON DUTY (INDIA).

R E T U R N

To an Address of the House of Lords, dated  
29th April 1879,

FOR

COPIES of any MINUTES which have been recorded under 33 Vict. cap. 8., by Members of the Council of the Governor General of India on the REDUCTION of the CUSTOMS DUTY upon COTTON MANUFACTURES by the authority of the Governor General contrary to the opinion of the majority in Council.

*(The Lord Northbrook.)*

Ordered to be printed 5th May 1879.

(69.)

*Under 2 ozs.*

EAST INDIA (DUTIES ON COTTON GOODS).

25

RETURN to an Address of the Honourable the House of Commons,  
dated 8 May 1879 :—for,

“ COPY of DISSENTS recorded by the MEMBERS of the COUNCIL of the GOVERNOR  
GENERAL OF INDIA regarding the late reduction of the COTTON DUTIES in that  
Country.”

MINUTE by the Honourable W. STOKES, C.S.I., dated 13th March 1879.

I DISSENT from the proposal to exempt from import duty cotton goods containing no yarn of a higher number than thirties :—

Firstly, because the financial condition of this country is so deplorably bad that we cannot afford to lose ever twenty lakhs a year, which sum is said to be about the annual cost of the proposed exemption. We have spent our Famine Insurance Fund, or what was intended to be such. We are carrying on a costly war with Afghanistan. We may any day have to begin one with the King of Burma. Our estimates show a deficit. We have now to borrow five crores in India, and we are begging for two millions sterling from England. Our income is almost stationary. Our opium revenue is precarious. And our difficulties arising from the depreciation of silver seem, for some years at all events, likely to increase rather than diminish. We have exhausted all gainful sources of indirect taxation, and for every tax we surrender we must, therefore, impose a direct tax. Knowing, as I do, the horror (in my opinion the reasonable horror) of new direct taxation, which is felt by the natives of India, I cannot think it wise to do anything which must lead to its imposition. It is painfully clear that the time has not arrived for even a partial fulfilment of the undertaking that the import duty on cotton goods should be repealed as soon as the financial condition of India permitted.

Secondly, because the surrender of duty now proposed will inevitably lead to the surrender, at no great distance of time, of the import duty on all other cotton goods, that is to say, of about sixty-five lakhs a year. The powerful Lancashire manufacturers will be encouraged by their second victory to new attacks on our revenue. It will be said that the retention of the duty on the finer cloths enables the India-made coarse goods to displace the finer goods imported, and thus operates as an indirect protection. The argument seems to me fallacious; but it will be none the less effective in the mouths of those that will use it against the helpless people of India. If ever we have any true surplus, we should, in my opinion, lessen some of our direct taxes rather than abolish any of our moderate import-duties.

Thirdly, because, apart from the trifle we obtain as tributes and *nazranas* from the native states, the only way in which we can get those states to pay anything towards their proper share of our expenditure in keeping the peace of India and protecting it from invasion is by taxing their consumption of salt, and by levying import duties on the cotton goods which are landed at our ports and pass through our territories into theirs. To give up any part of those duties, therefore, amounts to a relinquishment *pro tanto* of the means of making the native states contribute, as they clearly ought, to the expenditure above mentioned.

Fourthly, because the present duty on cotton goods is not, so far as I know, complained of by anyone except the Manchester manufacturers and the merchants in India who are interested in importing Manchester goods. When we have got a tax to which the people who pay it are accustomed, and of which they do not complain, it surely is unwise to give up that tax, and replace it, as we must, by some new and odious burden. I fully admit the danger of keeping open between the people of India and the manufacturers of England an irritating controversy, but it seems to have been

forgotten that this controversy may be closed by the latter relinquishing their attack on the Indian fiscal system, as well as by the former surrendering a portion of their scanty revenues.

Fifthly, because the free admission of cotton goods would probably destroy a promising and useful local industry, and, in the absence of competition, the Manchester manufacturers would practically compel the people of India to buy cotton cloths adulterated, if possible, more shamefully than such goods are at present. The cost of the clothing of the people would thus be increased rather than lessened, and the arguments founded on the injurious effect of an imaginary protection would lose the little force that they ever possessed.

Sixthly, because nothing will ever induce the people of India to believe that the proposed exemption, if made, has been made, as no doubt we shall say it has, solely in their interest. They will be convinced by their newspapers (which are read aloud in every bazar) that it has been made solely in the interest of Manchester and for the benefit of the Conservative party, who are, it is alleged, anxious to obtain the Lancashire vote at the coming elections. Of course the people of India will be wrong: they always must be wrong when they impute selfish motives to the ruling race. Nevertheless, the evil political results likely to follow from this popular conviction should not be ignored, and should, if possible, be avoided.

Lastly, I object to the way in which the proposed change in the law is to be effected. The Viceroy, as I understand, intends to overrule the majority of his Council and to make the proposed exemption by Executive order, in the Revenue Department, under section 23 of the Sea Customs Act. Such an order is, no doubt, authorised by the terms of that section. But the Indian Legislature, in conferring on the Executive power to make such exemptions, never intended that it should be exercised so as to make suddenly a vast change in our law, affecting not only the importers and consumers of the particular class of goods dealt with, but the taxpayers of India in general—a change that will not only seriously diminish our present revenue, but force the hand of the Legislative Council by compelling them to impose new direct taxation. The power to exempt goods from Customs duties was originally conferred by Act XVIII. of 1870, and was merely intended to relieve the Executive from the useless and troublesome formality of coming from time to time to the Indian Legislature to make in the tariff petty alterations which that Legislature, if applied to, would have made at once. The change now proposed is of a very different character. I have reason to think that it would never be sanctioned by the Legislative Council, unless, indeed, arguments were brought forward in its favour far more cogent than those that I have heard. The proposed exemption of cotton goods, if made by a mere Executive order, will thus resemble what lawyers call a fraud on the power; and there is, unfortunately, no court of equity to relieve the people of India against it.

WHITLEY STOKES.

Calcutta,  
The 13th March 1879.

MINUTE by the Honourable A. R. THOMPSON, C.S.I., dated 15th March 1879.

*Exemption of Duty on Cotton Imports.*

IN the discussions which preceded the publication of the Financial Statement for 1879-80, I with several of my colleagues in the Council objected to that portion of the proposals which related to the further exemption from Customs duty of all imported cotton goods containing no yarn finer than 30's. His Excellency the Viceroy, by the authority vested in him by Act XXXIII., Victoria, cap. 3., section 5, overruled the objections and directed the adoption of the Finance Minister's proposal; and as a member of the dissentient majority in the Council I desire to place on record the reasons which in my opinion justify my opposition to that measure.

I yield to no one in the condemnation of any form of taxation in India which operates in defiance of the fundamental principles of British commercial policy and fosters local industries by restrictions on other classes of Her Majesty's subjects; and so far as the inquiries of the Tariff Committee have established the fact that there is a real competition in the coarser qualities of cotton goods between English and Indian

manufacturers, I have never hesitated to accept the conclusion that the application of relief in this direction to be effective must extend to the exemption from Customs duties of all cotton goods of *every size and denomination* if made of yarn of No. 30's and under. No intermediate limit would reach the directly protective character of the duty; and it is on this point that the reclamations of the home manufacturers are justifiable, and claim at our hands a remedy.

With the acceptance, however, of this principle, as enunciated by the late Secretary of State for India, and affirmed by the House of Commons in the resolution that "the duties now levied upon cotton manufactures imported into India being protective if their nature are contrary to sound commercial policy and ought to be repealed without delay," it is impossible to set aside the condition which attaches to every public utterance and every official statement that has been made on the subject, viz., that the fulfilment of the pledges to gradually remove these duties was dependent upon the satisfactory condition of the finances in India. Such a proviso formed a part of the resolution which has already been quoted. It was recognized as an essential feature of the measure in the speeches of every Secretary of State and Viceroy who has had to deal with the question; and if the impending motion in the House of Commons at the instance of the member for Blackburn has had anything to do with the action which His Excellency has sanctioned in the present instance, there too the whole contention as to the desirability of further relief is based on the assumption that "the surplus of Indian revenue affords the means of doing so."

If any idea has prevailed in England, and I am afraid from some inadvertent expressions in Parliament in connexion with the expenses of the Afghan war it has prevailed, that India would now possess a surplus available for the remission of taxation, the financial statement which has just been made public must dispel such an illusion. I have never seen an official document which contained a more depressing representation of present facts or which foreshadowed a gloomier prospect in the future; and I regret to think that in accepting the financial member's proposal for the redemption to a considerable extent of the cotton duties this year His Excellency has underrated the gravity of the situation.

The Budget statement must speak for itself. It is not that there is no surplus in the most restricted sense of Indian finances to admit of reduction of any taxes, but that the estimate for the year upon which we are entering exhibits a deficit of 1,395,000L.; and even this very considerable deficit is only not greater because the promises under which special taxation was raised last year have been disregarded, and the money intended for special purposes has not been used for those purposes, but has been absorbed in the general revenues. It is necessary to bring these facts into prominence. The frequent desolations from famines spreading over wide provinces in India during the last few years led the Government, 12 months ago, to adopt the unusual course of attempting by special measures of taxation to provide against what appeared to be a regular recurring evil of great intensity. The poverty or the unthriftiness of the people precluded the notion that they would ever possess the resources necessary to meet the pressure of such calamitous seasons; and thus Government in the interest of the helpless masses, undertaking the responsibility of maintaining life during severe times of scarcity, imposed new taxes for the creation of a reserve fund upon which to draw when famine was in the land. It was the object of the Government of India that a million and a half (sterling) should thus be provided in ordinary years as a protection against famine, and that the money should be utilized in the promotion of public works of a remunerative character, which at the same time, in the event of famine, would help in its relief by the establishment of speedier and more complete communications. The Government of India, with very solemn attestations, devoted this money as an insurance against famine alone. Sir John Strachey then said: "We consider that the estimates of every year ought to make provision for religiously applying the sum I have mentioned to this sole purpose; and I hope that no desire to carry out any administrative improvement, however urgent, or any fiscal reform, however wise, will tempt the Government to neglect this sacred trust." Apart from this, half a million was to be reserved under these taxes "as a margin such as every solvent state ought to maintain to meet unforeseen contingencies." The admissions of the Budget statement show that the arrangements for the above purposes "have for the time failed to produce the desired effect;" and in view of the peculiar character of this recent taxation, the appropriation of its proceeds for the ordinary current expenses of this country, in the very first year of its institution, affects our position seriously in more ways than one. The famine

insurance fund is gone, and if famine arises its cost must be met by extra taxation; but it has also the graver aspect of exciting the very injurious suspicion that the Government has been wanting in good faith.

It is alleged in the financial statement that one of the strongest reasons for the removal of these duties is the political consideration "of the danger of keeping open " between two great communities of Her Majesty's subjects an irritating question " which can be closed by one and only one solution." Allowing every force to the statement, and I believe that the extraordinary depression of trade at home gives additional weight to it at the present moment, I still venture to submit that the embarrassment arising from the controversy with the large bodies of cotton manufacturers in England is under the circumstances only a temporary embarrassment, and that certainly it is a very trifling inconvenience in comparison with the political danger which disaffection and discontent among our Indian population must engender; and that such discontent exists every paper, European or native, in this country testifies. It is true that no extra taxation has been imposed in the present Budget for the purpose of making up the reduction of the cotton import duty now effected; but with an unfinished war on our north-western frontier, with threatening complications with the Burmese Government, with the very severe and annually increasing losses imposed upon the Government of India by the fall in exchange, and at a time when the Finance Minister has to raise a loan of five millions in India, and to get another loan of two millions raised in England to cover the expenses of the year, I fear there is too much reason to anticipate that the prediction will be verified before the year closes, that "it will become necessary to take measures of a most serious nature for the improvement of the financial position."

It is not at such a time that in my judgment any portion of the cotton duties should be repealed; and I deprecate the procedure all the more because in impending circumstances at home the measure has all the appearance of the subordination of the reasonable claims of the Indian Administration to the necessities of English politics.

RIVERS THOMPSON.

March 15, 1879.

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MINUTE by the Honourable SIR ALEXANDER J. ARBUTHNOT, K.C.S.I., dated the 15th March 1879.

THE Secretary of State has been informed by our despatch of the 13th instant, No. 3, that I and a majority of my colleagues in the Council of the Governor General did not concur in the propriety of exempting from Customs duty all imported cotton goods containing no yarn finer than 30's, but that the Governor General being of opinion that the measure was one "whereby the interests of British India are essentially affected," and that the measure should be adopted and carried into execution, had, under the authority vested in him by Act 33 Vict., cap. 3., section 5, given orders to that effect. At the special meeting of Council held on the 12th instant, at which the decision of the Governor General was announced to the Council, I stated at some length the reasons which led me to consider the measure to be unwise both from a financial and from a political point of view, and to be specially ill-timed at the present juncture. I now desire to place these reasons on record, in order that they may be laid before the Secretary of State.

2. Commencing with the financial aspect of the question, I may observe that if the Budget estimate for the ensuing financial year had not been more unfavourable than the regular estimate for the year now about to close, I should have regarded the remission of duties yielding an estimated revenue of 200,000*l.* which are easily collected, and which practically are not felt by the people, as a measure of somewhat questionable expediency. The Budget estimate for the current year provided for a surplus of 2,216,000*l.*, of which 1,500,000*l.* was intended to constitute a Famine Insurance Fund, and 500,000*l.* was provided to meet those other demands which cannot be foreseen but which will inevitably occur. The actual result, so far as it can be shown by the regular estimate, based, I believe, upon the actuals of ten months and upon a careful estimate for the remaining two months, is a surplus of only 1,309,000*l.*, and of this surplus some 600,000*l.* is composed of abnormal receipts which cannot be counted on in future years. Treating the expenditure of 555,000*l.* actually incurred on famine relief as a contribution to the Famine Insurance Fund, the sum which would have been available for Famine Insurance, had there been no

abnormal receipts, is thus reduced to  $550,000\text{L.} + 709,000\text{L.} = 1,259,000\text{L.}$ , or 241,000L. less than was pronounced last year to be necessary for this particular purpose. Looking to these facts, and bearing in mind that the war in Afghanistan is not yet at an end, and that the political horizon in the direction of Burma is exceedingly threatening, I should have deemed it very doubtful whether the present was an opportune time for the remission of duties which has now been carried out, even if the financial forecast for the ensuing year had not been more unfavourable than the financial results of the year now about to close. When, however, I turn to the forecast for 1879-80, and when I find that this forecast provides for a deficit of 1,395,000L., while the Famine Insurance Fund, upon the necessity of which so much stress has been laid, has to be altogether suspended for the present, any doubts that I might have entertained are replaced by the most unhesitating conviction that it would have been scarcely possible to select a more unsuitable time, either for a reduction of the cotton duties or for any other reduction of indirect taxation. Not only are we at the present moment engaged in a war with Afghanistan, the duration and consequent cost of which are still quite uncertain, while affairs in Upper Burma have recently taken such a turn that we have thought it right to authorise our resident at the Court of the King of Burma to exercise his discretion as to quitting his post, and have been compelled to send considerable reinforcements for the protection of British Burma; but our main financial difficulty, that arising from the heavy fall in the value of silver, is of such a nature—and it is so impossible to affirm that the evil will not continue and go on increasing—that we have been forced to announce to the people of India that “it is extremely difficult to follow any settled financial policy, for the Government cannot even approximately tell what income will be required to meet the necessary expenditure of the state.”

3. A good deal is said in the concluding paragraphs of the Budget resolution of what might have been the state of the facts if there had been no war and no famine and no fall in the value of silver. Such questions, it appears to me, have rather a speculative than a practical interest. The actual facts with which we have to deal, are—one war actually in progress, and another which, if it cannot be said to be actually impending, is so clearly a possible, and indeed a proximate contingency, that we have already been forced to move troops from India to Burma, in anticipation of its breaking out; famine in the immediate past, with the admitted certainty that its periodical recurrence is a thing for which it is our duty to provide; and worse than all, a fall in the value of our currency, of the duration and the possible extent of which we are alike uncertain. I cannot think that this is a time for parting with or reducing any source of income which is so easily realized as the import duty on cotton goods.

4. I do not overlook the prospect of a loan from the Imperial treasury in aid of the war in Afghanistan, to which reference is made in the Budget resolution, and which I gather from the English papers is likely to be in the form of a loan, to be repaid by instalments without interest. Such aid, if it be granted by Parliament, will help us to tide over our immediate difficulties; but I assume that the loan will have to be repaid eventually, and I apprehend that when the time comes for doing so we shall regret having cut off a source of income which would have materially aided us in repaying the loan. And here I wish to observe that apart from the immediate cost of the present war in Afghanistan, that war (unavoidable as, in my judgment, it has been), and the causes which have led to it, are likely to entail a permanent increase to the military charges of India. I do not for a moment believe that the rectification of frontier, which we desire to effect, will not necessitate an increase to our military expenditure. For many years to come, at all events, the occupation of the principal passes into Afghanistan, even if we do no more than this, must entail a larger military force than that which has hitherto sufficed; but as yet we cannot tell what further steps may or may not be the necessary result of the advance we have made. It may be very desirable, but it does not follow that it will be possible to restrict our occupation to the limits which have been assigned to it. There is apparently an inevitable tendency to bring the two great military powers, which now practically hem in Afghanistan, into greater proximity, and there can be no question that every step that is taken in this direction must be followed by an addition to our military charges. The suggestions which have been recently made for reducing the cost of the army of India appear to me, under present circumstances, to be based upon an extraordinary misconception of the most palpable facts.

5. It is argued in the resolution (paragraph 195) that the serious financial difficulties in which the Government of India is at present involved do not furnish a

sufficient reason for refusing to sanction any further remission in the duty on cotton goods. In regard to the war, it is stated that the "Governor General in Council cannot recognize in this fact any reason whatever for the postponement of a necessary fiscal reform;" and with reference to the difficulties caused by the increased loss by exchange, it is observed that "they will not practically be aggravated to an appreciable extent by a loss of 200,000*l.*" Adverting to the first of these observations, if the meaning be that the fiscal reform alluded to is so necessary as to outweigh all considerations of financial economy, I deny the alleged necessity, and I consequently dissent from the assertion that the war does not furnish a strong reason for postponing the sacrifice of revenue which the reform in question involves. This assertion, I would remark, is strangely in contrast with the principles laid down for the guidance of the Government of India by the Marquis of Salisbury in his earlier despatches on the subject of the cotton duties. At the time when those despatches were written the estimates for the year showed a probable surplus of 506,000*l.*: and with reference to this state of things Lord Salisbury wrote\* as follows:

The absence of any considerable surplus presents an obstacle to the accomplishment of reforms which are urgently required in more than one department of your fiscal system. I refer especially to the salt duties and to the import duties upon cotton goods and manufactures. These measures can hardly be undertaken without a temporary sacrifice of revenue, and therefore cannot prudently be adopted without a larger surplus.

The foregoing remark was penned in 1875, when, as I have said, there was a surplus of half a million. In 1879, when we are budgetting for a deficit, which, if we consider a Famine Insurance Fund to be an essential part of our financial system, amounts to little less than three millions, it is held that the circumstance of the country being embarked in war is no "reason whatever for the postponement of a necessary fiscal reform." The argument that because our difficulties are so great it will therefore do no harm to add to them to the extent of 200,000*l.* is the sort of argument that I should not have been surprised to hear from the lips of an embarrassed spendthrift, but which seems to me utterly out of place in a resolution dealing with the finances of an empire. It betrays, in my opinion, a disregard of the first principles of financial economy, which is equally certain to lead to disaster, whether it be applied to the fortunes of an individual or to the finances of a state, and which cannot be too emphatically condemned.

6. Moreover, it is impossible to feel sure that the estimated sacrifice of revenue which this measure involves will not be considerably exceeded. The report of the Commission, which is appended to the resolution, is on this point most cautiously worded. Describing the estimate of the loss involved in the comparatively small remission of duties made last year as obscure and doubtful, they remark that "it is certainly compared with any figures that can be offered relating to the extension to "all goods made of 30's and under, which is now in question." They say that "the extension (of exemption) under discussion will probably soon effect a complete revolution in the piece goods trade." They describe the exemption as "invading in unknown force the great domain of shirtings and long cloths, which produces about a third of a million sterling." The figures on which their estimate is based are put forward with the remark that they are "possibly of little worth, and are derived as regards Calcutta from our sifting of the various surmises which have come before us." There is evidently no certainty that the estimated loss of revenue will not before long reach a much higher figure than 200,000*l.*

7. Other considerations, which I think should not be overlooked, are the natural tendency of the concession which has now been made, to lead to demands for further concessions in the same direction, and the fact that the revenue involved in those demands represents a further sum of 600,000*l.*, for it must be borne in mind that it is not only the duty on coarse cotton goods, but the whole of the duties on cotton goods, against which the reclamations of English manufacturers have been directed during the last four years; and the remission of duty which has been ordered by the Secretary of State, to be carried out whenever the state of the finances admit, applies to the whole of the cotton duties, and involves a total sacrifice of Customs revenue, not of 200,000*l.*, but of 815,000*l.*

8. Allusion is made in the Budget resolution to the resolution adopted by the House of Commons on the 11th July 1877, in favour of a repeal of the cotton duties. Admitting that any resolution passed by either House of Parliament is entitled to implicit respect from the Government of India, and assuming, for the sake of argu-

\* Despatch No. 364, dated 15th July 1875.

ment, that the duties which have now been remitted may have been in some measure protective,—on which point, however, the members of the Commission, upon whose report the decision of the Governor General purports to have been based, have carefully guarded themselves from expressing an opinion,—I must be permitted to observe that the step which has now been taken is not only not rendered necessary by the resolution in question, but is directly at variance with the condition embodied in it, which is to the effect that the repeal of the cotton duties is only to be carried out “so soon as the financial condition of India will admit.” By the resolution of the House of Commons the Government of India were in no way set free from the responsibility which belongs to them for maintaining the solvency of the state. It in no way justifies them in reducing this particular source of revenue in the face of a serious financial deficit.

9. In the preceding remarks I have dealt almost exclusively with the financial aspect of the question; but the question has a political aspect as well, which, in my opinion, is not less important than the financial one. There can be no doubt that the people of India attribute the action which has been taken by Her Majesty's Government in this matter to the influences which have been brought to bear upon it by persons interested in the English cotton trade, or in other words by the manufacturers of Lancashire. It is notorious that this impression has prevailed throughout India from the time, just four years ago, when the Marquis of Salisbury informed a large body of Manchester manufacturers that the Government of India would be instructed to provide for the gradual abolition of the import duties on cotton goods. When Lord Northbrook's Government a few months afterwards adopted the very moderate measures of imposing an import duty on raw cotton not the produce of continental Asia or Ceylon, and of lowering the tariff valuation on cotton goods, the native press was full of reclamations against the new principle, which, it was alleged, was being introduced into the Government of India, of conducting that Government for the benefit of a particular section of the people of England without reference to the interests of the people of India. This feeling was greatly strengthened by the language used in Lord Salisbury's despatch of the 11th November 1875, wherein (paragraph 10) he referred to the duty on cotton goods as placing the manufacturers of England and those of India in a position of political hostility to each other, and in subsequent passages put forward “the claims of the English manufacturers,” in order to propose that they should be satisfied by the abolition of the duty on cotton manufactures. The same feeling has very recently found expression in the address presented to His Excellency the Governor General by the British Indian Association—an address which I am bound to say appears to me to contain a correct enunciation of the principles which ought to guide the Government of India in this matter. Nor is this feeling limited to the native community. From communications which have been received from the Chambers of Commerce at Madras and Calcutta, it is evident that the feeling is shared by the leading representatives of the European mercantile community in those cities. In a letter which forms one of the appendices to the Budget resolution the Madras Chamber state their opinion that “the present is a most unsuitable time “ for thinking of sacrificing any of the state's resources under pressure from interested “ and imperfectly informed foreign manufacturers;” and a more recent letter which the Calcutta Chamber addressed to the Governor General on the 10th instant concludes with the following paragraph:

It has hitherto been proclaimed by the Home Government that taxation in India would be levied, and that the administration of the country would be conducted, not in the interests of England—far less a section of it—but in the interests of India itself. It will be a source of mortification and disappointment if it be now shown that the opinions and wants of sections of the people of England have more influence in determining the character of the financial legislation in India than the interests and expressed wishes of the people under the government of Your Excellency.

10. Nor is the impression to which I allude confined to the unofficial classes. It is equally shared by the great body of the official hierarchy throughout India. I am convinced that I do not overstate the case when I affirm my belief that there are not at the present time a dozen officials in India who do not regard the policy which has been adopted in this matter as a policy which has been adopted, not in the interests of India, not even in the interests of England, but in the interests, or the supposed interests, of a political party, the leaders of which deem it necessary at any cost to retain the political support of the cotton manufacturers in Lancashire. This, it appears to me, is a most unfortunate state of things. It is very undesirable that an impression should exist, which, if it were well founded, would go far to justify the forebodings of those who deprecated the transfer of the direct government of India from the East India Company to the Crown, on the ground that



India would be sacrificed to the exigencies of political parties in Parliament. For many years after that transfer took place, the propriety, and indeed the necessity, of treating Indian questions, and especially questions connected with the internal administration of India, as a thing apart from parliamentary politics, was recognized by both the great parties in the state. By a tacit, but well understood, compact, India was excluded from the arena of party politics in the House of Commons. Now for the first time there is a prevalent belief that this understanding has been departed from. A measure seriously affecting the finances of India has been, and is being, pressed upon Parliament by a powerful section of the English mercantile community, and the general opinion is that that pressure has so far produced an effect, that at a juncture of the gravest financial difficulty and anxiety the Government of India has been impelled to incur a sacrifice of revenue which the most ordinary considerations of financial prudence should have led it to retain, with the certainty that the present concession will only encourage further pressure until the whole of the particular branch of the state revenue which has been the subject of attack shall have been abandoned. And this has been done at a time when we are engaged in war; when we have very recently emerged from a calamitous famine; when we have in consequence re-imposed direct taxation of a notoriously unpopular, and, in its practical working, often of an oppressive description, which, having been raised for a special purpose, we are forced to divert to other purposes; and when the Government of India has scarcely recovered from the odium which it incurred by its legislation restricting the license of the vernacular press. This last-mentioned measure was one of which I was personally in charge, and which, in concurrence with the Governor General and with my colleagues in Council, I deemed to be called for by important political considerations; but important as those considerations in my judgment were, and important as I still regard them, I do not hesitate to say that nothing would have induced me to have been a party to the imposition of restrictions on the press, if I could have foreseen that, within a year of the passing of the Vernacular Press Act, the Government of India would be embarked on a course, which, in my opinion, is as unwise and ill-timed as it is destructive of the reputation for justice, upon which the prestige and political supremacy of the British Government in India so greatly depend. And here I must remark that the slight value which in some influential quarters is now attached to the popularity of our rule with our native subjects has for some time past struck me as a source of grave political danger. The British Empire in India was not established by a policy of ignoring popular sentiment, and of stigmatizing all views and opinions which are opposed to certain favourite theories as the views and opinions of foolish people. Nor will our rule be long maintained if such a policy be persisted in.

11. I have deemed it my duty to record my dissent from the measure to which this minute refers, in language of emphatic disapproval; for the circumstances of the case are, in my opinion, circumstances of such extreme gravity that I feel that reticence would be altogether out of place. As the machinery for administering the government of India is constituted under the statute of 1858, the only branch of it, which, from its composition, can hope to have the credit of being at once independent of party influences and in a position to urge its views against any measure which it deems to be prejudicial to India, is the Council of the Governor General, composed as it is of men selected irrespectively of political considerations, and most of whom have passed the greater part of their lives in India. During the rule of the East India Company, the Court of Directors furnished what often proved an effective barrier between the interests of the people of India and the pressure of powerful classes in England. In this respect the Council of India, as the Council of the Secretary of State is called, has in no way taken the place of the Court of Directors. It need not necessarily be consulted in regard to any matter which does not involve expenditure from the revenues of India; and, as a matter of fact, most important measures are sometimes resolved on, and orders issued, by the Secretary of State, without the knowledge of his Council. The Council of the Governor General, on the other hand, has large powers and heavy responsibilities imposed upon it by law. The consent of a majority of the Council is required to every measure of any importance (legally, I believe, to every measure) that is adopted by the Governor General, except in those cases of rare occurrence, such as the present case, wherein the Governor General exercises the power vested in him by law, of overruling the decision of a majority of the Council; and in such cases the dissentient members legally are empowered, and morally, as I regard the matter, are bound to record the reasons of their dissent for the information of the Secretary of State, and eventually of Parliament and of the

( 9 )

public, should the papers be called for and published. This feature in the constitution of the Council of the Governor General appears to me to render it incumbent upon the members of that body to express their views with the utmost clearness and precision, when measures have been or are about to be carried out, which they deem to be detrimental to the interests of this country; and, in my humble opinion, it will be an evil day for India when the members of this Council fail to discharge the duty thus appertaining to them.

ALEX. J. ARBUTHNOT.

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MINUTE by Colonel the Honourable SIR ANDREW CLARKE, R.E., K.C.M.G., C.B.

I HAVE been unable to recognize any justification for a departure from the policy on which the Tariff Act of August 1875 was based, and to which I was a party, and therefore I concur in the above Minute by Sir Alexander Arbuthnot.

A. CLARKE.

15th March 1879.

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India Office,  
May 1879.

} EDWARD STANHOPE,  
Under-Secretary of State.

---

EAST INDIA (DUTIES ON COTTON  
GOODS).

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COPY of DISSENTS recorded by the MEMBERS  
of the COUNCIL of the GOVERNOR GENERAL OF  
INDIA regarding the late reduction of the COT-  
TON DUTIES in that Country.

*(Sir George Campbell.)*

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*Ordered, by The House of Commons, to be Printed,  
15 May 1879.*

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188.

*Under 1 oz.*

26

EAST INDIA (TARIFF).

RETURN to an Address of the Honourable The House of Commons,  
dated 23 June 1879;—for,

“FURTHER PAPERS relating to the IMPORT DUTIES upon COTTON GOODS  
and to other ARTICLES in the TARIFF of INDIA (in continuation of the  
Parliamentary Papers of Session 1876).”

India Office, }  
23 June 1879. }

EDWARD STANHOPE,  
Under Secretary of State.

(*Mr. Edward Stanhope.*)

Ordered, by The House of Commons, to be Printed,  
24 June 1879.

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FURTHER PAPERS relating to the IMPORT DUTIES upon COTTON GOODS, and to other ARTICLES in the TARIFF of INDIA (in continuation of the Parliamentary Papers of Session 1876).

— No. 1. —

EXTRACT from Sir John Strachey's Financial Statement of 15th March 1877, pages 40 and 41.

COTTON DUTIES.

"My Lord, I have reserved to the end of my statement the remarks which I wish to make regarding the Customs duties on cotton goods. I do not now wish to re-open the discussion which was finally closed last year by the Secretary of State. It was then decided by Her Majesty's Government that 'the interests of India imperatively require the timely removal of a tax which is at once wrong in principle, injurious in its practical effect, and self-destructive in its operation.' The Secretary of State, while leaving to the judgment of the Government of India the mode in which the policy thus laid down should be carried out, declared his opinion that measures for the abolition of these duties should have priority over every other form of fiscal relief to the Indian taxpayers. Financial embarrassments arising from the depreciation of silver prevented any practical steps being taken last year in this direction. It was thought unwise to give up any revenue at such a time, and the Secretary of State concurred in this decision. It is with great regret that I have to announce that, for reasons similar to those which prevailed a year ago, it has been decided that nothing can be done at the present moment towards the abolition of these duties; the financial difficulties caused by the famine are so serious that we cannot sacrifice any source of income.

"I regret this, not only because we are thus unable to carry out the orders of Her Majesty's Government, to which this Government owes a loyal and unhesitating obedience, but I regret it, personally, because, as the Council are aware, I am no recent convert to the policy which has been laid down, but have been, for many years past, one of those who have advocated the abolition of these duties at the earliest possible opportunity.

"I altogether disbelieve that there is, in this matter, any conflict between Indian and English interests; I am satisfied that these interests are identical, and that they alike require the abolition of this tax. I will not speculate on what ought to have been done if the case had been different, but there is one thing which I wish to take this opportunity of saying: we are often told that it is the duty of the Government of India to think of Indian interests alone, and that if the interests of Manchester suffer, it is no affair of ours. For my part, I utterly repudiate such doctrines; I have not ceased to be an Englishman because I have passed the greater part of my life in India, and have become a member of the Indian Government. The interests of Manchester, at which foolish people sneer, are the interests not only of the great and intelligent population engaged directly in the trade in cotton, but of millions of Englishmen. I am not ashamed to say that, while I hope that I feel as strongly as any man the duties which I owe to India, there is no higher duty in my estimation than that which I owe to my own country. I believe that our countrymen at home have a real and very serious grievance, and that it is no imaginary injury against which they complain: I know that your Excellency has resolved that the Government of India shall not shirk this business, and there need be no fear that it will be regarded in any half-hearted spirit. Your Excellency took the earliest opportunity which could be found, after you had assumed the office of Viceroy, to declare publicly your views upon this subject, and if I say no

more regarding it now, it is mainly because I feel sure that your Excellency will not lose the present opportunity of publicly declaring those views again. For myself personally, if I had not confidently expected to take part in this great reform, I doubt whether anything would have induced me to accept my present office, and I trust that I may still have a share in the performance of a task which I look upon as one of the most important which this Government has before it.

"It is important, in my opinion, not only on its own account, but for the results which may follow hereafter. The net Sea Customs Revenue proper of India amounted in 1875-76 to 2,475,530 *l.*, of which the duties on cotton goods yielded 850,000 *l.* When the cotton duties are removed, there will remain export duties on rice, indigo, and lac, yielding together 620,000 *l.*, and import duties on a multitude of articles yielding 930,000 *l.* Excluding the duties on cotton goods, the export and import duties together give 1,550,000 *l.*; many of these duties are so objectionable that it is impossible that they can last, and can it be supposed that we should long continue to maintain huge establishments for the purpose of levying the small remnant of revenue that might survive? The truth is that cotton goods are the sole article of foreign production which the people of India largely consume, and there is no possibility of deriving a large Customs revenue from anything else. I do not know how long a period may elapse before such a consummation is reached, but, whether we see it or not, the time is not hopelessly distant when the ports of India will be thrown open freely to the commerce of the world."

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— No. 2. —

EXTRACT LETTER from the Government of India, dated 16th March 1877—  
Financial, No. 83.

\* \* \* \* \*

Para. 6. We forward herewith Minutes by our honourable colleagues, Sir Henry Norman, Sir Arthur Hobhouse, and Sir Edward Bayley, dissenting from some portions of Sir John Strachey's statement.

We have, &c.  
(signed) *Lytton.*  
" *A. Hobhouse.*  
" *E. C. Bayley.*  
" *A. J. Arbuthnot.*  
" *A. Clarke.*  
" *J. Strachey.*  
" *E. B. Johnson.*

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— No. 3. —

Government of India.—Financial Department.

(Enclosure to Despatch No. 83 of 1877.)

MINUTE by the Honourable Sir *Arthur Hobhouse*, K.C.S.I., and the Honourable Sir *E. C. Bayley*, K.C.S.I., dated 16th March 1877.

WE beg to express our dissent from the policy adopted by the Governor General in Council with respect to the abolition of Sea Customs Revenue; so far as regards the importation of cotton goods, that policy was discussed in Council when we constituted the minority; it has now been announced by our colleague, Sir John Strachey, and he has stated his regret that, owing to the serious deficit in our Treasury, we are "unable to carry out the orders of Her Majesty's Government, to which this Government owes a loyal and unhesitating obedience."

Our

Our reasons for dissenting from the announcement made with respect to cotton goods are, as follows :—

1. Because we do not understand it to be the intention of the Secretary of State in Council to debar the Governor General in Council for the time being from a comprehensive consideration of the present aspect of any subject-matter upon which they have to pass laws.
2. Because we understand the Secretary of State in Council, so far as he has given orders on the subject, to have laid down that the repeal of the duties on cotton goods is out of the question until a surplus income has been gained.
3. Because there appears to be no chance of a surplus income for at least two years to come, and the period of deficit may be much further prolonged.
4. Because we think it essential that the Government of the day should not be embarrassed by unnecessary promises and pledges in considering the question, which taxes it is most desirable to reduce or repeal at any given time.
5. Because we think that, whenever the possession of a surplus enables it to reduce duties at all, the Government should carefully consider whether it is not desirable to operate upon other duties, *e.g.*, the salt duties, the sugar duties, or the export duties, in priority to the import duties ; in our judgment, each of these three items of revenue requires alteration far more urgently than do the duties on cotton goods.
6. Because, independently of pure financial questions, we think it impolitic to disregard the fact, that the repeal of duties on cotton goods in India, in preference to other injurious taxes, is viewed with great suspicion and dislike by a large portion of the educated natives of this country, and is likely to cause much irritation among them.
7. Because the announcement now made is calculated to withdraw from the Government of the future the free and unembarrassed discussion of the considerations above indicated, to say nothing of others which may then present themselves.

(signed) *Arthur Hobhouse.*  
 „ *E. C. Bayley.*

MINUTE by Major General the Honourable Sir. *H. W. Norman*, K.C.B.,  
 dated 16th March 1877.

I CONCUR in the Minute of Sir Arthur Hobhouse and Sir E. C. Bayley, and I deem it necessary to record my opinion in the shape of a Minute, as my resignation of my seat in Council will prevent me from being present at the discussion in Council on Wednesday next.

(signed) *H. W. Norman.*

— No. 4. —

(Statistics and Commerce, No. 81.)

To His Excellency the Right Honourable the Governor General of  
 India in Council.

My Lord, India Office, London, 7 June 1877.

Para. 1. I SHALL be glad to receive, when the Customs accounts for the year 1876-77 are completed, a return, showing, in as great detail as can be given, the amount of revenue received under each article (not merely each group of articles) specified in the tariff.

2. An examination of the monthly statements of the trade of British India from November 1875 to October 1876; that is,

Grain and pulse	- - - -	Rs. 1
Machinery	- - - -	2
Rope seed	- - - -	2
Fish maws	- - - -	2
Printing materials	- - - -	3
Hog's lard	- - - -	3
Fresh vegetables	- - - -	6
Shark fins	- - - -	7
Saltpetre	- - - -	9
Hemp bags	- - - -	11
Parts of ships	- - - -	11
Feathers	- - - -	15
Poppy seeds	- - - -	16



Ornamental woods	- - -	- Rs. 31
Linseed	- - -	32
Jute, rope, and twine	- - -	35
Safflower	- - -	39
Cardamoms	- - -	39
Opium	- - -	49
Raw wool	- - -	51
Ginger	- - -	64
Lac, "other" kinds	- - -	91
Wood manufactures	- - -	92
Borax	- - -	93
Mustard seed	- - -	138
Building materials	- - -	152
Cinnamon	- - -	169
Raw coir	- - -	184
Penalty duties	- - -	187
Jute cloth and other manufactures	- - -	243
Cassia	- - -	243
Hemp cloth	- - -	246
Duties collected at Cambay	- - -	248
Aloes	- - -	260
Galangal	- - -	263
Essential seeds	- - -	333
Quince seed	- - -	414
Myrabolams	- - -	508
Animal oils	- - -	533
Indigo	- - -	637
Flour	- - -	768
Cotton canvas	- - -	781
Pasteboard and millboard	- - -	801
Liquors, "other"	- - -	1,251
Military uniforms, &c.	- - -	1,358
Essential oils	- - -	1,555
Shot and shell of lead	- - -	1,600
Sajera seed	- - -	1,799
Rosin	- - -	2,179
Raw caoutchouc	- - -	2,249
Baggage of passengers	- - -	2,464
Brimstone	- - -	2,629
Ivory manufactures	- - -	2,669
Assafetida	- - -	2,888
Tobacco unmanufactured	- - -	2,913
Telegraph materials	- - -	2,919
Seeds, "other" kinds	- - -	3,032
Hides tanned	- - -	3,440
Nutmegs	- - -	3,657
Leather unmanufactured	- - -	3,840
Butter	- - -	3,846
Teel seed	- - -	3,924
Saffron	- - -	3,906
Coir manufactures	- - -	4,122
Cotton manufactures, "other" sorts	- - -	4,390
Plate	- - -	4,418
Madder	- - -	4,612
Wall paper	- - -	4,968

for 12 months after the Tariff Act of 1875 came into operation, shows the receipts from the duty on the importation of a large number of articles to have been those given in the margin. In drawing the attention of your Excellency to this return, I feel it necessary to say that I have observed, with some surprise, the long list of articles still retained on the Indian tariff, the duties derived from which are actually not worth collecting. There are, doubtless, special reasons for the maintenance of the duty on opium; and with regard to a few of the minor articles which have been already removed from the tariff, I presume that the amount received is in payment of duty incurred before the Tariff Act came into force. Without, however, entering into these considerations, and speaking generally, there appears to be no possible room for doubt as to the inexpediency of retaining on the Import Tariff the few articles which individually yield less than 10 rupees, or the 14 articles yielding each less than 100 rupees, or the 17 articles yielding less than 1,000 rupees, and some question may arise even as to the 25 articles none of which give so much as 5,000 rupees. There is also an unspecified number of "other" unmanufactured articles, together bringing in a receipt of 452 rupees. The whole amount at stake in excluding these 65 or 70 articles would be 84,592 rupees, or less than 8,500*l*.

3. I consequently request that this subject may receive your Excellency's attention, and that at a convenient time the propriety of excluding from the tariff items that will not be productive of revenue may be considered.

I have, &c.  
(signed) *Salisbury.*

— No. 5. —

(Statistics and Commerce, No. 136.)

To His Excellency the Right Honourable the Governor General of India in Council.

My Lord,

India Office, London, 30 August 1877.

Para. 1. I TRANSMIT herewith a Resolution which was adopted by the House of Commons on the 11th July last without a division, to the following effect:—  
"That, in the opinion of this House, the duties now levied upon cotton manufactures imported into India, being protective in their nature, are contrary to sound commercial policy, and ought to be repealed without delay, so soon as the financial condition of India will permit."

2. Your Excellency will perceive that this expression of opinion on the part of the House of Commons is in entire conformity with the tenor of my Despatch of the 31st May 1876, No. 9 (Separate Revenue), upon this question, as well as with the views of your Government, as reported in the speeches of your Lordship and Sir John Strachey in the proceedings of your Legislative Council at Calcutta, on the occasion of the Budget statement in March last.

3. It is a subject of much satisfaction to me that both your Excellency and the Financial Member of your Council, after a careful review of the fiscal system of India, have been able to concur with me so unreservedly in the opinion that the early reduction of the duties on cotton manufactures, with a view to their ultimate repeal, is a measure of great importance, both on economical and political grounds; and I do not doubt that the resolution of the

the House of Commons, which I now convey to you, will strengthen your desire to give the earliest practicable effect to a reform which has already commended itself to your deliberate approval.

4. In your Financial Letter of the 16th March last, No. 83, you enclose Minutes by your colleagues, Sir Henry Norman, Sir Arthur Hobhouse, and Sir Edward Bayley, dissenting from the policy adopted by your Excellency in Council with reference to the abolition of Sea Customs Revenue, and stating their reasons for objecting to the announcement made by Sir John Strachey with respect to cotton goods.

5. I observe nothing in these dissents which I have not already discussed and dealt with by anticipation in my Despatch of the 31st May 1876; I do not therefore think it necessary to refer to them further on the present occasion, especially as two of the dissentients, the Legal and Military Members of Council, have since left your Government.

6. I will only remark that the experience of the last 12 months has tended to confirm the opinions which I expressed last year in some important respects.

7. In paragraph 30 of that Despatch, I referred to the increasing number of mills and spindles at work in India. In the report of Mr. O'Connor, enclosed in your letter of the 11th of June last, No. 11 (Statistics), it is stated that five more mills were about to begin work, and that it was estimated that by the end of March 1877 there would be 1,231,284 spindles employed in India.

8. In paragraph 31, I called attention to the inconvenience and administrative difficulty which would arise from the importation into Calcutta and other Indian ports, of Bombay cotton goods, free of duty, side by side with the taxed imports of similar goods of British production.

9. The following figures will show that this interportal trade has already attained considerable dimensions, a fact of some significance also as showing the increased competition of Indian with British-made cotton manufactures.

Exports from Bombay of Indian-made cotton goods in 1875-76 to,—

	Quantity.	Value.
<b>Bengal:</b>		<i>Rs.</i>
Twist and yarn - - - - <i>Lbs.</i>	372,400	1,64,180
Piece goods - - - - <i>Yds.</i>	1,161,575	1,66,701
<b>Madras:</b>		
Twist and yarn - - - - <i>Lbs.</i>	4,667,209	21,44,983
Piece goods - - - - <i>Yds.</i>	1,090,202	2,86,740
<b>Other Indian Ports:</b>		
Twist and yarn - - - - <i>Lbs.</i>	502,533	2,30,443
Piece goods - - - - <i>Yds.</i>	10,420,114	18,26,899
<b>Total:</b>		
Twist and yarn - - - - <i>Lbs.</i>	5,542,142	25,99,606
Piece goods - - - - <i>Yds.</i>	12,671,891	17,80,840

10. I can only, in conclusion, express my hope that the financial prospects of your Government in the approaching year may not preclude the possibility of commencing the reform of this branch of the Indian tariff, but if, as now seems too probable, it shall unfortunately be such as to render you unable to incur the risk of any material loss of revenue from remission of duties, there are still two measures in connexion with this reform which should not, in my opinion, be delayed beyond the present year. I mean the repeal of the duty of 5 per cent. on foreign raw cotton imported into India, and the exemption from import duty of the lower qualities of cotton manufactures, upon which the present tax is incontestably protective, not only in principle but in fact, and the value of which for revenue purposes is wholly insignificant.

I have, &c.  
(signed) *Salisbury.*

Enclosure of Statistics and Commerce Despatch, No. 136,  
dated 30 August 1877.

COPY of a RESOLUTION adopted by the House of Commons on 11th July 1877, without a Division :—

“That, in the opinion of this House, the duties now levied upon cotton manufactures imported into India, being protective in their nature, are contrary to sound commercial policy, and ought to be repealed without delay, so soon as the financial condition of India will permit.”

— No. 6. —

Department of Revenue, Agriculture and Commerce.

NOTIFICATIONS.—SEA CUSTOMS.

(No. 43.)

Calcutta, 18th March 1878.

In exercise of the powers conferred by Section 6 of the Indian Tariff Act, 1875, the Governor General in Council is pleased to exempt the goods hereinafter named from all import duties to which they are liable under the numbers of Schedule A. of the said Act entered in column one of the following list :—

Number in Schedule A.	NAMES OF ARTICLES.	Number in Schedule A.	NAMES OF ARTICLES.
3	Brushes, all sorts.	21	Flax and articles made of Flax.
4	Building and Engineering materials.	22	Fruits and Vegetables.
5	Cabinet-ware and Furniture.	26	Hemp and articles made of Hemp.
6	Candles.	27	Hides and Skins.
7	Canes, Ratans, Articles made of Cane or Ratan, and Basket Work.	28	Instruments and Apparatus, except musical.
8	Carriages and component parts thereof.	31	Leather and articles made of Leather, including Boots, Shoes, Harness, and Saddlery.
9	Chemical Products and Preparations.	34	Mats.
12	Coir and articles made of Coir.	36	Military and other Uniforms and Accoutrements.
14	Cordage and Rope made of any Vegetable Fibre.	37	Naval Stores.
16	Cotton, raw.	38	Oils.
	Cotton, Grey Piece-goods, viz. :—	39	Oil and Floor Cloth.
	T Cloths under 18 reed, Jeans, Domestic, Sheetings, and Drills, shown to the satisfaction of the Customs Collector, whose decision shall be final, to be of the dimensions, weights, counts, and qualities now generally known under those descriptions, and to contain no yarn of a higher number than 30s.	42	Paper, viz. :— Wall Paper.
	Cotton Twist :	44	Piece goods made of Jute.
	- Mule, No. 22, and lower numbers.	45	Pipes and other implements used in the consumption of Tobacco.
	Water, No. 20, and lower numbers.	46	Pitch, Tar, and Dammer.
		48	Railway Materials.
		50	Seeds.
		53	Soap.
		59	Toilet Requisites.

This notification shall take effect on and after the 20th March 1878.

## — No. 7. —

EXTRACT from Government of India, Financial Statement, 18th March 1878, paras. 46 to 64.

46. THE second of the measures of fiscal reform before mentioned, the improvement of the Customs Tariff, next calls for notice.

47. Her Majesty's Secretary of State has called the attention of the Government of India to the Customs Tariff generally, and to the duties levied on cotton goods in particular, in several Despatches received during the past year.

First, in a Despatch, No. 81, dated 7th June 1877,\* his Lordship pointed out that there were numerous articles in the Tariff on which the duty levied was quite insignificant, and he requested that at a convenient time the propriety of excluding from the Tariff items that will not be productive of revenue might be considered.

\* See page 5.

Next, a Despatch, No. 124, dated 23rd August 1877, forwarded a copy of a memorial from the Council of the East India Association, and a reply thereto by Mr. Raynsford Jackson on behalf of the associated committees of employers and workmen in the cotton manufacturing districts, respecting the abolition of the duties on the importation of cotton goods and yarns into India. Lord Salisbury observed with reference to these papers :—

“Your Excellency is well aware of the great importance attached by Her Majesty's Government to the gradual reduction of these duties at the earliest period that is not inconsistent with the financial requirements of your administration.”

Finally, the Secretary of State transmitted with his Despatch, No. 136, dated the 30th August 1877,† a Resolution which was adopted by the House of Commons on the 11th July 1877 without a division, in the following terms :—

† See page 6.

“That, in the opinion of this House, the duties now levied upon cotton manufactures imported into India, being protective in their nature, are contrary to sound commercial policy, and ought to be repealed without delay so soon as the financial condition of India will permit.”

His Lordship expressed his concurrence with the views of this Government as reported in the speeches of his Excellency the Viceroy and of Sir John Strachey, in the Proceedings of the Legislative Council, on the occasion of the Budget Statement in March last.

The Despatch concluded in the following words :—

“I can only, in conclusion, express my hope that the financial prospects of your Government in the approaching year may not preclude the possibility of commencing the reform of this branch of the Indian tariff; but if, as now seems too probable, it shall unfortunately be such as to render you unable to incur the risk of any material loss of revenue from remission of duties, there are still two measures in connection with this reform which should not, in my opinion, be delayed beyond the present year. I mean the repeal of the duty of 5 per cent. on foreign raw cotton imported into India, and the exemption from import duty of the lower qualities of cotton manufactures, upon which the present tax is incontestably protective, not only in principle but in fact, and the value of which for revenue purposes is wholly insignificant.”

48. The questions thus brought before the Government of India by Her Majesty's Secretary of State have received careful consideration. It is evident that, in the present state of the finances of India, any large measure of reduction of the Customs Duties would be not only impossible, but would not be in accordance with the views of the House of Commons or of Her Majesty's Secretary of State. The Government of India is, however, of opinion that there is no reason for delaying compliance with the instructions of the Secretary of State, that something should be done towards removing from the Tariff the coarser qualities of cotton goods which are subject to competition from the Indian mills and looms and some other articles which are productive of but a small amount of revenue.

49. Although as just stated it is not at present possible to sacrifice any important part of our existing revenue, for the purpose of reforming the commercial taxation of India, the Government deems it right to place on record the

principles on which its action is at the present time guided, and by which it desires to be guided in the future.

50. It is not necessary now to discuss the advantages to a country of free trade and the disadvantages of protective duties. It is sufficient to say that these have been admitted for many years by the Statesmen who, of whatever party, have guided the policy of the United Kingdom. In pursuance of the principles thus accepted, the tariff of the United Kingdom, which, less than thirty years ago, subjected to duty more than one thousand different articles, has been brought down by various stages to some half dozen, of which the only important ones are wines and spirits, tea, and tobacco. At the same time all export duties have been abolished.

51. The principles on which the Customs legislation of the United Kingdom has been based are now admitted axioms by all who recognise the theoretic advantages of free trade. They must be regarded as a part of the national policy which Great Britain has finally adopted, and which the Secretary of State for India, with the deliberate approval of the House of Commons, has required the Government of India in this country to carry out.

These principles are, as regards imports:—

(1.) That no duty should exist which affords protection to native industry, and, as a corollary, that no duty should be applied to any article which can be produced at home, without an equivalent duty of excise on the home production; also, that no duty should be levied except for purely fiscal purposes;

(2.) That, as far as possible, the raw materials of industry and articles contributing to production should be exempt from Customs taxation;

(3.) That duties should be applied only to articles which yield a revenue of sufficient importance to justify the interference with trade involved by the machinery of collection.

As regards exports;—that duties should be levied on those commodities only in which the exporting country has practically a monopoly of production.

52. These principles are of general application, but in the case of India, they possess a peculiar significance. India is a country of unbounded material resources, but her people are a poor people. Its characteristics are great power of production, but almost total absence of accumulated capital. On this account alone the prosperity of the country essentially depends on its being able to secure a large and favourable outlet for its surplus produce. But there is a special feature in the economic conditions of India which renders this a matter of yet more pressing, and even of vital importance,—this is the fact that her connection with England and the financial results of that connection, compel her to send to Europe every year about 20 millions sterling worth of her products without receiving in return any direct commercial equivalent. It is this excess of exports over imports which, in the language of the economists, is described as tribute. It is, really, the return for the foreign capital, in its broadest sense, which is invested in India, including under capital not only money, but all advantages which have to be paid for, such as the intelligence, strength, and energy, on which good administration and commercial prosperity depend. From these causes the trade of India is in an abnormal position, preventing her receiving, in the shape of imported merchandise and treasure, the full commercial benefit which otherwise would spring from her vast material resources.

53. The comparatively undeveloped condition of the trade of India may be illustrated by the following figures. The value of the imports and exports taken together per head of the population is in the United Kingdom about 20*l.* In British India it is about 10*s.* The Customs revenue on the few articles now retained in the Import Tariff of the United Kingdom is about 12*s.* per head, while that of India, on all the articles of its lengthy tariff, is about 3*d.*, showing that small as is the proportion of the foreign trade of India to that of England, the proportion of Customs revenue derived from it is smaller still.

54. Here

54. Here then is a country which, both from its poverty, the primitive and monotonous condition of its industrial life, and the peculiar character of its political condition, seems to require from its Government, before all things, the most economical treatment of its resources, and, therefore, the greatest possible freedom in its foreign exchanges.

Under these circumstances, what are the conditions of production and consumption in India? How far is it possible to construct a tariff of import and export duties, which will comply with the accepted canons of taxation? And how far does the existing tariff conform to those canons?

55. In answering these questions, it will be found that India, by the extent and favourable conditions of its territory, is capable of producing almost every article required for the use of man. If, therefore, the Import Customs Tariff be maintained, it will involve the evils of protection, unless an excise duty to countervail the Customs duty be imposed upon almost every item which the tariff now includes. Now, as excise duties are generally costly, vexatious, and inconvenient forms of taxation, and would be in most cases impracticable in India, this of itself is a reason against the permanent retention of the existing Customs tariff, and one which interposes a very serious difficulty in the way of constructing one that shall be free from objection. Since almost every article that is now on the tariff, or that could be named, is either produced or is capable of being produced in India, it follows that import duties must in every case be actually or potentially protective, while, with the exception of liquors and salt, none of them are subject to an excise.

Again, the people of India are too poor to consume many luxuries. The import trade merely consists of what may be considered either the materials of industry or the necessaries of life. It will accordingly be found that nearly all the heads of Customs revenue which are of any importance are derived from one or other of these descriptions of commodities, and that the revenue derived from other articles is so insignificant as neither to justify the machinery of collection nor the interference with the trade.

56. The total amount of import duties was, in 1876-77, 4,170,947 *l.*, or, deducting erroneous collections, refunds, and drawbacks on re-exportation, 4,098,296 *l.*; of this latter sum there was realised:—

From Salt	- - - - -	£.	2,491,010
From Liquors	- - - - -		331,761
TOTAL	- - - - -	£.	2,822,771

On these articles there is an internal excise duty countervailing the Customs duty.

Deducting the duty on these two articles, there remains 1,275,525 *l.* Deducting again from this the revenue realised from cotton goods, or 811,340 *l.*, there remains 464,185 *l.*, which is thus distributed:—

	£.	£.
Copper	65,624	112,740
Iron	17,096	
Other metals	30,020	
Silk, raw and manufactured	- - - - -	43,727
Woollen manufactures	- - - - -	38,068
Provisions	- - - - -	32,901
Apparel	- - - - -	25,658
Hardware and cutlery	- - - - -	21,049
Spices	- - - - -	18,724
Sugar	- - - - -	13,886
Glass	- - - - -	13,244
Railway materials	- - - - -	11,335
Articles, each group of which gave less than 10,000 <i>l.</i>	- - - - -	132,853
TOTAL	- - - - -	£. 464,185

Many of the numerous articles in the last class yield each an insignificant revenue, and nearly the whole are, or can be, produced in India. The duties on them are thus indefensible in principle, and cannot consistently be maintained longer than financial exigencies require their retention.

57. To revert to the cotton duties, regarding which the Resolution of the House of Commons has declared that, being contrary to sound commercial principles, they ought to be abolished, the Government of India has been at some pains to ascertain how much of them as are now actually protective can be defined. The real test is the quality or fineness of the yarn of which the goods consist. At present the Indian manufacture is confined to the coarser yarns and goods made of such yarns, and it is evident that the 5 per cent. import duty does protect such yarns and goods against competition from without. It is difficult to determine exactly how far it is effective. The coarser Indian yarns and piece goods may, by their comparative cheapness, displace, as indeed it is asserted that they have displaced, finer imported goods in the Indian market. So far as this happens, the duties are destructive of the Customs revenue. However this may be, it is generally admitted, and the Customs returns, so far as they supply information, show, that there are certain descriptions of goods regarding which it can safely be asserted that they are of the kinds with which the Indian manufactures can compete successfully. These are unbleached T-cloths under 18 reed, jeans, domestics, sheetings, and drills. The duty paid by these descriptions of piece goods in 1876-77 was only 22,227 *l.*, of which probably some portion was given back in the shape of drawbacks and refunds, as there is a considerable re-export of grey piece goods from India. The total value of such goods re-exported in 1876-77 was 302,234 *l.* They are taken chiefly to Persia, Arabia, and the east coast of Africa. The total refunds and drawbacks in 1867-68 amounted to 12,563 *l.* It is not known how much of this was on account of the coarser goods specified above.

58. The Government of India has determined to commence by exempting these descriptions with the further condition that the goods so exempted shall not contain finer yarn than what is known as 30s, that is, yarn of which 30 hanks of 840 yards each weigh one pound. The loss of duty, calculated on the figures of 1876-77, cannot exceed 22,227 *l.*, and, for the reasons above stated, will probably be less. For yarns themselves, the limit selected for exemption is for mule twist, 32s, and for water twist, 20s. The former yielded in 1876-77, 3,400 *l.*, and the latter 39 *l.*, minus any refunds and drawbacks that may have been granted. The duty on long-stapled raw cotton yielded 15 *l.*, and it is quite unnecessary to maintain this duty. The maximum remission of duty proposed under these heads, calculated on the figures of 1876-77, amounts to 25,681 *l.*

59. It has been urged in some quarters that, instead of taking the duties off imported cotton goods or so long as they are retained, it would be right to excise the Indian manufactures. Regarding this proposal, it may be said, first, that it would be impossible to excise the product of all the hand-looms and spinning apparatus in India, and that to confine the excise duty to the large mills and looms worked by European machinery would be not only an unjust and incomplete measure, but would place an obstruction on a most legitimate and desirable development of the industry of India; secondly, that it would be impossible to tax the manufactures produced in India in Native States outside of British territory without maintaining the present Inland Customs lines, which the Government of India are strenuously endeavouring to abolish, and without establishing many more similar lines; and thirdly, that the imposition of an excise duty is inconsistent with the declared future policy of the Government of India, and of Her Majesty's Government, namely, eventually to abolish all import duties on cotton manufactures. The Government of India has, therefore, no hesitation in rejecting the proposal in question. Orders giving effect to the decisions will be found in the Notification\* issued with this Resolution.

page 8.

60. Another class of articles is also clearly marked out for exemption. These are materials for railways. Under any circumstances, it must be a short-sighted fiscal policy to add artificially to the cost of railways, on which the development of the wealth of India is so greatly dependent; but when it is considered that, under the guarantee system, the Government of India has to pay 5 per cent. on the Customs duties which it imposes on railway plant not

not imported by itself, the inexpediency and inconsistency of retaining these duties is beyond question. Locomotives and other machinery for railways, as well as wooden sleepers, have already been freed from duty. On the rest 11,335 *l.* net duty was realised in 1876-77, and the Government of India has determined to free this head of the tariff from duty.

61. It has also decided to relieve the tariff of 26 other major heads, comprising a larger number of sub-heads and innumerable articles, the details of which will be found in the Notification published with this Resolution. The whole of these Tariff heads produced in 1876-77, 39,610 *l.* The most important is the head "Fruits and Vegetables," being chiefly coconuts, dates, and the like; articles of food of the poorer classes. These yielded a revenue of 6,126 *l.*

62. With respect to the export Tariff, the only duties now remaining are those on rice, indigo, and shell and button lac. Although India cannot be said to possess a complete monopoly of these articles, still this condition is nearly enough complied with to justify their present retention on the Tariff. As soon as the finances will permit of it, the question of the retention of these duties may be reconsidered. They yielded in 1876-77 the following amounts:—

	£.
Rice - - - - -	529,739
Indigo - - - - -	41,132
Lac of all sorts - - - - -	33,952

63. There will now remain out of the 62 Tariff numbers of Schedule A. of the Indian Tariff Act, 1875, only 35 numbers, and this important reduction, including the remissions of duties on the cotton goods and minor articles, is effected with a loss of about 77,000 *l.*

64. Thus, these measures, designed to be the first steps towards giving effect to the policy that has been enjoined on the Government of India by Parliament and the Secretary of State, strictly comply with the conditions under which that policy was to be carried out. The estimate of the Customs revenue of 1878-79 is, after allowing for all the proposed remissions, taken at 2,480,000 *l.* or 150,000 *l.* less than the regular estimate of 1877-78. This decrease is less than what will be given up by the relief of sugar from Inland Customs duty, so that the sea Customs duty remitted has no part in this decrease. The amount of sea Customs duties in the coming year is smaller than in the earlier years of the series given below, by reason of the reductions made in the Tariff in the year 1875 by the Government of Lord Northbrook:—

	£.
1872-73, Actuals - - - - -	2,654,000
1873-74 " - - - - -	2,628,000
1874-75 " - - - - -	2,678,000
1875-76 " - - - - -	2,723,000
1876-77 " - - - - -	2,483,000
1877-78, Regular Estimate - - - - -	2,630,000
1878-79, Budget " - - - - -	2,480,000

The Government of India, in pursuing for the future the policy that has guided it in making these remissions, will always give full consideration to the general financial position of the country, and will recognise the obligation laid upon it not to attempt to hasten this important fiscal reform by additional taxation. It confidently expects that the normal growth of the revenues will place at its disposal the necessary means.



## PAPERS RELATING TO

— No. 8. —

(Statistics and Commerce, No. 72.)

To His Excellency the Right Honourable the Governor General of India in Council.

My Lord,

India Office, London, 18 April 1878.

I TRANSMIT, for the consideration of your Excellency, a copy of a letter\* (with its enclosures) received from the Manchester Chamber of Commerce, referring to the alterations announced by telegraph in the Tariff duties chargeable on imports into India, and urging that in addition to the goods specified by your Government as those to be admitted free, shirtings and longcloths made from the same yarns as T-cloths, jeans, domestics, sheetings, and drills, and differing from some of these articles only in width, length, and name, should also be exempted from duty.

2. I request that I may be furnished with the views of your Excellency in Council on this question at your early convenience.

I have, &amp;c.

(signed) *Gathorne Hardy.*

— No. 9. —

COPY of LETTER from Chamber of Commerce, Manchester, dated 27 March 1878.

Sir,

I HAVE the honour to acknowledge receipt of your letter of yesterday, in which the Chamber is informed that Lord Salisbury is not in possession of information more specific as to the particular goods and yarns which in future are to be admitted into India duty free, than that contained in the telegrams which have appeared in the public press.

I am to state that the Chamber has been informed by telegraph, from Calcutta, that it is the intention of the Government of India to limit the exemption from duty strictly to goods and yarns named in the published reports. The directors are of opinion that such a limitation will fail to secure the obvious intention of the Government, and I have been directed to forward to Lord Salisbury the annexed copy of a resolution, passed unanimously at a meeting of the Board held this morning.

The views contained in the resolution have been arrived at after careful consideration, and they are respectfully and earnestly commended to the attention of his Lordship, the limitation as it now stands having greatly perplexed both manufacturers and merchants in their operations.

I am further instructed to say, that if it be the desire of Lord Salisbury to have practical evidence in support of the position taken by the directors in the resolution, a small deputation from their number will be happy to wait upon him with that object at any time he may appoint.

I have, &amp;c.

(signed) *Thos. Browning, Secretary.*

COPY of RESOLUTION passed at a Meeting of the Board of Directors of the Manchester Chamber of Commerce, held Wednesday, 27th March 1878.

THE Directors of the Manchester Chamber of Commerce regard the action of the Government of India in exempting coarse yarns and goods from import duty as a first step towards the complete abolition of the duties, which they hope soon to see accomplished.

As the Government of India has elected to proceed towards the contemplated end by partial exemption, rather than by affording general relief, with the avowed object of removing the protective incidence of the duties on the particular goods and yarns which the Indian mills, by reason of their natural advantages are suited to produce, it is obvious that the list of free goods requires to be materially added to.

The

The exemption is extended, in the first place, to goods containing no yarns finer than 30s, such as can be economically spun by the Indian mills from Indian-grown cotton, but then a limitation is added, and the only goods which are to be admitted free are "T-cloths under 18-reed, jeans, domestics, sheetings, and drills."

Shirtings and longcloths, for instance, although they may be made from 30s and coarse yarns, such as are spun in India, precisely the same in texture as T-cloths, and differing therefrom in width, length, and name only, remain subject to the impost.

In the case of yarns, the objection to the fixed limits of the free list is even stronger; they are 20s water and 30s mule, whilst, as is well known, a great portion of yarn shipped to India up to 24s water and 40s mule, both inclusive, is spun from cotton grown in India.

In view of the foregoing, it is resolved to urge upon Her Majesty's Chief Secretary of State for India the desirableness of simplifying those provisions of the new Indian Budget that affect manufactured cottons by exempting from duty all goods made from yarns not finer than 30s, and all yarns up to 26s water and 42s mule.

A correct copy from the Minutes.

(signed) *Thos. Browning*, Secretary.

— No. 10. —

APPOINTMENT OF A COMMISSION TO INQUIRE INTO CERTAIN QUESTIONS  
AFFECTING THE CUSTOMS TARIFF, AND THEIR REPORT.

From the Secretary to the Government of India, Department Revenue Agriculture and Commerce, to the Honourable *T. C. Hope*, c.s.i., and *J. D. Maclean*, Esq. (No. 29); dated Calcutta, 7th February 1879.

I AM directed to inform you that the Governor General in Council has been pleased to appoint you to consider and to submit a joint report on certain matters connected with the operation of the Indian Tariff Act, 1875. These matters are stated in the following paragraphs, and I am to request that your report thereon may be submitted as speedily as possible so as to admit of its due consideration and the introduction of such changes as may be decided upon with effect from the 1st of April next.

2. By the Notification of this Department, dated the 18th March last, No. 43, certain descriptions of cotton yarn and piece goods, being of the kind largely spun and woven in the Indian mills, were exempted from duty on import into India. Various representations have been made since the issue of the Notification by private firms, by the Calcutta Chamber of Commerce, and by the Manchester Chamber of Commerce through Her Majesty's Secretary of State, pointing out that the terms of the Notification should be altered and the limits of exemption enlarged. Detailed inquiries have been made into the matter by the Government of India in communication with the Governments of Madras, Bombay, and Bengal, and the result of these inquiries would seem to indicate that some amendment of the Notification, so far as concerns piece goods, may be desirable if a satisfactory amendment can be made without entailing upon the revenues a loss which in the present financial condition of the State they are not able to bear.

3. The exemptions made by the Notification were avowedly arbitrary in their nature, and were designed to afford a certain amount of relief to importers on a basis that was sufficiently definite to be maintained in practice without much trouble or complaint. The inquiries that have been made would seem to show that this expectation has substantially been realised and that the complaints have been few. At the same time, it is no doubt true that some extension of the original definition might be permitted which would fulfil more completely the intention of exempting from duty all goods of the class produced or capable

of being produced in the Indian mills, without causing a loss of revenue that could not be afforded. I am to request accordingly that you will inquire and report, consulting on this point members of the mercantile community, how the definition of the class of cotton manufactures to be admitted free of duty might be improved, without narrowing its operation, and how any extension (within the limits before described) could best be conceded without an undue sacrifice of revenue.

4. It has also been found that the same Notification requires alteration under other heads than that relating to cotton piece goods. The terms of the Notification provide that the articles therein named shall be exempted "from all import duties to which they are liable under the numbers" in which they are entered in Schedule A. of the Tariff Act of 1875. In other words, if the articles mentioned can be held liable to duty under other heads of the Tariff Schedule, they shall be taxed. This provision has given rise to much doubt and discussion in Custom Houses, and has occasioned considerable trouble and some confusion in classification. It may be advisable that such a limitation should cease to exist, and that when articles are exempted specifically from duty, they should not be held liable to taxation, unless specifically placed in the Tariff again as dutiable articles. Copy of certain correspondence which has arisen out of this limitation is annexed.

5. Besides these questions, which have arisen out of the Notification of the 18th March, the general question of revising the Tariff classification and valuations presents itself for consideration. There has been no general revision of the present Tariff Schedule since it was framed in August 1875, although there have been several modifications from time to time in classification and valuation, and the Notification of the 18th March 1878 struck out partially or wholly a considerable number of articles entered in the Import Schedule.

6. The Chamber of Commerce of Bengal has urged upon the Government the necessity of revising the Tariff valuations, pointing out that in many cases these are much above the current market values. There is no doubt force in this representation, although the present low range of prices may be considered temporary, the result of specific causes. But even if the representation had not the claims to consideration which it seems to deserve, there is no question that valuations which were fixed almost four years ago may require alteration in the interest of the State as well as in those of importers. You are requested to inquire into this matter and submit such proposals as you may consider necessary for the revision of the values entered in the existing Import Schedule of the Tariff Act.

7. The Chamber of Commerce further desires that valuations should be revised annually, and the Governor General in Council considers that compliance with this request might be expedient. How the revision should be made is a matter for consideration. His Excellency in Council, as at present advised, does not think that, for the mere purpose of revising Tariff values, the annual assemblage of a Committee drawn from all parts of India is either necessary or expedient. If price lists are carefully kept up in the Appraising Departments of the Calcutta and Bombay Custom House, these lists, subject to test and scrutiny by the Local Chambers of Commerce, will probably form the best basis for the assessment of values annually. It is understood however that, except in Calcutta, no price lists are kept up at Indian Custom Houses, and your opinion is requested as to this matter generally and as to the nature of the instructions to local authorities which would be necessary for the preparation of price lists in such manner as to make them faithful and complete records of the fluctuations of market prices and a safe basis, acceptable alike to Government and the mercantile community, for the settlement of standard average values for the assessment of duty.

8. It has further been suggested to the Government of India that it is expedient to frame the Tariff so as to levy duty as far as may be possible at a fixed rate on quantity, instead of taking it by a per-centage on value, real or assumed. There is a large class of articles, staples of trade, to which this system (on which the Export Schedule of the present Tariff is based) may perhaps, with advantage, be applied.

9. It

9. It seems also that the Tariff Schedule might be so re-constructed that by more particular detail of articles and greater precision of definition, no room may be left for doubt as to the classification of articles for duty. At present doubts often arise as to the proper classification of articles not specified in the Tariff. The object proposed to be attained is to increase the number of specified articles under general heads, and so diminish the number of those grouped undistinguished under "Other Sorts." And it is also a matter for consideration whether some articles which still remain on the Import Tariff Schedule do not on their own merits, as well as with reference to the small revenue derived from them, deserve exemption as much as, if not more than, some of the articles exempted by the Notification of the 18th March.

10. It is the wish of his Excellency in Council that, in considering the various questions which have been referred to you on this occasion, you should freely consult the members of the mercantile community in Calcutta, and endeavour, as far as possible, to ascertain their views upon the subjects which come under discussion. It is important that no time should be lost in commencing these inquiries with the view to the early submission of your report.

From the Honourable *T. C. Hope*, c.s.i., and *J. D. Maclean*, Esq., to the Secretary to the Government of India, Department of Revenue, Agriculture, and Commerce (No. 5); dated Calcutta, the 28th February 1879.

With reference to your letter, No. 29, of the 7th instant, we beg to report as follows upon the question of exemption of certain descriptions of cotton yarn and piece goods from duty on import into India. Upon the other subjects to which your letter refers, we shall address you hereafter, when our inquiries, which in some cases involve correspondence with other parts of India, have been brought to a close.

2. The exemption of cotton goods granted by the Notification, No. 43, of 18th March 1878, was couched in the following terms:— Terms of exemption of cotton goods.

"Cotton, grey piece goods, viz.:

T cloths under 18 reed, jeans, domestics, sheetings, and drills shown to the satisfaction of the Customs Collector, whose decision shall be final, to be of the dimensions, weights, counts, and qualities now generally known under those descriptions, and to contain no yarn of a higher number than 30s.

"Cotton twist:

Mule, No. 32, and lower numbers.

Water, No. 20, and lower numbers."

It was subsequently explained (Notification, No. 56, dated 24th April 1878) that the exemption of twist applied to grey twist only.

3. To the terms of this exemption exception has been taken in various quarters. Regarding the portion relating to piece goods, the Chambers of Commerce of Manchester and Bengal, whose letters we append, and various mercantile firms, urge that the exemption is materially vitiated by the limitation to certain specified classes of goods which it contains. There are, it is said, other classes of goods made of the same coarse yarns as those specified are, and differing from the latter only in width, length, and name, which thus remain subject to duty. And further, it is argued that, if cloth answering to a certain known description is exempted when made of yarns not above 30s, any cloth made of such yarns ought to be free, whether it answers this description or not. The limitation is declared to be thus not only productive of anomalies and unfair taxation, but also in contradiction of the declaration made in paragraph 57 of the Financial Resolution, No. 1911, dated 18th March 1878, that "the real test" of what duties are protective "is the quality or fineness of the yarn of which the goods consist." Finally, both the Chambers referred to suggest as a remedy the exemption of *all* cloths, of whatever designation, made of yarn not finer than 30s, and the suggestion is supported from other quarters, as explained in paragraph 8. Objections made.

4. With regard to the exemption of grey twist the only objection comes from the Manchester Chamber, who state that "it is well known a great portion of yarn shipped to India up to 24s water and 40s mule, both inclusive, is spun from cotton grown in India," and who base on this statement a request for the exemption of "all yarns up to 36s water and 42s mule."

Explanation of the piece goods exemption.

5. We will first consider the case of piece goods. It is evident, from the nature of the objections made, that the intention of the Government in issuing the Notification has been generally misunderstood. It is supposed that the intention was to exempt all goods upon which the duties might to any extent operate protectively. But the Resolution itself shows that a more limited measure was alone contemplated. Paragraphs 58 and 57 announce that "the Government of India has determined to *commence* by exempting" only "certain descriptions of goods regarding which it can *safely* be asserted that they are of the kinds with which Indian manufactures can compete successfully." The italics are our own. The necessity for this cautious and limited action arose from financial considerations, which have, in all declarations made regarding the cotton duties by the Secretary of State or the Government of India, being invariably declared to be paramount.

6. The information available in April last showed, and we may mention that the conclusion has been amply confirmed by subsequent special inquiries, that the Indian mills rarely, if ever, spin yarn finer than 28s, and that the bulk of their cloths are made of much lower numbers. With the view of allowing an ample margin for all cases of doubt, 30s was fixed on as the "quality or fineness of yarn" at which the line of competition should be drawn. The exemption of all cloths made of yarn not exceeding this count would have been a necessary consequence of this decision, but for the difficulty of estimating the loss of revenue involved, the strong presumption that the loss would be considerable, and the inexpediency of running any serious financial risks. The causes of this difficulty, and the grounds for this presumption, will be apparent presently. All that was ascertainable was that the grey T cloths under 18 reed, jeans, domestics, sheetings, and drills, were, for the most part, made of yarns within the limit fixed; that these goods possessed a comparatively well fixed and recognisable character; and that the loss by exempting them would not exceed 20,000 £ to 22,500 £. This loss the Government were content to bear, and the Notification was framed accordingly. To prevent the passing of finer goods under the designations exempted, as also to avoid exclusive reliance on the testing of the yarn, which presents many difficulties in practice, the further check was provided that the cloths must be of the "dimensions, weights, counts, and qualities now ordinarily known under those descriptions."

Practical working of the Notification.

7. There appears to be no room for doubt that the Notification was sufficient and suitable for the objects the Government had in view, and that it has worked, within the limits it was intended to work in, without much trouble or complaint. The records of a number of both Calcutta and Bombay disputed cases, which are before us, show that attempts of various kinds to pass off cloths of higher descriptions as belonging to the lower were readily detected, and generally admitted by the importers, as also that the difficulties of testing the counts of yarn, though considerable, were not so formidable as had been supposed. The descriptions of cloth named in the Notification are all such as are perfectly well known; many of them are generally quoted in trade circulars and prices current; merchants have no difficulty in understanding what is meant, and Customs officers have no doubts about recognising them and passing them. If people make up shirtings in short lengths to pass as T cloths, or in double lengths, with a heading at each end, to simulate domestics, or put headings on their goods different from those with which they have previously been imported, or stamp their goods with designations to which they have no claim, they cannot reasonably complain of being obliged to pay the duty they have deliberately attempted to evade. On the above grounds, therefore, we do not consider that the terms of the Notification could be improved without altering its scope.

Real source of complaints.

8. The real proximate source of the complaints which have arisen is the fact that there is little essential difference between the cloths which have been exempted

exempted and large classes of cloth, otherwise styled, which have not. "Chudders," for instance, are merely sheeting made up in short lengths to suit the Calcutta market, of which they are a specialty; "longcloth" is a name for a coarse shirting of particular dimensions chiefly imported at Bombay; while shirting of a coarse texture, when made up of a certain length and width, is almost the same as T cloth. To put the case in another form, cloth of almost the same texture *may* be found in a chudder, a dhotee, a T cloth, a longcloth and a shirting, the only variation being in length, width, and other details. We are well aware that it is only in a certain sense that these names can be said to be interchangeable, for a cloth is not, strictly speaking, entitled to a certain name unless it is of the dimensions, yarns, and description generally known as appertaining to that name. And further, some names indicate somewhat different articles according to whether they are used for the markets of India or the United Kingdom. Virtually, all grey cloths are one long range, varying and almost infinitely variable in the details of length, width, weight, or yarn. It is sometimes very difficult to determine to which "description" a particular cloth belongs.

9. The only effective remedy obviously is to treat similarly, whether by exemption or taxation, all cloths of the same texture, irrespective of the lengths and widths in which they happen to be made up, or the names by which people may choose to call them. This course is that which is, more or less explicitly, asked for by the Chambers of Commerce of Bengal and Manchester, as well as by four mercantile firms in Calcutta, four in Madras, and four in Bombay, who have been consulted, and is approved by the Bengal Board of Revenue and the Customs Collector and Government of Madras. On the other hand, it is opposed at Madras by the Board of Revenue and one firm, and by the Chamber of Commerce, a copy of whose letter is appended. The Bombay Chamber of Commerce, and the Governments of Bengal and Bombay, have expressed no opinion.

10. To ascertain, however, whether cloths are of a specified texture is one of the difficulties by which the whole question is surrounded. Theoretically, texture depends solely upon the quality or fineness of the yarn employed; and the latter should be readily ascertainable by weighing a piece of cloth of certain dimensions. In other words, the count, dimensions, and weight of a piece should indicate the average number of the yarn. But this is only true of goods made of pure cotton, and, practically, no such goods exist. A certain amount of sizing is indispensable to strengthen the warp against the friction and wear it must undergo in weaving. A larger amount is sometimes added to improve the appearance of the cloth, and more still to make it cheaper by taking the place of cotton. Addition with the last-named object is often carried, by the aid of China clay and other substances, to an extent amounting to fraud. Sizing and "filling" (as heavy sizing is sometimes called) are thus an inevitable disturbing element, which renders simple weightment insufficient as a test of yarn. No practical method of readily testing the amount of size in cloth has yet been brought forward, as far as we are aware.

11. To meet the difficulty, two courses have been suggested. A Manchester manufacturer has represented that weightment is a good test, provided an allowance be made for sizing, and that 25 per cent. should be the amount of such allowance. Having fixed upon a certain standard of yarn for warp, and weft as the maximum for exemption, and ascertained the weight, including 25 per cent. of sizing, of a square yard, a series of tables might be constructed showing the correct duty-free weight of T cloths, longcloths, and other makes for each count in the reed and pick and each different width. A Custom House officer, after ascertaining the count and dimensions of any cloth, would only have to weigh it, and charge duty or not according to whether the weight was less or more than the duty-free weight shown in the corresponding table.

12. To this suggestion, which appears to be partly (at least) derived from the French and other tariffs, there occur to us several objections. *Firstly*, the fixing of a per-centage for sizing is a material interference with the freedom of trade. We are told that there are special objects for which heavily-sized goods are preferred, and that in any case the consumer should not be indirectly influenced in the exercise of his discretion. As a matter of fact, goods are frequently

Only effective remedy is similar treatment of all cloths of same texture.

Difficulties of testing texture.

Test by weightment

frequently sized far above 25 per cent. *Secondly*, a direct inducement would be offered to putting in extra size, so as to bring the weight of the cloth above the weight given in the table, while, on the other hand, the more honest cloths with less sizing would be deliberately handicapped. *Thirdly*, the fixing of a limit would tend to encourage sizing up to that limit, and 25 per cent. is probably about double the proportion required for useful or honest purposes. *Lastly*, any system based on weighment can only test the *average* fineness of the yarn, and will allow of yarn far finer than the standard being used in the weft. Thus, a standard of 30s would, under this system, admit of the use of 40s in the weft, combined with 24s in the warp, with the result of admitting free of duty a yarn respecting which Manchester has at present no direct Indian competition to encounter. If the standard were lowered so as to exclude warp and weft *averaging* more than 30s, it would be unfair to much honest cloth, and possibly might even leave untouched a part of the protection which it is the object to remove. Owing to these objections, and especially the last, we consider the test by weighment, as far as now understood, to be unworkable.

Test by measurement.

13. The other alternative, advocated by a Bombay merchant, consists in unravelling a sufficient length of the weft, measuring off one or more leas\* of it on a machine or warp reel of a certain size, and then weighing them to deduce the number of hanks which will go to the pound. He says:—

“The warp would certainly be more difficult to test than the weft; but I think I am correct in saying that in no case is the warp of any cloth ever of higher count than the weft, and thus, if the weft were found by testing to be low enough to pass below the duty standard, it might safely be assumed that the warp was also, so that it would appear that if an efficient test could be applied to the weft, it would meet the object in view. Now, as a matter of fact, the weft is easily unravelled, and still more easily tested; and such testing is likely to be accurate from the fact that cloth is sized while in the warp and before the weft is applied. Thus, the weft is not directly sized, and only absorbs what it may gather from the warp. That it does absorb some, is no doubt the case; but in all probability this is not more than 6 or 8 per cent. at the outside, and the testing would thus be accurate to within that limit; say in 30s to within two or four counts.”

The Commissioner of Customs, Bombay, writing on the same subject, says that the weft is not invariably, though it is usually, finer than the warp, and that several tests from the same cloth sometimes give different results. On the other hand, he seems to estimate the probable error at not more than one or two numbers, and this is supported by other evidence and our own experiments. We are informed by a Calcutta firm, who import largely on their own account, that the warp reel is used daily by their agents in Manchester to test the purchases made on their behalf, and is found sufficiently trustworthy to protect them from imposition and loss.

14. This mode of test rests on more than one assumption, and evidently cannot give absolutely accurate results. The margin of error, however, seems pretty fairly distributed. If the weft takes up from the warp size enough to increase its weight by two or three numbers, that is in favour of the manufacturer. If, on the other hand, the effect of the size is, in some cloths at least, “neutralized by the increased tenuity resulting from the weaving and unravelling,” as experience at Bombay is reported to show, the Government will be no loser.

Test by measurement preferred.

15. Bearing in mind that absolute accuracy is rarely attainable in anything, that the bulk of imports will probably still consist of cloths of the well-known dimensions, weights, counts, and qualities (about which disputes are rare), and that, even without the systematic use of the reel, the decisions of our Customs Collectors as to yarns appear to have been pretty generally acquiesced in as equitable, we are of opinion that the system of measurement will in practice be found sufficient as a test of texture. It is at any rate preferable to any other with

\* Yarns are numbered according to the number of hanks of 840 yards long that go to the pound weight. Yarn of which 30 hanks make a pound is called 30s, and so on. Each hank consists of seven leas. Each lea of 120 yards long = 80 revolutions of a 54-inch reel.

with which we are acquainted, and the objections to it are not sufficiently weighty to render unsafe the exemption of all cloths of the same texture, which we have above stated to be the only effective remedy for the complaints against the system of exempting specified classes of goods now in force under the Notification.

16. The question which next arises is what texture of cloth, or, in other words, what number of yard should be made the limit of exemption. In paragraph 57 of the Resolution already referred to, the object at present in view is declared to be the abolition of such of the Indian cotton duties as are now actually protective. The chief point to consider is what are the present capacities and work of the Indian mills. Regarding Bombay, Mr. O'Connor, the Assistant Secretary in the Statistical Branch of the Department of Revenue, Agriculture, and Commerce, made, during a recent visit there, very full inquiries. They amply corroborate what has already been formally stated on various occasions. We make the following extracts from a useful note which he has submitted :—

Suitable limit of exemption.

“ The bulk of the yarns spun consists of Nos. 6, 10, and 20 mule twist. Water twist is spun in smaller quantities, and the highest number spun in any quantity seems to be No. 18, but the bulk is 16s. The commoner kinds of short-stapled cottons are not fit for the spinning, by machinery, of the finer kinds of yarns; from 24s to 26s, 28s, and 30s the spinner requires a longer-stapled cotton, such as Hingunghat and good Coompta, and even such good cotton is not adapted for the proper spinning of yarn above 30s. For the weaving of T cloths, longcloths, and domestics, the yarns employed range from 14s to 18s water, and 16s to 22s mule. Very little mule twist is spun above 24s, and these (24s) are sent largely to China. For hosiery 26s and 28s are spun. The real number, as ascertained by practical test of the yarns spun in the Bombay mills, is almost invariably two numbers lower than the declared number. I have tried the yarn repeatedly, and found this to be the case.”

The spinnings at Madras and Calcutta are of much the same character.

17. There are thus good grounds for believing that, except in a small number of isolated instances, the limit of 30s fixed by the Notification goes rather beyond what is necessary for abolishing existing direct protection. The small margin thus left is, however, useful in many ways, by leaving room for errors of estimate, by covering isolated higher local manufacture, by allowing a greater difference between warp and weft, by minimising disputes, and by promising greater permanence for the limit than could otherwise be expected. A limit of 26s might cover the bulk of the local manufacture for a time, but it could not be long maintained, while much outcry would be caused by a reduction from the existing limit of 30s, which seems to have been generally approved. To this we have alluded further in paragraph 27. We would therefore deprecate any alteration, unless indispensable for financial reasons.

18. We have spoken above of existing *direct* protection. But, there exists also the indirect protection, alluded to in the Resolution, which enables the Indian-made coarse goods to displace, by their cheapness or other qualities, finer cloths imported. We have been shown a particular cloth, made of 20s in an up-country mill, which we are told is driving out, in a certain local area, imported cloth made of 40s. The former happens to serve a particular purpose as well as the latter, while it is cheaper and wears better. In Bombay, local longcloths have already almost driven out imported ones of finer yarn, and Bombay dhoties may in time seriously affect the coloured-border imported dhoties now preferred to them in Bengal. But this indirect protection is very impalpable, and may easily be over-estimated. We do not see how it can be dealt with, except by an exemption going far beyond the present limits of actual local manufacture, and involving a sacrifice of revenue not absolutely necessary. Supposing, for instance, 40s were taken as a limit, this would admit duty-free the great bulk of shirtings and other fine grey goods. The loss would probably reach more than double the amount assigned in paragraph 23 to a limit of 30s, and as the goods are now in the market, instead of having to be made to suit new conditions (as explained in paragraphs 21 and 23), this loss would accrue at once. If so much were conceded, it would



hardly be worth while to stop short of exempting *all* grey piece goods from duty.

**Prevention of frauds.**

19. In order to diminish the difficulties of the Customs Collector in ascertaining whether goods are within the duty-free limit, two suggestions have been made to us by members of the mercantile community. The first is that the highest number of yarn used in any imported cotton cloth should invariably be declared by the importer in his bill-of-entry, on his own authority, or that of a manufacturer's certificate. This the Chief Customs authority possesses, under section 86 of the Sea Customs Act, power to require him to do. The second is that no such cloth should be admitted duty free unless it was stamped by the manufacturer with the "description," or the limit of yarn, under which it is to be declared and passed. It is argued that these measures would prevent goods being passed as duty-free quality, and afterwards sold as of their real higher quality, and would thus deprive the importer of his chief inducement to fraud, as also that they would at the same time be a material assistance to sound goods, and no honest trader could reasonably object to them. We must state frankly, however, that we place little reliance upon certificates and declarations. As to marks, experts at trade centres are never guided by them, and up-country retail purchasers rarely even understand them, but depend on their own inspection of the cloth itself.

**Financial results of exemption already granted.**

20. We will now endeavour to present the financial aspects of an exemption of *all* cloths made of yarn not finer than 30s. The concession in this direction already made was estimated, in paragraph 58 of the Resolution of 18th March 1878, as costing not more than 22,227*l.*, and probably less, according to the duty paid in 1876-77. On the figures of 1877-78, now available, the estimate would be 16,775*l.* only. The actual amount of duty foregone in the eight and a third months following the date of the Notification has been 8,907*l.*, as far as we have been able to ascertain. The later Madras figures, and those for "other ports," are only estimates. This low result is, however, to a great extent abnormal. Importations of grey piece goods are usually slack before, and during a great part of, the monsoon, while the late scarcity in

	April to	July to	TOTAL.
	June.	31 Dec.	
Bengal	751	3,082	4,039
Bombay	1,695	2,226	3,231
Madras	248	565	808
Other Ports	60	110	185
TOTAL - - - - -	2,905	6,842	8,907

Western and Southern India, the disturbed state of Europe, the strikes in English manufacturing districts, and the accumulation of certain stocks have probably all contributed towards a diminution of imports. At the

ITEMS.	VALUES.	
	1876-77.	1877-78.
<i>Piece-goods—</i>		
Jacóns	631,877	701,840
Mulls	195,640	184,507
Printers	62,941	59,345
Shirtings and longcloths	5,804,802	6,826,596
T cloths, 18 reed and upwards, and madapolams	891,979	860,748
T cloths under 18 reed, jeans, domestics, sheetings, and drills	444,413	335,509
Other sorts, grey	4,288,154	5,218,519
White, bleached	2,873,639	2,934,775
Coloured, printed or dyed	2,090,188	2,451,106
Handkerchiefs and shawls in the piece	66,256	133,990
Canvas	324	1,191
Other sorts of piece goods	4,008	5,240
TOTAL Piece goods - - - - -	14,901,311	18,749,281
Sewing thread - - - - -	60,561	83,446
<i>Twist—</i>		
Mule, No. 32 and under	97,102	96,507
" " 28 to 42	749,174	830,892
" " above 42	305,955	331,033
Water, No. 20 and under	1,105	1,588
" " 21 to 30	192,096	196,445
" " above 30	16,719	5,916
Turkey red	854,036	979,307
Other colours	408,646	455,384
TOTAL Twist - - - - -	2,620,313	2,888,074
All other sorts of cotton goods - - - - -	25,443	37,454
GRAND TOTAL - - - - -	17,519,628	19,738,255

same time, such explanations cannot be altogether relied on, for the fluctuations which take place in the different items of the cotton trade are considerable, and are attributable to alterations in the public taste, to the opening or closing of particular markets, and other causes, as well as to such as those already named. The marginal table is instructive in this respect. The fall in coarse goods above referred to will be seen to have been accompanied by a considerable rise in higher qualities, resulting in an increase of 8·8 per cent. in the entire value of the trade, and of 10,370*l.* in the duty accruing to the Government. A scrutiny of the returns shows that this increase has occurred almost entirely in Bengal, and the fact may be held to corroborate the argument put forth in paragraphs 21 to 26 of the Secretary of State's Despatch, No. 9, dated 31st May 1878, that the trade is checked in Bombay, where local production exists, but thrives in Calcutta. On the other hand, however, it might be retorted that the increased imports from Bombay, mentioned in paragraph 25 are, consequently, doing no harm, and

that there have been decreases in Madras, Burma and Scind, where there are no local mills at all. The truth seems to be, that in this case both Bombay and Manchester have poured out their over-production on the largest market they could reach, and that, generally, much caution is necessary in drawing inferences from limited statistics.

We may here state that neither in this place, nor elsewhere in this report, are

are we to be understood as ascribing the advance in local manufactures solely, or even mainly, to any protection which they may have received from the import duties.

After a retrospect of past years, we are inclined to think that the loss in an ordinary whole year by the exemption already granted may be taken at 20,000 *l.* in round numbers. It is here worthy of note that the coarse goods import trade only amounts now to about one-half of the estimate of four lakhs given of it by the late Tariff Committee in 1875, in paragraph 13 of their Report.

21. Obscure and doubtful, as even an estimate of the loss involved in the concession already made is thus found to be, it is certainly compared with any figures which can be offered relating to the extension to all goods made of 30s and under, which is now in question. Setting aside all considerations of overstocking, depression of trade, and the like, two fundamental difficulties remain. The first is, that the yarn of which goods are made is never specified by importers or manufacturers, whose interest, indeed, it is to hold back what would be a means of ascertaining the amount of size employed. The entire range of superior goods from printers downwards; printers, madapollams, longcloths, shirtings, T cloths 18 reed and upwards, and dhoties—comprises qualities made of 30s, and even, in some cases, rather lower numbers; but what proportion they bear, it is impossible to affirm. The second difficulty is that the extension under discussion would probably soon effect a complete revolution in the piece goods trade. The Commissioner of Customs of Bombay (Mr. Pritchard), in an able report on the whole subject, observes of the extension :

Estimated loss by extension up to 30s.

“ It will operate to create a new class of shirtings made of yarns 28 by 29 or 30, instead of the present standard quality of 32 by 36. This will pass free of duty, and, if it finds favour in the market, will take the place to a large extent either of the longcloths or of the shirtings now used, or of both. The extent to which the revenue will be affected will depend, first, on whether the new texture takes, and next, on whether it finds its chief sale among the classes which now buy Indian-made longcloths, or among those who use the imported shirtings. As it will be of better quality than longcloths, and will be saleable at 5 per cent. cheaper than the shirtings now made, it seems likely that it will compete about equally with both; and that assuming that it displaces altogether about half as much cloth as is now imported, the loss to the revenue likely to result from its introduction may be taken at about a quarter the income now derived from shirtings.”

A large mercantile firm consulted says :

“ There can be no doubt that a trade in cloth made of yarn just within the limit for exemption of duty would be fostered, and which might gradually become of considerable importance. Such cloth would probably be appreciated by consumers for its intrinsic value, as well as for its comparative cheapness, owing to there being no duty upon it; and if this should be the case, it might do away, to a considerable extent, with the importation of cloth made of yarns, ranging from 32s upwards.”

Going on to estimate the total duty paid by grey cloths made of yarns from 32s to 44s at 160,000 *l.*, this firm give, as a “ rough guess,” one-half of that amount as the probable loss under that item alone. Four other non-official authorities, whom we have consulted in Calcutta, respectively put the loss at one-fourth, two-thirds, three-fourths, and seven-eighths of the shirting revenue.

22. The duty received for grey cotton goods in 1877-78 is shown in the margin. The fifth item is that of the goods exempted in March last. The others are those which the extension would more or less affect. Chudders would become entirely free, as they are of the same class as the articles under item 5. They would probably have been exempted by name in March last had they been brought to notice, but they are not separately specified in the general returns, as their demand is local and their yield inconsiderable. Coarse or “ shirting dhoties ” would also be almost entirely freed, if their borders, which are either coloured or of fine white yarn, were left out of consideration. But these borders place them to some extent in the category of fancy goods, and (together with certain caste rules and preferences) give them a position distinct from that taken up by the coarse Bombay dhoties which are now coming to Calcutta in increasing quantities. They are in demand almost exclusively in Bengal, but the

	£.
1. Jaconets and mulls - - - - -	47,719
2. Printers - - - - -	2,522
3. Shirtings and longcloths - - - - -	341,835
4. T cloths over 18 reed and madapollams - - - - -	40,037
5. Ditto under 18 reed, jeans, domestics, sheetings and drills - - - - -	16,775
6. Other sorts, including dhoties and chudders - - - - -	110,920
	£.
	559,810

item is a very heavy one, and if financial difficulties are pressing, their exemption might be postponed for a time, though it could hardly be permanently denied. The real element of uncertainty arises, however, from the exemption of invading, in unknown force, the great domain of shirtings and longcloths, which produces about a third of a million sterling. Longcloths are now an insignificant item, so the shirting revenue is that really threatened.

23. The difficulty of our offering any estimate at all of the probable sacrifice of revenue involved in exemption with a limit of 30s will, we trust, be fully recognised. We can only put forward, as possibly of little worth, the following

	Bengal.	Bombay.	TOTAL.
	£.	£.	£.
Printers - - - - -	-	500	500
Shirtings and longcloths - - - - -	88,000	21,000	109,000
"Cloths 18 reed and upwards - - - - -	7,000	8,000	15,000
Madraspolls - - - - -	10,000	2,000	12,000
Shirting dhories, &c. - - - - -	50,000	5,800	55,800
Chudders - - - - -	2,500	-	2,500
	144,500	37,300	181,800
Add for other Provinces about - - - - -			20,200
			£. 202,000

figures derived, as regards Bombay, from the Commissioner's report, and as regards Calcutta, from our sifting of the various surmises which have come before us. The amount is about 36 per cent. of the total duty derived from grey goods. Our general impression is, that in the first year before there has been time for new makes of shirting to be devised and establish a footing throughout the country, the loss would be less, perhaps considerably

less, than this proportion, but that in subsequent years it might be more. The period within which the full loss will be attained is put by various authorities at from one year to three. Considering that weaving new kinds of cloth involves first spinning the yarn, that such cloths are not likely to be largely made until samples have been sent to India, and public opinion has been tested regarding them, and that existing stocks of finer goods must be worked off, we doubt whether the new makes will appear in any great quantity in the Indian market before the fall of 1879, and we should not be surprised if the actual loss of revenue in 1879-80 turned out to be at least a fourth or a third less than the sum we have named. That sum might be further considerably reduced if dhories were not freed.

24. We have not overlooked the fact that in the 3rd paragraph of your letter the reference to us embraces the question of exempting all goods of a class not only produced, but "capable of being produced," in the Indian mills. Their present capacity, or in other words, what it at present pays them to produce, has been indicated above, and upon that the limit of 30s rest. But what classes of production may hereafter become remunerative to them, with the existing freedom to import long-stapled cotton, and under the stimulus which the increase of mills throughout India and the untaxed admission of higher Manchester goods will afford, we are unable to conjecture. But we may quote, as still appropriate, some remarks made by Mr Hope in a speech introducing to the Legislative Council of the Governor General the Tariff Bill in August 1875 :

"This scheme (of exempting the coarse goods subject to local competition) had, at first sight, a great deal to recommend it, but it was open to two objections; first, that it was impossible to draw a well-defined line between coarse and fine goods; and, secondly, that any line drawn would not only lead to elaborate evasions and frauds on the part of the home manufacturer, who would endeavour to make goods which should just come within the exemption, but would stimulate the local mills to manufacture goods just above the line, and so would enlarge the range of the competition now complained of. The line would never be a steady and permanent one, for it would be necessary perpetually to keep moving it on further and further, higher and higher, until in the end perhaps the whole duty would be affected."

In the same sense, a large Bombay mercantile firm, speaking of the relief of "chudders" from duty, adds:—

"Our own feeling is that local manufacturers can hold their own against Manchester competition in such articles without the assistance that is rendered by import duty, and we further believe that gradually they will extend the field of their competition with Manchester manufacturers, and that, eventually, they will compete successfully in the higher counts of yarn, and also in finer cloths, solely on the strength of their superior position as regards the supply of the raw material and their proximity to the great consuming markets of Asia. At present there is little or no inducement for the local mills to attempt the higher counts of yarn. But competition amongst themselves will gradually force them into it, and in such a case there will be no great difficulty in importing to advantage the better class of raw cotton required either from Egypt or America."

Under these circumstances, we think it is only possible to act upon existing well-ascertained facts.

25. In illustration of this branch of the subject, we may give the following figures, showing the advance which has lately been made by the Bombay mills in supplying by sea the markets of other parts of India, excluding ports within the Bombay Presidency, of which complete returns are not procurable:—

EXPORTS FROM BOMBAY.	1875-76.		1876-77.		1877-78.		1878-79.			
	Quantity.	Value.	Quantity.	Value.	Quantity.	Value.	Nine Months' Actual.		Twelve Months' Estimate.	
							Quantity.	Value.	Quantity.	Value.
<b>TO PORTS IN BENGAL:</b>		£.		£.		£.		£.		£.
Twist and yarn - - - lbs.	372,400	16,418	4,208,594	196,593	5,838,269	261,135	3,130,810	134,601	4,374,413	179,458
Piece goods - - - yards	1,161,275	16,070	3,497,966	66,450	13,038,564	225,301	13,373,265	218,692	17,697,873	231,230
<b>TO PORTS IN MADRAS:</b>										
Twist and yarn - - - lbs.	4,667,269	214,438	5,850,365	272,575	5,076,717	239,753	4,135,568	180,922	5,227,376	263,229
Piece goods - - - yards	1,000,214	26,674	946,538	27,835	793,063	20,283	311,283	9,233	414,980	12,298
<b>TO OTHER INDIAN PORTS:</b>										
Twist and yarn - - - lbs.	592,523	23,644	538,149	20,140	804,445	39,091	692,706	28,118	923,098	37,490
Piece goods - - - yards	10,430,138	132,589	12,508,042	169,000	13,925,740	159,535	7,854,093	85,211	10,472,882	112,915
<b>TOTAL:</b>										
Twist and yarn - - - lbs.	5,542,122	233,360	10,597,038	489,208	11,809,419	539,909	7,959,048	353,641	10,726,397	470,187
Piece goods - - - yards	12,672,817	178,933	17,040,166	266,304	25,759,376	405,109	21,439,193	313,127	28,585,533	417,563
<b>TOTAL VALUES</b>		£.		£.		£.		£.		£.
		431,993		753,612		945,108		866,768		887,750

To this must be added the goods sent by land. The extent of this trade cannot be ascertained, as even the returns of supplies sent by railway do not distinguish Indian from European cotton manufactures, but it is estimated by authorities competent to judge at not more than 20 per cent. in addition to the above. Besides this expansion within British India, the export trade in cotton yarn and piece goods of Indian manufacture from all India has, within the last four years, increased, as shown in the margin. Of this trade, about 85 per cent. belongs to Bombay. On the other hand, taking the value of the whole internal trade in 1877-78 at £1,130,000 l. in round numbers, this is only about 8 per cent. of the value (£14,190,000 l.) of the imports of grey goods from the United Kingdom into British India in the same year, and the Bombay trade is undoubtedly far from remunerative at present. At a meeting of the Millowners' Association, held there on the 15th instant, it was stated that "nearly one-third of the local mill industry has, in the space of a few months, actually failed. Eight mills have already been put into liquidation, and two or three more are expected to go very soon." Indian cotton manufacture has probably a great future, but that future is probably somewhat remote.

	1875-76.	1876-77.	1877-78.	1878-79. Three Months Estimate.
Twist and yarn - lbs.	6,228,511	7,926,710	15,600,291	21,908,646
Piece goods - yards	15,039,083	15,544,103	17,546,359	22,750,212

26. Your reference to us likewise contemplates, as a limit to the exemption to be suggested, that it shall not involve "an undue sacrifice of revenue," and "a loss of revenue that could not be afforded." What sacrifice of revenue would not be undue depends upon the present urgency of the necessity for extending the exemption, and what loss of revenue could be afforded can only be determined in clear view of all the financial resources and necessities of India during the coming year. Upon both these matters we possess no sufficient knowledge. We consequently feel that we cannot do more than lay before the Government of India such estimates as we are able to frame of the cost of the various courses of action which appear to be practicable, with the merits or defects of each, and add two remarks; 1st, that the loss by any exemption may be expected to be somewhat recouped by a slight gain, proportioned to its extent but not now ascertainable, in railway receipts; and, 2ndly, that our recommendations for revision of tariff valuations, which cannot be matured until the end of the month at the earliest, appear likely to involve a considerable loss.

Alternative practicable remedies.

27. Our reasons for thinking the exemption of all cloths of yarns under 30s to be the only present effective remedy for the complaints which have arisen have been given above. In view, however, of the sacrifice of revenue thereby involved being found impossible, we may explain two alternatives which occur to us as practicable; 1st, to exempt all cloths of the same texture, but to lower the standard to yarns No. 26s; 2nd, simply to add one or two more designations of cloth to those contained in the Notification of the 18th March.

First alternative remedy.

28. All the evidence received shows that although the Bombay mills *do*, in special cases and by special order, use yarn nominally 28s and 30s, the vast bulk of the out-turn is well within a maximum of 24s. A limit of 26s would probably, therefore, suffice for the immediate present to relieve from duty most of the imported cloths (speaking broadly) which now suffer from direct local competition. Under this limit, printers (an insignificant item) would get no exemption: T cloths 18 reed and upwards, as also chudders, would enjoy about the same as under a limit of 30s, exemption of madapollams would fall to about half, and that of shirtings and dhoties (especially the latter) would be very materially, though perhaps not entirely, curtailed.

29. Subject to all our previous reservations as to the impossibility of

	Bengal.	Bombay.	TOTAL.
Shirtings and longcloths	£ 30,000	£ 8,000	£ 38,000
T cloths 18 reed and upwards	2,000	8,000	10,000
Madapollams	6,000	1,000	7,000
Shirting dhoties, &c.	10,000	1,100	11,100
Chudders	2,500		2,500
	50,500	18,100	68,600
Add—For other Provinces, say			7,000
			75,600

giving more than a guess, the cost of this alternative may be presumed to be as per margin. The item for shirtings, however, may perhaps be too high. As before, the whole of this loss would not accrue in the first year, but a greater proportion of it probably would.

The advantages of this alternative are, that it would be much cheaper than the exemption up to 30s, and that it would save our shirting revenue considerably. Supposing the present normal range

of coarser shirtings to be made of from 40s to 34s, it would not be difficult for a new class, made of 30s and just under, to take their place extensively. But to get four counts lower is a different thing, and shirtings of 26s would not be good enough for a large proportion of purchasers. We may add that this limit is recommended by the Bombay Commissioner of Customs. On the other hand, the disadvantages are, that the narrower limit would make disputes much more frequent, that the retrocession from the already notified limit of 30s would cause much outcry, and that the measure could be but very temporary, as the Indian mills would be stimulated at once to push their manufacture into the finer numbers of yarn, and the pressure for a return to the limit of 30s or higher could not be long resisted.

Second alternative remedy.

30. If it were decided merely to add a few readily distinguishable kinds of cloth to those already named in the Notification, "*chudders*," which are merely sheeting made in particular lengths to suit the Calcutta market, should certainly be so treated. The coarsest dhoties might also perhaps be exempted, but in their case a special limit of 26s yarn would be desirable to exclude the better class of shirting dhoties which would otherwise come in largely for shirting purposes. Similar treatment of longcloths we cannot recommend, as they are practically undistinguishable from shirting. To admit them with a special limit of 26s would financially be nearly the same as adopting our first alternative in its entirety, but the practical difficulty of deciding whether a cloth made of 28s should be called a longcloth and taxed, or a coarse T cloth and exempted, would be almost insuperable. The cost of exempting "*chudders*" and dhoties of 26s would probably not exceed 15,000 *l*. The maintenance of the Notification, thus amplified, would of course leave unsatisfied, in the main, the desire of the present complainants to be allowed to make, unfettered except by the 30s limit, shirtings or any other cloth they please. We would not be understood as in any way advocating it.

General reduction of the rate of duty on grey goods.

31. We may here mention that it has been represented to us that it would be better for the interests concerned to reduce the 5 per cent. duty on all grey goods by 1 per cent. or more than to exempt certain specified descriptions of cloth, or even all cloths made of yarn up to 30s or any other particular count. In support of this, much extent and importance is assigned to the displacement movement, and it is said that the Indian piece goods and yarns are rapidly affecting

affecting all except the very highest imported goods. It is held that such a general reduction, say, of only 1 per cent. at a time, as the finances could bear the loss, would be preferable to total exemption of goods below any given line combined with full duty on those above it. It is thought hard that mills in Lancashire which turn out one class of goods should get a relief which others do not share. The uncertain financial effect of exemption on a limit of 30s, and the probability of nearly the whole shirting revenue being lost by it, are insisted on, and the general reduction is advocated as a more certain and economical measure.

32. Setting aside for a moment the practical difficulty of re-imposing a duty of 4 per cent. on the descriptions of goods which have already been declared free, we cannot see how the measure proposed is at all in accord with ascertained facts. We have no good evidence that the displacement movement has attained the proportions alleged, but there is no doubt at all that the Indian mills do, within certain limits, compete seriously and extensively with importers. As it has been decided that the latter are to be relieved of protective competitors, we can see no argument, on the merits, for relieving them piecemeal, and prolonging over a series of years part of any loss they are admitted to sustain, especially with the object of giving exemption from duty to those whose position is as yet only feebly assailed. Financially, the measure possesses some recommendations, but we do not think they outweigh the objections to it, and we doubt whether it would find much favour with the mercantile community.

33. We now turn to the complaint regarding yarns made by the Manchester Chamber of Commerce alone. It is to the effect that all yarns up to 36s water and 42s mule ought to be exempted, because the great portion of yarn shipped to India up to 24s water and 40s mule, both inclusive, is spun from cotton grown in India. Upon the face of this, it does not appear why the exemption should go up to 36s water, when the limit of Lancashire spinning of Indian cotton is confessedly only 24s; or again, why the Indian cotton should be sent to England at all to be spun into high numbers unless it cannot be spun profitably on the spot. That it cannot now be so spun, has been repeatedly ascertained by the most careful inquiries, including the recent ones of Mr. O'Connor. He says:

Complaint about yarns.

"The bulk of the yarns spun consists of Nos. 6, 10, and 20 mule twist. Water twist is spun in smaller quantities, and the highest number spun in any quantity seems to be No. 18, but the bulk is 16s. The causes, then, which prevent the spinning of yarns of 40s and upwards in the Indian mills are, 1st, high price of raw material; 2nd, diminution in output as compared with lower counts; 3rd, inferior quality of output as compared with English yarns. These causes are, no doubt, removable. If the finer cottons are more largely grown, and the price falls considerably, the smaller output of yarn within a given time will not be of material importance, and it is possible that with the use of longer stapled cotton and the exercise of greater skill and care, the quality may become as good as that of English yarn. It will be long indeed, in my judgment, before the Indian mills will venture on any active competition with Manchester in the spinning of 40s and higher counts of yarn."

The above conclusion is supported by the fact that the numbers for which exemption is asked are those in which the importations are largest, and that there are no symptoms of a decline in the trade. As to indirect competition, we have been told that Bombay 20s are displacing, for homespun cloth, imported 40s doubled, but as to this we can only refer to what we have said above in paragraph 18. The extent of the trade during the last nine years is shown in the margin. The amount of duty realised is about 35,000 l. per annum, a sum far too large to be sacrificed without apparent reason. We may add that the exemption asked would be a great boon to the Bombay mills, and materially promote their spinning fine cloths with English yarn, to the further detriment of the Manchester piece goods trade.

Year	WATER TWIST.		MULE TWIST.	
	Imports into Calcutta.	Imports into Bombay.	Imports into Calcutta.	Imports into Bombay.
1869	21s to 30s. 12s.	30s. 12s.	38s to 40s. 12s.	40s. 12s.
1870	3,850,185	7,504,500	1,414,800	
1871	3,060,370	10,384,000	1,861,310	
1872	1,845,270	7,108,500	987,710	
1873	2,276,518	7,903,000	919,415	
1874	2,200,000	5,603,500	1,432,130	
1875	2,021,610	9,003,000	1,050,905	
1876	2,000,000	5,377,000	1,109,100	
1877	3,929,070	6,133,000	1,537,330	
	4,825,561	8,033,500	1,739,048	
			1876-77.	1877-78.
			£.	£.
Mules, Nos. 33 to 42	-	-	26,221	26,081
Water, Nos. 21 to 30	-	-	6,723	6,875
Water, above	-	-	585	807
TOTAL			33,529	36,163

34. With reference to the instructions contained in your 10th paragraph, we have to report that, in addition to careful perusal of the replies of various members of the mercantile community to references, official and demi-official, which had been made to them by the Local Governments and otherwise previously to our appointment, we invited the members of the Chambers of Commerce of Bengal and Bombay, and of the Calcutta Trades Association, to favour us with any representations or suggestions which occurred to them. We have accordingly received visits from several members individually, as also demi-official letters, and held on the 20th a conference with the Committee of the Bengal Chamber.

35. In conclusion of this report we have only to remark that we consider any discussion of, or expression of opinion on, the general policy of a partial or total remission of the cotton duties, and the probable effects of such a policy upon English or Indian manufacturers, or the Indian producer, consumer or tax payer, to be beyond the limits of the duty assigned to us, and have carefully abstained from such accordingly.

Enclosure, No. 1.

From *H. W. I. Wood, Esq.*, Secretary to the Bengal Chamber of Commerce, to the Secretary to the Government of India, Department of Revenue, Agriculture, and Commerce; dated Calcutta, 17th April 1878.

I AM directed by the Committee of the Chamber of Commerce to address you in regard to the Notification No. 43, dated 18th March 1878, exempting from all import duties sundry descriptions of grey cotton piece goods.

In the Resolution, No. 1,911, dated 18th March 1878, published by the Financial Department, it is stated that the Government of India have been at some pains to ascertain how such of the cotton duties as appear to them actually protective could be defined, and it is then added, as the result of such inquiry, "that the real test is the quality or fineness of the yarn of which the goods consist."

The Committee of the Chamber do not propose to discuss the question of how far this proposition is correct; the object of their communication being to point out that the legislation which followed the inquiries resulting in the conclusion above referred to appears to have proceeded on a different basis, and to call attention to certain anomalies which, in consequence, have arisen.

Paragraph 57 of the Resolution particularises by name the descriptions of goods proposed to be exempted from duty; these being T cloths, jeans, domestics, sheetings and drills; and paragraph 58 imposes "the further condition that goods so exempted shall not contain finer yarn than what is known as 30s, that is, yarn of which 30 hanks of 840 yards each weigh one pound." In the Notification it is similarly specified that the goods exempted from duty shall come under certain designations, and also be subject to the further condition as regards fineness of yarn already referred to.

The apparent contradiction between the "real test," as defined by the Government of India, and the terms of the Notification, has occasioned considerable dissatisfaction amongst importers of cotton goods, and it has been represented to the Committee of the Chamber that the condition referred to must operate very unfairly against certain goods which, though satisfying the condition as to count of yarn, are still not commonly recognised by any of the names set forth in the Notification. As an illustration, the Committee would draw attention to a certain description of *stout* or *domestic* cloth, which, for convenience of sale, importers have been in the habit of receiving in pairs of about 10 yards in length. These goods are used very largely by the Natives as *chudders*, and consequently this name has been given to them by importers, and is their recognised designation by the Custom House authorities. This being so, it follows that although the cloth is in all respects, as far as quality is concerned, a *domestic*, still, with the present Notification before him, the Collector of Customs is unable to pass it free of duty.

Other instances might be given to show the unfavourable position in which importers of certain fabrics are placed, but *chudders* have been selected both because they fairly illustrate the anomaly created by the terms of the Notification, and also because such goods are largely manufactured in Native mills; and thus the protection which the Government apparently desire to remove still remains in full force in regard to these goods.

The practical effect of the Notification as it now stands is that cloth made in a particular length and bearing an arbitrary title passes free of duty, while precisely the same fabric, cut up for convenience of sale into a different length, has to pay duty.

The

The Committee of the Chamber would, therefore, respectfully urge upon the Government the desirability of amending the Notification so as to include *all* cloths, of whatever denomination, made of yarn not finer than 30 s; or if the intention of Government was really to exclude from exemption all goods not specially particularised, although fulfilling as to quality and fineness of yarn the "real test" laid down in the Resolution, then in such case steps should be taken to remove the ambiguity which appears at present to surround the question.

For Enclosure, No. 2, see page 14 (No. 9) and following.

Enclosure, No. 3.

From the Chairman of the Madras Chamber of Commerce to the Collector of Customs, Madras; dated 3rd September 1878.

I HAVE the honour to acknowledge receipt of your letter of the 17th ultimo, requesting the opinion of the Chamber on the expediency of exempting all grey cotton piece goods unmixed with foreign substances, not containing yarn finer than 30s, and chudders made from 20s to 24s yarn, from import duty.

In reply, I am desired to inform you that, so far from admitting the expediency of the proposed exemption from duty, the Chamber fail to see any reason for inflicting upon the State a loss of revenue for which no compensation will be obtained. It seems to the Chamber that the present is a most unsuitable time for thinking of sacrificing any of the State's resources under pressure from interested and imperfectly informed foreign manufacturers, and that it would be difficult to find a tax which is felt so little by the people as that upon the fabrics referred to.

The repeal of all import duties might be expedient if the country were in a position to sustain without detriment the sacrifice of revenue; but situated as the finances now are, it is more than ever expedient that financiers should leave well alone. The Chamber would refer to the various reductions which have from time to time been made in the duty on cotton yarns and goods, and would ask whether, in any instance, the manufacturers obtained any benefit thereby. It will be found in all cases that the ultimate effect was to cheapen goods in India by the amount of duty surrendered; and the present complaints of Lancashire manufacturers are sufficient answer to any argument that they have profited by an increased consumption of cheaper goods.

— No. 11. —

Department of Revenue, Agriculture, and Commerce.

NOTIFICATIONS.—SEA CUSTOMS.

(No. 59.)

Calcutta, 13th March 1879.

In exercise of the powers conferred by sections 23 and 205 of the Sea Customs Act, 1878, the Governor General in Council is pleased to cancel so much of the Notification No. 43, dated the 18th March 1878, as relates to grey cotton piece-goods, and to exempt from all Customs duties all grey cotton piece-goods, howsoever designated, which are shown to the satisfaction of the Customs collector, whose decision shall be final, to contain no yarn of a higher number than 30s.

This Notification shall take effect on and after the 15th March 1879.

— No. 12. —

(No. 60.)

In exercise of the powers conferred by section 22 of the Sea Customs Act, 1878, the Governor General in Council is pleased, in modification of Schedule A of the Indian Tariff Act, 1875, to fix for the articles mentioned in the second column of the following Statement the Tariff values set forth in the fourth column of the same.



This Notification shall take effect on and after the 1st April 1879.

No.	NAMES OF ARTICLES.	Per	Tariff Valuation.	No.	NAMES OF ARTICLES.	Per	Tariff Valuation.
16	<b>COTTON AND ARTICLES MADE OF COTTON:</b>		<i>Rs. a.</i>	35	<b>METALS, UNWROUGHT, WROUGHT, AND ARTICLES MADE OF METALS:</b>		<i>Rs. a.</i>
	<b>Piece Goods:</b>				<b>Brass:</b>		
	<b>Grey:</b>				Beads, Ghángri, China - - -	thousand	1 -
	Jaconets, exceeding .10 x 10 to the 1 inch.	lb.	- 10½		Old - - - - -	cwt.	30 -
	Jaconets, other sorts - - -	"	- 9		Sheets, rolls, very thin - - -	"	75 -
	Mulls - - - - -	"	- 14		Wire - - - - -	lb.	- 7
	Printers - - - - -	"	- 10		<b>Copper:</b>		
	Shirtings and longcloths - - -	"	- 8½		Australian cake - - - - -	cwt.	45 -
	T cloths, 18 reed and upwards, and madapollams.	"	- 8½		Bolt - - - - -	"	46 -
	T cloths, under 18 reed, jeans, domestics, sheetings, and drills.	"	- 7		Braziers and sheets - - - - -	"	46 -
	<b>Twist:</b>				Japan - - - - -	"	41 -
	<b>Mule:</b>				Nails and composition nails - - -	"	46 -
	Nos. 33 to 42 - - - - -	"	- 8½		Old - - - - -	"	40 -
	" 43 to 52 - - - - -	"	- 10		Pigs and slabs, foreign - - - - -	"	49 -
	" 53 to 60 - - - - -	"	- 11½		Sheathing, and plate and raised bottoms.	"	48 -
	" 51 to 70 - - - - -	"	- 13½		Tiles, ingots, cakes, and bricks -	"	44 -
	<b>Water:</b>				Wire - - - - -	lb.	- 9
	Nos. 21 to 30 - - - - -	"	- 8		Gold leaf, European - - - - -	100 leaves	2 13
	" 31 to 40 - - - - -	"	- 10		<b>Iron:</b>		
	" 41 to 50 - - - - -	"	- 11½		Plate, square, and bolt, including Scotch.	ton	80 -
	Above 50 - - - - -	"	- 14		Hoop, plate, and sheet - - - - -	"	105 -
	Twist, orange, red, and other colours, except Turkey red.*	"	- 10		Nails, rose, clasp, and flat-headed, rivets and washers.	cwt.	11 -
	Twist, Turkey red, all kinds*	"	1 3		Nail-rod - - - - -	ton	85 -
					Old - - - - -	cwt.	1 8
17	<b>DRUGS AND MEDICINES, EXCEPT OPIUM:</b>				Pig - - - - -	ton	42 -
	Asafoetida (híng) - - - - -	cwt.	70 -		Rod, round, British, not exceeding half-inch diameter.	"	90 -
	" coarse (híngrá) - - - - -	"	11 -		Rod, exceeding half-inch diameter	"	60 -
	Camphor, refined, cake - - - - -	"	55 -		Swedish, flat and square - - - -	"	125 -
	" crude, in powder - - - - -	"	45 -		Tinned plates - - - - -	cwt.	13 -
	Cassia lignea - - - - -	"	22 -		<b>Lead:</b>		
	Salap - - - - -	"	90 -		Pig - - - - -	"	12 -
	Senna leaves - - - - -	"	4 -		Sheets, other sorts - - - - -	"	13 -
18	<b>DYEING AND COLOURING MATERIALS:</b>				Orsidue and brass leaves, China -	lb.	1 -
	Cochineal - - - - -	lb.	1 8		Patent or yellow metals, sheathing, sheets, and bolts.	cwt.	38 -
	Gallnuts, country, myrabolan - -	cwt.	2 12		Ditto - ditto, old - - - - -	"	30 -
	" Persian - - - - -	"	35 -		Quicksilver - - - - -	lb.	1 4
	Sapan wood and root - - - - -	"	5 8		<b>Steel, excluding railway materials:</b>		
23	<b>GLASS, GLASS-WARE, BEADS, FALSE PEARLS, AND FALSE CORALS:</b>				Blistered - - - - -	cwt.	8 -
	Glass, Crown, of sizes - - - - -	100 supl. feet	5 4		British and foreign, other than Swedish.	"	7 -
	<b>Pearls, false:</b>				Cast - - - - -	"	20 -
	Bájria - - - - -	lakh	3 -		Spring - - - - -	"	8 8
	Boria - - - - -	thousand	1 -		Swedish - - - - -	"	9 -
	Jouria - - - - -	lakh	5 -		Tin, block - - - - -	"	40 -
	Nathia - - - - -	thousand	3 -		<b>Zinc or Spelter:</b>		
	Wattanah - - - - -	lakh	9 -		Nails - - - - -	"	20 -
24	<b>GUMS, GUM RESINS, AND ARTICLES MADE OF GUM OR GUM RESIN:</b>				Plate and other shapes, hard - -	"	12 -
	Copal - - - - -	cwt.	55 -		Sheet or zinc sheathing - - - - -	"	15 -
	Cutch and Gambier - - - - -	"	12 8		<b>41 PAINTS, COLOURS, PAINTERS' MATERIALS, AND COMPOSITIONS FOR APPLICATION TO LEATHER AND METALS:</b>		
	Gum Ammoniac - - - - -	"	13 -		Ochre, other than European, all colours.	"	1 4
	" Arabic - - - - -	"	13 8		Paints, composition - - - - -	"	30 -
	" Bdellium (common gum) - - -	"	6 -		Prussian blue, European - - - -	lb.	1 6
	" Bysabol (coarse myrrh) - - -	"	13 -		Turpentine - - - - -	Impl. gallon	1 8
	Myrrh - - - - -	"	32 -		Verdigris - - - - -	cwt.	70 -
29	<b>IVORY AND IVORY-WARE:</b>				Vermilion, Canton - - - - -	box of 90 bundles.	80 -
	<b>Unmanufactured:</b>				<b>43 PERFUMERY:</b>		
	Elephants' tusks, each exceeding 20 lbs. in weight, and hollows each weighing 10 lbs. and over.	"	450 -		Rose-flowers, dried - - - - -	cwt.	12 -
	Elephants' tusks not less than 10 lbs. and not exceeding 20 lbs. each, and hollows, each weighing less than 10 lbs.	"	375 -		<b>47 PROVISIONS AND OILMAN'S STORES:</b>		
	Sea-cow or moye teeth, each less than 3 lbs.	"	45 -		Bacon in canisters, jowls and cheeks	lb.	- 12
					Cheese - - - - -	"	- 12
					Ghee - - - - -	cwt.	40 -
					Fork hams - - - - -	lb.	- 12
					Vinegar, European, in wood - - -	Impl. gallon	1 -

\* Duty to be charged on the grey weight of the coloured yarn; when this is not ascertainable, the actual wharf weight, or invoice weight, to be taken.

THE TARIFF OF INDIA.

31

NAMES OF ARTICLES.	Per	Tariff Valuation.	No.	NAMES OF ARTICLES.	Per	Tariff Valuation.
<b>SHELLS AND COWRIES :</b>		<i>Rs. a.</i>	54	<b>SPICES :</b>		<i>Rs. a.</i>
Chanks :				Aniseed, star - - - - -	cwt.	33 -
Large shells, for carneos - - -	hundred	6 -		Betelnuts :		
White, dead - - - - -	"	8 8		All other sorts - - - - -	"	9 -
Cowries :				Chillies, dried - - - - -	"	9 -
From Mozambique and Zanzibar -	"	- 6		Cloves - - - - -	"	65 -
Cowries :				" In seeds, Narlavang - - -	"	24 -
Maldive - - - - -	cwt.	7 8		Maca - - - - -	lb.	14 -
Yellow, superior quality - - -	"	2 8		Nutmegs in shell - - - - -	"	6 -
Mother-of-pearl - - - - -	"	20 -		Pepper, black and long - - -	cwt.	20 -
<b>SILK AND ARTICLES MADE OF SILK :</b>			56	<b>SUGAR :</b>		
Floss - - - - -	lb.	9 -		China, candy - - - - -	"	23 -
Raw Silk :			57	Loaf - - - - -	"	30 -
Chaháram, Cochin China and yellow	"	4 8		Soft - - - - -	"	16 -
Shanghai, - - - - -	"	1 -		<b>TEA :</b>		
Waste and Kachra - - - - -	"	4 6		Black - - - - -	lb.	10 -
Persian - - - - -	"	2 -		Green - - - - -	"	1 2
Siam - - - - -	"	2 8		61	<b>UMBRELLAS :</b>	
Raw silk, the produce of the tasar	"	2 8		China paper kettisals - - -	box of 110	45 -
or other wild worm. - - - - -	"			Cotton, siled, other than European -	each	8 -

(signed) A. O. Hume,  
Secretary to the Government of India.

— No. 13. —

EXTRACT from Government of India Financial Statement of 13 March 1879,  
paras. 171 to 205.

EXEMPTION FROM IMPORT DUTY OF ALL COTTON GOODS CONTAINING NO  
YARN OF A HIGHER NUMBER THAN 30 S.

171. In the Financial Statement for last year, the Government of India announced its intention of undertaking, conformably to the desire of Her Majesty's Secretary of State, a gradual reform of the Customs Tariff. The principles on which this reform could be carried out were distinctly enunciated with regard both to the Tariff generally, and to the question in particular of the abolition of the duties on the importation of cotton goods and yarns into India.

Reform of Customs tariff.

172. As a measure of general relief, the duties were removed on Railway Materials, and on a very large number of articles, comprised under 26 major heads of the Tariff, which yielded insignificant contributions to the Customs Revenue.

Abolition of duties on minor articles.

173. Respecting the Cotton Duties, the first step taken was to abolish the duty on Foreign Raw Cotton imported into India. This duty was imposed in 1875, with the view of placing Indian and English manufacturers on the same footing in regard to the finer classes of goods; but it was held by Her Majesty's Government to be objectionable in principle, and it proved, as was foreseen at the time, almost entirely unproductive.

On long-stapled cotton raw.

174. In further conformity with the views of the House of Commons, and the instructions of Her Majesty's Secretary of State, the Government of India determined to commence with the removal from the Tariff of the coarser qualities of cotton goods, which are subject to competition from the Indian mills and looms, and upon which the present duties are consequently in fact, as well as in principle, protective. The protection actually afforded was seen to be both indirect and direct. It was indirect through displacement of finer imported goods by the coarser and cheaper locally-made articles; it was direct, by the freedom of the latter from the taxation borne by imported goods of a similar class. With indirect protection, it was then felt to be impossible to deal

And on coarser cotton goods.

All imported goods containing yarns not above 30s injured.

175. The real test of direct protection, or the reverse, was decided to be "the quality or fineness of the yarn of which the goods consist." Yarn designated 30s being known to be the very finest ordinarily made in India, or used for making cloth in the Indian mills, that count was adopted as the limit for exemption from duty with the view of removing direct protection. As, however, the count of yarn in the composition of cloths is never declared by importers at the Custom-house or elsewhere, and as the extent to which a simple limit of 30s might admit shirtings, long cloths and other textures forming the bulk of the grey goods imported was unknown, the necessary avoidance of financial risks required, as a further condition, that the goods freed from duty should be of certain specified and well-known descriptions, with which the successful competition of Indian manufacturers could be safely asserted. The limit of exemption for grey yarns was fixed at 32s for mule twist, and 20s for water twist.

Relief not enough.

176. To this measure, which took effect on the 18th of March 1878, the Government of India was not surprised to learn that strong objections had been raised. It only purported to be a safe commencement in a desired direction; and its scope was unavoidably limited, not only by financial considerations, but by the absence of comprehensive designations for the goods entitled to relief.

Commission appointed.

177. With the view of ascertaining the exact nature and bearing of the objections raised from without, and the feasibility of making a further advance on the line of policy definitively adopted, the Government of India, early in February last, nominated the Honourable T. C. Hope and Mr. J. D. Maclean, Collector of Customs at Calcutta, as a Commission to inquire into the matter, consulting freely the members of the mercantile community. The instructions issued to the Commission, and the report it has submitted, are published as Appendix A. to the present Resolution.

Its report.

178. The Commission reports that the Notification of 18th March 1878 was "sufficient and suitable for the objects the Government had in view, and that it has worked, within the limits it was intended to work in, without much trouble or complaint." But the Commissioners find that the real cause of complaints regarding piece-goods lies in "the fact that there is little essential difference between the cloths which have been exempted and large classes of cloth, otherwise styled, which have not;" and they state that—

"the only effective remedy obviously is to treat similarly, whether by exemption or taxation, all cloths of the same texture, irrespective of the lengths and widths in which they happen to be made up, or the names by which people may choose to call them. This course is that which is, more or less explicitly, asked for by the Chambers of Commerce of Bengal and Manchester, as well as by four mercantile firms in Calcutta, four in Madras, and four in Bombay, who have been consulted, and is approved by the Bengal Board of Revenue and the Customs Collector and Government of Madras. On the other hand, it is opposed at Madras by the Board of Revenue and one firm, and by the Chamber of Commerce, a copy of whose letter is appended. The Bombay Chamber of Commerce, and the Governments of Bengal and Bombay, have expressed no opinion."

Adhesion of Bombay Chamber.

179. With reference to the last sentence of this quotation, it must be added that, since it was written by the Commission, the Bombay Chamber of Commerce, at a general meeting held on the 4th instant, passed the following Resolution:—

"That the Government of India be urged to exempt from Customs duty all cotton goods of every size and denomination, if made of yarn of No. 30s and under."

Limit of 30s to be maintained.

180. The question immediately arising from the conclusion of the Commission which has just been quoted is, what texture of cloth, or in other words, "what number of yarn should be made the limit of exemption." After careful consideration of all available evidence, including recent special inquiries, the Commissioners hold that the limit of 30s, established last year, should be adhered to. They think there are—

"good grounds for believing that, except in a small number of isolated instances, the limit of 30s fixed by the Notification goes rather beyond what is necessary for abolishing existing direct protection. The small margin thus left is, however, useful in many ways, by leaving room for errors of estimate, by covering isolated higher manufacture, by allowing a greater difference between warp and weft, by minimising disputes, and by promising greater permanence for the limit than could otherwise be expected. A limit of

26s might cover the bulk of the manufacture for a time, but it could not be long maintained, while much outcry would be caused by a reduction from the existing limit of 30s, which seems to have been generally approved."

181. The indirect protection, on the other hand, they find not sufficiently palpable to call for an immediate remedy. It is, in their opinion, removable only "by an exemption going far beyond the present limits of actual local manufacture, and involving a sacrifice of revenue not absolutely necessary." Indirect protection.

182. Upon grounds virtually similar, the Commission advocates the maintenance of the limit of 32s mule and 20s water adopted for grey yarns in the Notification of 18th March 1878. Relying upon the well-ascertained facts that the Indian mills rarely make yarns even as fine as these numbers, that Indian cotton is sent to England to be spun into fine yarn for re-export back to India, and that the importations of fine yarn show no symptoms of decline, the Commissioners see no sufficient grounds for acceding, at a cost of about 35,000 l. per annum, to the proposal which has been put forward for exempting all yarns up to 36s water and 42s mule. Limit of 32s and 20s for grey yarns.

183. The Report of the Commission brings to light some important facts establishing the need for early action to relieve those imported goods which are exposed to local competition. In 1875, the Tariff Committee estimated at 40,000 l. the duty paid on imported coarse goods competing with local manufactures. The Commission now put the loss by exempting such goods at 20,000 l. in an ordinary year; in the year just expiring it will probably not exceed 13,000 l. In other words, one-half, or more, of this branch of the import trade existing in 1875 has disappeared. This decline further corroborates the statistics quoted by the Secretary of State, in paragraph 23 of his Despatch, dated 31st May 1876, from a letter of the Bombay Chamber of Commerce, showing the falling off in the imports of coarse goods in the years 1872 to 1874 compared with 1858 to 1860; and it gives additional weight to the conclusions drawn by him from the facts before him. Government conclusions.

"Comparing," he said, "the average per year of 1858, 1859, and 1860, the three years immediately preceding the American War, with the average per year of the last three years, 1872, 1873, and 1874, we find the following decrease in each of these descriptions of cloth and yarns, viz.:-

T. cloths	-	-	-	-	-	-	-	-	381,111	pieces.
Long cloths	-	-	-	-	-	-	-	-	275,261	"
Domestics	-	-	-	-	-	-	-	-	170,699	"
Mule twist, above 20s and under 30s	-	-	-	-	-	-	-	-	528,418	lbs.
Mule twist, 20s and under	-	-	-	-	-	-	-	-	447,916	"
Water twist, 20s and under	-	-	-	-	-	-	-	-	1,126,739	"

"These figures conclusively show that, so far as the import trade of Bombay is concerned, a serious decline has taken place in this branch of trade during the period in question, but their significance is increased by the considerations urged in the following extracts from the letter of the Chamber:-

"It should be remembered that this absolute decrease has occurred, after a lapse of 14 years of profound peace and security, in cloth and yarns principally consumed by the poorer classes, whose condition, it is well known, has immensely improved from a variety of circumstances, and during which period railway communication throughout the country was yearly extending. In 1860, 836 miles of railway only were open in British India; in 1873, the number of miles of railway open had increased to 5,872. The progress of education, closer and more frequent contact with more advanced communities, and the wealth accumulated by the cotton cultivators throughout the Presidency during the American war and for several years subsequently, when the prices obtained showed enormous profits on the cost of production, combined to increase the demand for cloths and yarns of these descriptions to an extent far exceeding the demand which would have arisen at the ordinary rate of progress in ordinary years.

"The Chamber apprehend that, under the circumstances, a very great increase indeed in the present imports of low cloths and yarns over the imports of the years immediately preceding the American war would be necessary to show that the import duty has not been operating as a protective duty, unless experience proves, after the abolition of the import duty, that local mills are able to compete successfully on equal terms with the English manufacturers. As it is, it may be fairly assumed, however, that the duty is maintained at the expense of the consumers, principally the poorer classes, against whom it tells in this instance with particular hardship in a prime necessary such as clothing, and that it is injurious to the thousands of village handloom weavers throughout the country, who are prevented from using the English yarns, which they might prefer, and are compelled to pay a higher price for what they do use, in consequence of its operation."

Import trade in  
coarse goods lost.

184. The causes of this falling off in the imports of the coarser goods, and the effect attributable to the import duty have been differently appreciated by different authorities; but, although there has been a large increase in the importations of goods of finer quality, the fact is indisputable that a branch of the trade which was once important has now become insignificant.

Development of  
Bombay mills.

185. On the other hand, the Bombay mills have, during the last four years, not only increased their exports of yarn and piece-goods to foreign countries by 26 per cent. and 51 per cent. respectively, but have more than doubled their exports to other parts of India. It is shown in para. 25 of the Report of the Commission that the total value of these exports, which was 432,000*l.* in 1875-76, had risen to 945,000*l.* in 1877-78.

With fluctuations.

186. At the same time the prosperity of the Indian mills has not been unchequered. Last month, the Members of the Millowners' Association at Bombay resolved to close their mills for two days in the week, from 15th February to 15th April 1879, on the ground that the markets were overloaded with their manufactures. The quotation given below from the speech of the Honourable Morarjee Goculdas, who moved the resolution to the above effect, explains the circumstances of the case.\*

Their success satis-  
factory.

187. The Government of India naturally view with much satisfaction the great expansion of local industry which has thus taken place, and the salutary outlets for capital and labour which it affords, and does not doubt that the depression

\* The Honourable Morarjee Goculdas said: When, at the beginning of last year, we met to consider the advisability of adopting a resolution similar to that which I am now going to propose formally, I strongly urged the necessity of working our mills on short time, on account of the glut in the yarn and cloth markets. On that occasion I showed, with detailed facts and figures, how we were working at a disadvantage, compared with Manchester. It is not necessary for me to repeat the same here, but, as you may remember, it was then pointed out that the depressed state of trade and the interest of the mills demanded a diminished production, and that if we continued to work at the usual rate, the evils of over-production would soon make themselves felt, and end disastrously to the cause of the local mill industry. Unfortunately, although the proposition to put the mills on shorter hours was adopted by the larger part of the Members of this Association present at the meeting held in January 1878, yet it failed to enlist the sympathy of all those whom it concerned, and could not therefore be carried out to the desirable extent. Several mills did adopt the short-hour system, in accordance with the proposition passed at our meeting last year; but unwillingness was shown in the case of others, and so the movement practically fell through after some time. This want of hearty co-operation on the part of the representatives of all the mills naturally led to over-production, and the supply in the local market soon exceeded the demand. Hence the yarn and cloth which found no sale here were conveyed in large quantities to the up-country stations, where also the market has been overloaded, and we have now a good deal of stock to be yet moved off. The causes of this sad state of things are obvious; it has been brought about by circumstances both within and without our reach. The famine, as everybody knows, has told heavily on the consumption of our stock, and lessened the demand for cloths in this country. But while the demand has been since these three years diminishing, the supply has, on the other hand, very much increased. There has been a certain growth of spinning, weaving, and manufacturing industry amongst us, and what it ought to have taken about 20 years to bring the present large number of mills into existence, has been brought about in the short space of two or three years. It is not surprising that owing to this sudden increase in the number of our mills some of them should have to work at a loss. The natural consequence of this has been over-production, the evils of which we have failed to prevent in time by proper precautionary measures. The present depression of trade is, of course, not confined to this country, but is general throughout England and other countries on the European Continent, where competition and over-production have blighted the prospects of mill industry to a great extent. But the mill-owners of all those places have not remained quiet, but have taken and are taking steps to check the evil, and every English mail brings us reports of the adoption of the short-hour system and the reduction of wages in many countries of Europe. While such is the case, all our endeavours to guard our own interests have hitherto failed, and what has been the result of this inactivity? We hear of some mills working at a loss, and, as you know, nearly one-third of the local mill industry has, in the space of a few months, actually failed. Eight mills have already been put into liquidation, and two or three more are expected to go very soon. And if we go on overloading the market in the face of these discouraging circumstances, there is no doubt that we shall be simply ruining our prospects altogether. It is high time, therefore, that we should move at once in the matter and adopt such measures as would prevent the present evils of over-production from being aggravated by their continuance. \* \* My opinion, in fact, is, that we should all co-operate now more than ever in averting the evils by which our mill industry is threatened through different causes. I have briefly indicated the points in which that co-operation ought to be directed, and I hope they will meet with the unanimous approval of the Members of this Association. But we must make a beginning in the matter, and the best way to do it is by lessening our present rate of production. Seeing that the local and the up-country market has all been overloaded; seeing also that England and other countries of Europe are adopting the short-time system, and taking every precautionary measure against the depression from which their mill industry suffers; and seeing also that our own condition is in no way better, but even worse, as you may see from the recent failures amongst us, I believe it is a duty we owe to ourselves and the shareholders of our mills that we should unanimously carry out the proposal to put our mills on the short-time system of working for the present at least. I say unanimously, because it must be evident to all that without unanimity nothing can be done. If we show that individual Companies do not pay respect to the opinion of a large majority, we shall be simply lowering this body in the eyes of the public, and there would be little use in continuing an association for the purpose professing of watching our interests. I therefore entreat you, gentlemen, to think over all this, and trust you will see the necessity of giving a practical effect to the resolution, which I now beg to propose.—“That, with the view of checking the great accumulation of stock during the present period of depression, the Members of the Association do agree to close their respective mills every Saturday and Sunday, from 15th February to 15th April 1879.”

depression complained of will be temporary only. But such facts as those which have been stated show very plainly the duty incumbent on the Government of taking care that the great increase attained in the manufacture of cotton goods by the Indian mills is not fostered by defiance of the fundamental principles of British commercial policy, or by improper restrictions on other classes of Her Majesty's subjects.\*

188. The Commission has considered, but only to reject them, three remedies alternative to that which, apart from financial considerations, it recommends. It is evident that to give a general exemption of all grey cloths of a certain texture, but to lower the limit to yarns No. 26, would be a retrograde and imperfect measure, by no means inexpensive, yet satisfying no one, and multiplying disputes. To add "chudders" and "dhoties" made of yarn, not exceeding 26s to the specified classes exempted under the Notification would be an amendment in harmony with the original intention of the Government, but it would give no real relief. To cancel the exemption already granted, and to make from year to year a small additional remission of the general rate of duty, is open, as the Commission points out, to the objection that it gives relief to those who are not in immediate need of it, while withholding it from those who are.

Alternative remedies.

189. The general result, therefore, of the inquiry which has been held is that, on the one hand, the desirability of extending relief at the earliest practicable date to the suffering branches of the import trade in cotton goods is amply demonstrated. On the other hand, it is equally clear that an amount of relief sufficient, for a time at least, to remove the more urgent and immediate causes of complaint, could be afforded at an annual cost, the estimate of which is admittedly of a vague description, but which ranges from 150,000*l.* to upwards of 200,000*l.* It may safely be assumed that it will not, for the present, exceed the smaller sum.

Relief urgently wanted.

Its cost.

190. The Governor General in Council considers that the facts reported by the Commission and those which have now been stated show conclusively that adherence to the tentative measures of last year is not possible. It is not reasonable that certain goods should be admitted free, while large quantities of goods of almost precisely the same character in everything but name, remain liable to duty. No measure falling short of the exemption from duty of all cotton goods containing no yarn finer than 30s can be defended, and this measure can no longer be delayed. Its adoption will, for the present at least, remove the directly protective character of these duties. It will be in accordance with the views of the Special Commission; with those stated by the Bengal Chamber of Commerce, in their letter to the Government of India, dated the 17th April 1878;\* and with the recommendations of the Manchester Chamber of Commerce made on the 27th March 1878,† and of the Bombay Chamber of Commerce made on the 4th instant.‡ For the reasons stated by the Commission, the Governor General in Council does not think it necessary at present to make any change in regard to the duty on yarns. A Notification has accordingly now been published exempting from import duty all cotton goods containing no yarn of a higher number than 30s.

Government decision.

\* See page 28.  
† See page 14.  
‡ See para. 179 of this statement.

191. There will still remain, as the Commission has pointed out in paragraph 18 of its Report, "the indirect protection alluded to in last year's Financial

Indirect protection will still remain.

\* The following passage, quoted from a letter addressed on the 6th of July 1877, by Mr. Raynsford Jackson to the Marquis of Salisbury, deserves consideration in connection with the statements made in regard to the over-supply by the Indian mills of the demand for the coarser qualities of goods:—"These facts may be accepted as proving that there is a real competition between the productions of the English and Indian mills for the supply of coarse goods to India."

† As regards the medium class of goods which compose nearly two-thirds of our Indian exports, I admit that the Indian mills are not at present making them extensively, the reason being that they are fully employed in manufacturing the coarser fabrics, on which the transit charges and the duty tell the most heavily in favour of the Native manufacturer and against the importer. Their power to make these goods out of indigenous cotton has, however, been proved, and samples so made have been exhibited in England.

‡ The English manufacturers, moreover, produced the medium, or shirting, class of goods out of Indian cotton without admixture of other growths, during the American war; and I have no hesitation in saying that when the factory industry of India has so extended as to over-supply the demand for coarse fabrics, the native manufacturer will supplant the British in the supply of the Indian markets with the finer goods.

"It is not unimportant that the same opinion has recently been given by an Indian manufacturer interested in more than one Indian mill."

Financial Statement which enables the Indian-made coarse goods to displace, by their cheapness or other qualities, finer cloths imported." The facts stated by the Commission show distinctly that this indirect protection cannot be overlooked; but they show, at the same time, the great difficulty of dealing with it by any measure short of the abolition of the duty on all kinds of grey piece goods. Financial considerations render it impossible for the Government of India to deal with this part of the question at the present time. By abolishing the import duty on all goods in respect of which there is any actual competition between English and Indian mills, and thus removing the directly protective character of the duty, the Governor General in Council has done all that is now practicable.

Loss of 150,000*l.*  
revenue.

192. Although the amount of revenue surrendered in the coming year by the measure thus announced is not likely to exceed 150,000 *l.*, the Governor General in Council does not underrate the importance of the step, taken, as it will be, when no surplus of revenue over expenditure is expected; but the Estimates show a deficit, and when the arrangements by which it was hoped that protection against famine would, so far as was possible, be secured for the country, have for the time failed to produce the desired effect.

Accepted notwithstanding deficit.

193. The pledges given from time to time in regard to the gradual removal of the duties on cotton goods, have always been made subject to the condition that their fulfilment must depend on the position of the Indian finances. It certainly cannot now be asserted, in the face of the great and increasing loss occasioned by the fall in the value of silver in relation to gold, that the financial condition of India is satisfactory; although every branch of the public revenue is prosperous, and, with the exception which has been mentioned, no fresh causes for financial anxiety are apparent.

War.

194. In saying this, the Governor General in Council is not unmindful of the fact that India is still engaged in the prosecution of war. He cannot, however, recognise in this fact any reason whatever for the postponement of a necessary fiscal reform. The consideration of Her Majesty's Government will, he trusts, enable India, not indeed to throw off her just liability for the charges of a necessary war undertaken for the protection of her own interests, but to meet those charges in a way which will throw no serious burden on her resources.

And fall of  
exchange.

195. The real question which the Governor General in Council has had to consider is this:—Ought the Government to look upon the fresh financial difficulties arising from the fall in the exchange as a sufficient reason for refusing to sanction any further remission in the duty on cotton goods? And this question, his Excellency in Council considered, must be answered in the negative. The injury and loss which these duties are causing both to the English producer and to the Indian consumer, and to the true interests of Indian commerce and manufactures, are certain. Measures which, for the present at least, will almost completely remove the protective, and, therefore, the most objectionable, feature in these duties, can be taken without surrendering any very considerable amount of revenue. The difficulties caused by the increased loss by exchange are great, but they will not practically be aggravated to an appreciable extent by the loss of 200,000 *l.* If the fresh fall in the exchange should prove to be temporary, such a loss will possess slight importance. If, on the other hand, the loss by exchange does not diminish, and no other remedies can be applied, it will become necessary to take measures of a most serious nature for the improvement of the financial position; but the retention of the import duties on cotton goods will not thereby be rendered possible. On the contrary, such retention will become more difficult than ever.

Injury and loss  
caused by duties.

Principles of  
Indian commercial  
taxation.

196. The principles by which the action of the Government of India are guided in regard to the commercial taxation of India were explained in the Financial Statement for 1878-79, and it is desirable that they should now be repeated:—

"The principles on which the Customs legislation of the United Kingdom has been based are now admitted axioms by all who recognise the theoretic advantages of free trade. They must be regarded as a part of the national policy which Great Britain has finally

finally adopted, and which the Secretary of State for India, with the deliberate approval of the House of Commons, has required the Government of India in this country to carry out.

These principles are, as regards imports,—

1. That no duty should exist which affords protection to native industry, and, as a corollary, that no duty should be applied to any article which can be produced at home, without an equivalent duty of excise on the home production; also, that no duty should be levied except for purely fiscal purposes;

2. That, as far as possible, the raw materials of industry and articles contributing to production should be exempt from Customs taxation;

3. That duties should be applied only to articles which yield a revenue of sufficient importance to justify the interference with trade involved by the machinery of collection.

As regards exports: that duties should be levied on those commodities only in which the exporting country has practically a monopoly of production.

These principles are of general application, but in the case of India, they possess a peculiar significance. India is a country of unbounded material resources, but her people are a poor people. Its characteristics are great power of production, but almost total absence of accumulated capital. On this account alone the prosperity of the country essentially depends on its being able to secure a large and favourable outlet for its surplus produce. But there is a special feature in the economic conditions of India which renders this a matter of yet more pressing, and even of vital, importance; this is the fact that her connection with England, and the financial results of that connection, compel her to send to Europe every year about 20 millions sterling worth of her products without receiving in return any direct commercial equivalent. It is this excess of exports over imports which, in the language of the economists, is described as tribute. It is really the return for the foreign capital, in its broadest sense, which is invested in India, including under capital not only money, but all advantages which have to be paid for, such as the intelligence, strength, and energy, on which good administration and commercial prosperity depend. From these causes, the trade of India is in an abnormal position, preventing her receiving, in the shape of imported merchandise and treasure, the full commercial benefit which otherwise would spring from her vast material resources.

The comparatively undeveloped condition of the trade of India may be illustrated by the following figures. The value of the imports and exports taken together per head of the population is in the United Kingdom about 20 *l.* In British India it is about 10 *s.* The Customs revenue on the few articles now retained in the import tariff of the United Kingdom is about 12 *s.* per head, while that of India, on all the articles of its lengthy tariff, is about 3 *d.*, showing that small as is the proportion of the foreign trade of India to that of England, the proportion of Customs revenue derived from it is smaller still.

Here then is a country which, both from its poverty, the primitive and monotonous condition of its industrial life, and the peculiar character of its political condition, seems to require from its Government, before all things, the most economical treatment of its resources, and, therefore, the greatest possible freedom in its foreign exchanges."

197. Not only are these principles totally inconsistent with the permanent maintenance of protective duties, but, as has just been observed, they add to the difficulty of defending even the temporary maintenance of such duties, in the face of the profound disturbance caused by the change in the relative value of gold and silver.

Do not admit of retention of duties.

198. It has been urged by some high authorities that, in its effect upon the import trade of India, a fall in exchange is almost equivalent to an import duty of corresponding amount; and that, while the direct effect of the low exchange is to stimulate the export trade, an opposite influence is produced on imports. Other high authorities dispute the accuracy of this view, and the Government of India does not now desire to discuss this part of the subject. If, however, there be one fact in connection with these most difficult questions regarding which there can be no possibility of doubt, it appears to the Governor General in Council to be this:—The effects which a great fall in the exchange value of the rupee must produce on the trade of India; on the prosperity of the people; on the means at the disposal of the Government for meeting its obligations; on the necessity which may arise of imposing fresh taxation to meet the increased liabilities of the State; all these are questions which will be variously appreciated; but one thing at least is certain; under abnormal economic conditions such as those now existing, everything which interferes with the natural operations of trade, everything which imposes artificial restrictions, or gives artificial advantages, cannot fail to be mischievous.

Effect of fall in exchange.

199. It is of course true that such questions as these cannot wisely be settled on economic grounds alone; but, in the present case, the Governor General in Council is satisfied that the political are fully as weighty as the economic

Remission of cotic duties in harmony with political as well as economic reasons.



reasons for the removal of the duties now under consideration. As observed by the Secretary of State, these duties place "two manufacturing communities, upon whose well-being the prosperity of the Empire largely depends in a position not only of competition, but of political hostility to each other.

\* \* The impost is too much at variance with the declared policy of this country to be permanently upheld; but, if the task of dealing with it be long postponed, it will be the subject of controversy between interests far more powerful and embittered than those that are contending over it at the present time." "I will not dwell again at length," the Secretary of State wrote in another despatch, "upon the political reasons which furnish, in my judgment, the weightiest arguments in favour of the course which I have urged upon your Excellency's Government. I need hardly insist further upon the danger of keeping open between two great communities of Her Majesty's subjects an irritating controversy which can be closed by one, and only one solution. It is difficult to overstate the evil of permitting an industry so large as the cotton manufacture in India is certain to become, to grow up under the influence of a system which a wide experience has proved to be unsound, and which is opposed to the deliberate policy of England, nor can I view without serious apprehension, unless it should be the result of natural causes, the gradual contraction of a trade which constitutes one of the strongest bands of material union between England and India."

It And otherwise  
is inevitable.

200. In thus ascribing great weight to the political reasons for the removal of these duties, the Government of India desires that its motive may not be misunderstood. It is not, for the sake of averting an embittered controversy, yielding anything which it would otherwise be unwilling to concede. The impossibility of maintaining protective duties is indisputable and obvious. Such duties must, sooner or later, inevitably be removed wherever they are to be found. The existing duties on a great variety of articles comprised in the Indian tariff are, as was shown in the Financial Statement for last year, undoubtedly protective; and they are constantly becoming more so, as the industrial and manufacturing resources of India develop. But the removal of protective duties must necessarily be a work of time, dependent on the state of the finances and on the expedients which can be devised for replacing the revenue lost. The Government of India deems it right to begin by a single measure of relief which will at once and directly reach one great and important branch of manufacturing industry, rather than by spreading its exemptions over a large area in which their effect, though not lost, might be ill-defined and uncertain.

Reform accom-  
plished.

201. The measure now announced has been adopted in the sincere belief that it is required by the true interests of the people of India. The late Viceroy, the Earl of Northbrook, declared that "in all financial questions those interests are the only considerations which the Government of India has to regard." The Governor General in Council unreservedly repeats that declaration. This measure will be a serious step towards the fulfilment of the pledges repeatedly given by the Secretary of State and by the Government of India, pledges which received the strongest possible confirmation from the Resolution adopted by the House of Commons on the 11th July 1877, without a division:—

Resolution of Par-  
liament obeyed.

"That in the opinion of this House, the duties now levied upon cotton manufactures imported into India, being protective in their nature, are contrary to sound commercial policy, and ought to be repealed without delay so soon as the financial condition of India will admit."

Revised tariff  
valuations.

202. The Tariff Commission has also completed its inquiries regarding revised valuations and the other matters, which, as shown by the instructions, published in Paper No. 10, have been referred to it; and on the result of these further inquiries the Commission has submitted a second report which, with one exception, there has not been time to consider in detail.

Present valuations  
too high.

203. There has been no general revision of the present Tariff Valuations since August 1875, and it has been urged upon the Government by the Chambers of Commerce and others that in many instances these valuations are much above the current market rates, a statement which receives remarkable confirmation from the prices quoted. The facts are, in short, indisputable, and it

present on the Government to correct errors of this kind, the which is to increase the Customs duties beyond the amounts

The Governor General in Council has, accordingly, resolved to sanction valuations recommended by the Commission, and they will effect from the 1st April next. A Notification carrying out this has now been published. Valuations reduced

The net decrease of duty consequent on this measure has been estimated by the Commission at 54,424 *l.*, of which 42,926 *l.* is on account of goods. The exemption from duty of grey goods made of yarn of 30s under will reduce the total loss from the revised tariff valuations by 1,500 *l.*, and the actual net estimated loss will be 42,000 *l.* In accordance with the advice of the Commission and of the Calcutta and Bombay Chambers of Commerce, it is the intention of the Government that the tariff valuations should in future be revised annually. Cost of this measure.

— No. 14. —

Government of India—Financial Department—Separate Revenue—  
(Customs.) (No. 3 of 1879.)

To the Right Honourable Viscount *Cranbrook*, Her Majesty's Secretary  
of State for India.

My Lord,

Fort William, 13 March 1879.

Your Lordship will observe, from the Financial Statement for 1879-80, forwarded with our Despatch, No. 87 A. (Financial) of this date, that a Notification has been issued exempting from Customs duty all imported cotton goods containing no yarn finer than 30s.

2. A majority of the Council, consisting of Sir Alexander Arbuthnot, Sir Andrew Clarke, Mr. Whitley Stokes, and Mr. Rivers Thompson, did not concur in the propriety of this measure. It was supported by Sir John Strachey and Sir Edwin Johnson.

3. His Excellency the Viceroy and Governor General, being of opinion that the proposed measure was one "whereby the interests of British India are essentially affected," and that the measure should be adopted and carried into execution, has, under the authority vested in him by Act 33 Vict. c. 3, s. 5, given orders to that effect.

4. It is the intention of the dissentient Members of the Council to record Minutes explaining the reasons of their dissent, and these Minutes will be sent to your Lordship with the least possible delay.

5. The reasons which have satisfied His Excellency and the minority of the Council that the measure in question ought to be adopted, have been stated in the Financial Statement for the coming year.

We have, &c.  
(signed) *Lytton.*  
" *A. J. Arbuthnot.*  
" *A. Clarke.*  
" *J. Strachey.*  
" *E. B. Johnson.*  
" *W. Stokes.*  
" *A. Rivers Thompson.*

EAST

FURTHER PAPERS  
DUTIES upon Cotton  
ARTICLES in the Tariff  
revision of the Parliament  
(1876).

*(Mr. Edward Stanhope.)*

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Ordered, by The House of Commons, to be  
24 June 1879.

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