

KASHMIR

PUNJAB

UNITED PROVINCES

RAJPUTANA

INDIA

BIHAR

BENGAL

CENTRAL PROVINCES

ORISSA

HYDERABAD

MYSORE

Madras

Pondicherry (French)

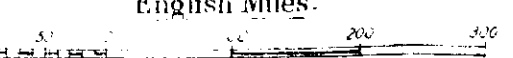
Pudukkottai

CEYLON

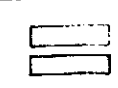
ANDAMAN ISLANDS

INDIA

English Miles



British India coloured
Indian States





EAST INDIA (CONSTITUTIONAL REFORMS)

REPORT

of the

Indian States Enquiry Committee (Financial)

1932

*Presented by the Secretary of State for India
to Parliament by Command of His Majesty
July, 1932*

The total cost of the Indian States Enquiry Committee (Financial) is estimated to be about £10,605.

TABLE OF CONTENTS.

	<i>Page.</i>	<i>Paras.</i>
List of Members	viii	—
Letter to Prime Minister	1-2	—
Chapter I.—Introduction	3-7	1-13
Field of Enquiry	3	1-2
States visited, or with whom discussions were held	3-4	3-4
Memoranda received from States	4	5-6
Method of work adopted by Committee	4-5	7-9
Official publications utilised	5	10
Questions raised outside Terms of Reference	5-6	11
Division of subject-matter of Report	6	12
Statistical information	7	13
Chapter II.—Historical Survey	8-14	14-32
The dynasties of India	8-9	14-20
Decay of the Moghul Empire and rise of the Mahrattas	9-10	21-22
Origin of cash contributions and ceded territories	10	23
Extension of British influence by the Marquess Wellesley	11	24
Attempt to repudiate the responsibilities of Paramountcy	11-12	25
Eventual consolidation of British Paramountcy	12-13	26-28
Subsequent economic developments	13-14	29-31
Need for the association of the States with determination of policy	14	32
Chapter III.—Cash Contributions	15-32	33-90
Introductory	15-16	33-39
Classification of cash contributions	17-18	40-44
Tributes directly imposed or negotiated	18-20	45-54
Tributes acquired by conquest, lapse or assignment	20-22	55-60
Recommendations in case of tributes directly imposed or negotiated	22-23	61-65
Contributions represented by "material assets"	23-25	66-71
Contributions made for "special and local purposes"	25-26	72-75
Recommendations for tributes acquired by conquest, lapse or assignment	26-27	76-78
Inter-State tributes in general	27-28	79-81
Inter-State tributes assigned to meet obligations for cash contributions	28-29	82-83
Special cases	29	84-86
Recommendations both for immediate and for final relief	30-31	87-90
Summary of conclusions and recommendations	31-32	—
Chapter IV.—Ceded territories	33-60	91-164
Introductory	33	91-93
Analogy between tributes and cessions	33-34	94-96
Contrast between interests of taxpayers and interests of States	34-35	97-98
Identification of ceded territory	35-36	99
Valuation of ceded territory	36-37	100-101

TABLE OF CONTENTS—(contd.).

	<i>Page.</i>	<i>Paras.</i>
Chapter IV—(contd.).		
Objections to suggested methods of valuation	37-38	102-104
Method of valuation proposed	38	105
(1) Territories ceded by the Nizam of Hyderabad	38-42	106-116
(2) " " " Gaekwar of Baroda	42-47	117-132
(3) " " " Maharaja Scindia of Gwalior	47-52	133-146
(4) " " " Maharaja Holkar of Indore	53-54	147-151
(5) " " " Chief of Sangli	54-58	152-162
Tabular statement of financial adjustments proposed	58	163
Method of giving effect to proposed credits	58-59	164
Summary of conclusions and recommendations	59-60	—
Chapter V.—Miscellaneous Contributions	61-72	165-202
Introductory	61	165-166
(i) Indian States Forces	61-63	167-173
(ii) Claims arising out of Railway Lands	63-66	174-182
Cession of Jurisdiction	64	175-177
Claim to share profits of railways in States or to purchase them and appropriate net profits	64-65	178
Claim that cession of jurisdiction over railway lands was not intended to include fiscal jurisdiction	65	179
Immunity from Income Tax	65	180
" " State Customs Tariff	65	181
" " State Excise	66	182
(iii) Claims arising out of Civil Stations and Cantonments in Indian States	66-68	183-188
Retention of civil stations and cantonments and terms of leases	66-67	184-186
Right to proceeds of taxation within the limits of civil stations and cantonments	67-68	187-188
(iv) Claims arising out of existing arrangements in regard to certain excisable commodities	68-69	189-193
(v) Kadim Inams	69-70	194-199
(vi) Claims in regard to other miscellaneous cash contributions	70-71	200-202
Summary of conclusions and recommendations	72	—
Chapter VI.—Salt	73-83	203-238
Introductory	73-74	203-208
History of Salt agreements with States	74-75	209-214
Revision of Salt agreements impossible	75-76	215-218
Principles of valuation	76-78	219-222
Conditions in Kathiawar	78-79	223-226
Special circumstances of Dhrangadhra	79	227
Suggestions for Kathiawar	79-81	228-233
Conditions in and suggestions for Cutch	81	234-235
Special case of Mandi	81	236
Total value of immunities	81	237
Concluding remarks	82	238
Summary of conclusions and recommendations	82-83	—

TABLE OF CONTENTS—(contd.).

	Page.	Paras.
Chapter VII.—Sea Customs and ports	84-131	239-383
Introductory	84	239
Views and conflicting policies of States and British India ..	84-86	240-244
Value of India's overseas trade	86-87	245-248
State ports visited and inspected by Committee	87-88	249-250
(1) Travancore and Cochin	88-98	251-283
<i>Travancore</i>	88	253-254
<i>Cochin</i>	89-90	255-262
Inter-portal Convention of 1865 and Port Agreement of 1925	90-91	263-265
Claim of Travancore under Convention of 1865	91-94	266-274
Value of existing rights of Travancore and Cochin under Agreement of 1925	94-95	275
<i>Alleppey</i>	95	275
<i>Quilon</i>	95	275
<i>Port of Cochin</i>	96-98	276-283
(2) The Kathiawar States	98-118	284-345
History of Viramgam Line from 1905 to 1917	99-101	288-291
Development of Kathiawar trade	101	292
The Mount Abu Conference and re-imposition of Viramgam Line in 1927	101-106	293-308
Protests of States and reply of Government of India ..	106-107	309-311
The Viramgam Line and Treaty rights of Bhavnagar ..	108-109	312-317
Physical characteristics and trade of the Kathiawar ports ..	109-115	318-336
<i>Bhavnagar</i>	109-110	319
<i>Jafarabad</i>	110	320-321
<i>Veraval</i>	110-111	322-324
<i>Mangrol</i>	111-112	325-326
<i>Porbandar</i>	112	327-328
<i>Okha</i>	112-113	329-331
<i>Bedi</i>	113-114	332-335
<i>Navlakhi</i>	114-115	336
Extent of immunity from contribution to central revenues, 1930-31	115-116	337-341
The Viramgam Line and future customs arrangements in Kathiawar	116-118	342-345
(3) Other maritime States	118-123	346-360
<i>Cambay</i>	118-119	347-348
<i>Janjira</i>	119-120	349
<i>Savantwadi</i>	120	350
<i>Cutch</i>	120-122	351-354
<i>Sachin</i>	122	355
Special claims of Baroda	122-123	356-360
(4) Inland States entitled to or claiming an interest in sea customs	123-125	361-368
<i>Hyderabad</i>	123-124	361-365
<i>Kashmir</i>	125	366-368
Relative value of British Indian and States' sea-borne trade and customs receipts	125-126	369-370
Circumstances affecting the task of valuing States' customs rights	126-127	371-374
General Conclusions and Recommendations	128-130	375-383
(1) <i>Cochin Port</i>	128-129	375-379
(2) <i>Other Ports</i>	129-130	380-383
Summary of conclusions and recommendations	130-131	—

TABLE OF CONTENTS—(contd.).

	<i>Page.</i>	<i>Paras.</i>
Chapter VIII.—Miscellaneous immunities	132-149	384-433
Introductory	132	384
(1) Posts and Telegraphs	132-139	385-406
The grievances of the States	132-133	386-387
(i) Claim to share in the revenues of the Posts and Telegraphs Department	133	388
(ii) The "guarantee" system	134	389-390
(iii) Banking operations of the Posts and Telegraphs Department	134-135	391
(iv) The mail robbery rules	135	392-393
(v) Claim to free grants of service stamps	135	394
Immunities enjoyed by States in the sphere of Posts and Telegraphs	136	395
(i) Maintenance by States of their own postal depart- ments	136-137	396-398
(ii) Free grants of stamps for official correspondence ..	137-138	399-401
(iii) Free carriage of official correspondence ..	138-139	402
(iv) Privileges connected with the telegraph system ..	139	403-406
(2) Coinage and Currency	140-142	407-412
(3) Land Customs and Transit Duties	142-144	413-422
(i) Land Customs	142-143	414-417
Our conclusions and recommendations ..	143-144	418-419
(ii) Fiscal restrictions with regard to salt ..	144	420
(iii) Transit duties	144	421
Lack of material for preparation of an Appendix ..	144	422
(4) Miscellaneous payments to certain States	144-145	423
(5) Courtesy concessions in respect of sea customs ..	145-147	424-433
Summary of conclusions and recommendations	147-149	—
 Chapter IX.—Concluding Chapter	 150-156	 434-451
Introductory	150	434
Recommendations only applicable in the event of Federation	150	435
No compulsion on States to federate	150-151	436
Federation and the political evolution of India	151	437
The States not a collective unit	151	438
Difficulty of securing uniformity of burdens and benefits in a Federated India	151-152	439-441
Principles for adjustment of contributions and immunities in the case of individual States	153	442-443
Application of principle illustrated	153-154	444
Effect of our recommendations on Federal Budget ..	154-155	445-448
Concluding remarks	155-156	449-451
 Summary of conclusions and recommendations	 157-164	 —

APPENDICES.

	<i>Page.</i>
I. Extract from Report of Federal Finance Sub-Committee of Indian Round Table Conference, September-December, 1931	167-169
II. Memorandum for information of Darbars regarding Committee's Terms of Reference	169-170
III. Classified Lists of cash contributions from individual States ..	171-199

TABLE OF CONTENTS—(contd.).

APPENDICES—(contd.).

	<i>Page:</i>
IV. Summarised Table of cash contributions payable to British Government and to other States	200-239
V. Classified Lists of Salt immunities	240-269
VI. Extent of immunity of States from contribution to central customs revenue (1930-31)	271
VII. Classified Lists of privileges and immunities in regard to Posts and Telegraphs.. .. .	272-277

MAPS.

Map of India showing places visited by Committee	Frontispiece.
Map of India, illustrating position of ports owned by Indian States, with special reference to India's railway system	At end of Report.