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☞ *Separate paging is given to this Part, in order that it may be filed as a separate compilation.*

## PART V.

### PROCEEDINGS OF THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA.

*Abstract of the Proceedings of the Council of the Governor General of India, assembled for the purpose of making Laws and Regulations under the provisions of the Act of Parliament 24 & 25 Vic., Cap. 67.*

The Council met at Government House, Allahabad, on Thursday, the 6th April 1871.

*PRESENT:*

His Excellency the VICEROY and GOVERNOR GENERAL of INDIA, K.P., G.M.S.I., *presiding.*
His Honour the LIEUTENANT GOVERNOR of the North-Western Provinces.
The Honourable JOHN STRACHEY.
The Honourable Sir RICHARD TEMPLE, K.C.S.I.
The Honourable J. FITZJAMES STEPHEN, Q.C.
The Honourable B. H. ELLIS.
The Honourable F. R. COCKERELL.
The Honourable J. F. D. INGLIS.

#### LOCAL RATES (N. W. PROVINCES) BILL.

The Honourable Mr. INGLIS moved that the report of the Select Committee on the Bill for the levy on land of rates to be applied to local purposes in the North-Western Provinces be taken into consideration. The only alteration of any importance made in the Bill by the Select Committee was in section ten. The Committee had struck out from this section the words "such assignment shall not be less than seventy-five per cent. of the total sum assessed in such District," and had made it incumbent on the Local Government to assign for expenditure in each district the full amount raised in it under the Act.

The Honourable the LIEUTENANT-GOVERNOR said:—"MY LORD, This Bill having been introduced on my responsibility, some explanation will, no doubt, be expected from me as to the occasion for it, as well as my reasons for the withdrawal of the License Bill.

"I think myself happy, My Lord, in being present at this meeting of the Imperial Council; for the occasion is a very special one, the first on which this Council has ever sat within the limits of the North-West Provinces, and I trust that the success of the day's proceedings may show that the precedent is a good one. And not only is the occasion special, but a special interest attaches to it. The Bill to be passed is the first measure for giving effect in these Provinces to the great scheme of decentralization so happily inaugurated by Your Excellency. From this measure I anticipate the most essential benefits. Not that, under the previous system, there was extravagance or any want of zeal and devotion to the public service. I believe that all laboured with honest and earnest endeavour. But the result of individual and provincial efforts was merged in those of the Empire at large, and so lost sight of. Each felt that he was but a part of the great machine, carried forward by an irresistible central force. But now, being partly disconnected, the effect of individual and provincial efforts will be seen in the progress of each province. A more lively apprehension of responsibility will be created; the interest felt in the success of each branch of the service will be sharpened by seeing its immediate and direct effect upon the local administration; fertility of design and readiness of resource will be stimulated, and greater promptitude of action secured. And between the different Administrations, a generous rivalry will arise, which Province shall make the greatest progress and with the least burden to the people.

"I can assure Your Excellency on my own part, and on the part of all the Chief Officers subordinate to me, that we shall heartily and earnestly co-operate according to our several positions and ability in the carrying out of this great measure.

"And now, as regards the Bill; it is intended to arm the Government with the necessary powers for raising funds to meet the share of the imperial deficit (£46,000) assessed upon these Provinces, and a further deficit (which will be alluded to hereafter) arising from a short grant for Public Works.

"The following is an abstract of the budget for the North-Western Provinces for 1871-72, which will show how the money will be applied:—

| Charges. | £ |
|---|---|
| Transferred Departments | 837,615 |
| Rural Police | 180,216 |
| District Schools | 35,000 |
| District Dák | 12,672 |
| District Communications (Local Funds) | 97,387 |
| Ferry Fund Establishments and other charges | 20,127 |
| Audit Charges | 1,400 |
| Total | £1,184,417 |

| Receipts. | £ | £ |
|---|---|---|
| Nett grant from India | 634,991 | |
| Departmental Receipts | 103,472 | |
| | | 738,463 |
| Ferry Fund | | 73,708* |
| Local Funds. | | |
| Pounds | 6,115 | |
| Staging Bungalows | 2,241 | |
| Nuzool | 6,651 | |
| | | 15,007 |
| Local Taxes. | | |
| Local Cess | | 298,446 |
| Acreage Cess | | 36,814 |
| Benares Road Fund | | 5,600 |
| Police Jageers commuted | | 11,300 |
| Cess on Maafee holdings | | 5,000 |
| Government Contribution for District Dák. | | 6,000 |
| Total | | £1,190,338 |

"Thus, our total receipts for the year are estimated at £1,190,338, and our charges at £1,184,417, leaving a surplus of £5,921, or, in round numbers, £6,000.

"There is still a question pending, whether the further charge will not be made against us of £13,300 for Public Works Establishments; but should this (which I hope not) be given against us, we shall still be able to defray it from the special subsidy for the year granted in the Financial Despatch of 20th March.

"Thus, My Lord, we have succeeded in adjusting our budget without having recourse to the License Tax; that is, with £100,000 less than was at first anticipated by this Government; and it will naturally be asked, how it is that our accounts have turned out so much better than was expected in the Despatch from this Government under date the 27th January last.

* Nett Ferry Fund Receipts £58,700.

"The difference is owing partly to retrenchments, and partly to errors in the original estimates. I will notice the chief of these:—

"*First.* Rural Police.—The charge on this account was estimated by the Nynee Tal Committee at £250,000. In the Despatch of 27th January, it was reduced to £207,500; the estimate, as finally prepared by the Inspector General of Police, is £180,216, which gives a saving of £27,284. But the revision is hardly yet completed, and this sum may be insufficient. Especially, we have been obliged to dispense with Jemadars of Rural Police, a highly useful institution, but one which the necessity of meeting the existing deficit renders for the present impossible. We propose hereafter, as the Local Cess is extended to the six remaining districts, to remedy this deficiency.

"*Second.*—The Public Works Budget has been retrenched by £25,000.* The estimates have been now cut down to the lowest point compatible with efficiency.

| | |
|---|---|
| * Civil Buildings ... | £15,000 |
| Communications ... | 2,500 |
| Repairs to buildings | 2,500 |
| Roads ... | 5,000 |
| TOTAL | £25,000 |

"*Third.*—The estimates for Local (Road and Ferry) Funds were pitched too high by Colonel Hodgson with reference to the estimates of previous years, which were swollen by credits from the one per cent. income-tax and Accumulated Ferry Fund balances—resources that have now come to an end. On a careful review of the district budgets, to bring them within the current receipts from Local Funds, the estimate has been cut down from £123,100, to £97,387, or a saving of £25,713.

"*Fourth.*—The next is an error of estimate. The Ferry Fund income was put at £40,000, the sum estimated by Colonel Hodgson. The estimate of the Accountant General gives a nett sum of £58,700, being a difference in favour of the budget of £18,700.

"*Fifth.*—The entire grant proposed for 'Sanitation and Public Improvements,' £30,000, has been struck out. Extensive operations are projected during this year in the upper portion of the Doab, where a widespread and fatal fever originating in malarious causes, which it is hoped to ameliorate, has prevailed to a melancholy extent; but we have considerable balances in those districts at credit of the Local Cess, which can be devoted to the purpose. Eventually, budget provision will have to be made in future years for these objects, and the sum entered in the first estimate, which is little more than £900 a district, does not appear excessive. But it is not required in the present season; and when it is required, no doubt the improved state of our finances (from the extension of the Local Cess) will admit of the appropriation necessary for the purpose.

"On the other hand, we over-estimated the income from the Local Cess. It was at first put down at £324,362; a closer account only gives for the present year £298,446, being a diminution of £15,916.

"Thus, on the whole, we have a nett reduction on our former estimates of £100,781,† or just about the sum which the License Tax was expected to yield.

| | | £ |
|---|---|---|
| †(1). | Reduction in Rural Police Estimate ..... | 27,284 |
| (2). | Retrenchments in Public Works Estimates .. | 25,000 |
| (3). | Over-estimate in Local Funds Budget ..... | 25,713 |
| (4). | Add for Ferry Fund Receipts under-estimated | 18,700 |
| (5). | Sanitation, &c., struck out..... | 30,000 |
| | Total.. | 126,697 |
| Deduct for Local Cess income over-estimated ..... | | 25,916 |
| Net difference between former and present Estimates.. | | 100,781 |

"It will naturally be inquired, why, in January last, legislation was proposed on estimates of income and expenditure that have proved so imperfect. My reply is, that the time was short; we were close upon the end of the year; and if legislative measures for taxation were to be passed at all, no time was to be lost. As it is, we have entered into the new financial year, and our Local Cess Bill, which is necessary to carry us through our difficulties, has yet to be passed. I acted on the best information at my disposal. There had been no time to inaugurate the necessary accounts and budgets, and the estimates were distinctly avowed to be imperfect and open to change.‡ But the data were sufficient for proposing ways and means to meet the maximum charge then anticipated; and it was intended to put these in force, in greater or less measure, only as they might be found to be actually required.

‡ Paragraph 41 of letter dated 27th January 1871.

"It is to myself, personally, a cause of extreme satisfaction that we are now in a position to do without the License Tax; for, though the rates were low and such as could not have been much felt in any individual case, yet the application of the measure would have reached over the length and breadth of these Provinces, and the working of it would have been cumbersome, if not irksome to the people.

"Turning now to the estimates, as finally adjusted, I must call attention to the fact that the equilibrium of the budget, as it now stands, has been attained mainly by applying the surplus of the 'Local Cess' to liquidate the share of the deficit assessed on this Government, together with the further deficit arising from the short Public Works grant assigned to us.

"If Honourable Members will refer to the first entry in the abstract statement of the budget in their hands, they will see that the nett grant assigned to us by India is £738,463, while the corresponding charges for the transferred Services amount to £837,615, leaving to be made up by local taxation £99,152; that is to say, instead of the share of deficit imposed on us of £46,000, we have in point of fact to make up £99,000. Now, as the (full) grants for all the other Services, excepting Public Works, suffice, or nearly suffice, to meet the charges against them, it follows that the difference, or £53,000, arises from shortness of the Public Works grant; the share of the imperial deficit (£46,000) falling to the Public Works Department is about £10,700; instead of which that Department will cost £53,000 more, or, in all, there is a deficit of some £63,000, instead of £10,700, to be made up from local taxation for the Public Works Department.

"Our position, My Lord, is that this deficit is caused by the inadequacy of the grant made to us; the expenditure of the previous year 1870-71 (assumed by the Financial Department as the standard for our grant) having been, in consequence of the spasmodic stoppage of works during the year, quite inadequate to the normal requirements of these Provinces.

"This position has been traversed by Your Excellency's Government; more especially, my honourable friend, Sir Richard Temple, in the debate of the 18th March, 'denied that they imposed anything more than £46,000.' And again,—'the utmost amount that could be raised on our compulsion was £46,000. Whatever amount was raised beyond that, was raised because the local authorities believed that it could be equitably and reasonably raised; they were responsible, and not the Government of India, for every farthing that was raised beyond the £46,000.' And, again, in the Financial Despatch of 10th March it is said that, with the exception of one year, 'the new grant is really as high as any ever made;' and, further, that these Provinces 'are largely more favoured than any other part of British India;' and that 'if a severely equitable standard had been applied in apportioning the provincial grants, the allotments for Public Works to the North-West Provinces must have been sensibly reduced.' These statements appear to mean that the grant made to us is ample for all our purposes, and, by implication, that our extra expenditure of £60,000 is extravagant.

"Now, My Lord, I think it can be shown, upon the ground taken up by Your Excellency's own Government, that our demands are not extravagant, but, on the contrary, very moderate. The nett grant (excluding Establishments, &c., regarding which there is at present no question) for Public Works is £147,000. Our budget is—

| | | |
|---|---|---|
| For Civil buildings ..... ..... | £ | 97,500 |
| „ Road ..... | „ | 102,000 |
| Total | £ | 200,000 |

"The Financial Department, in the Despatch above quoted, have taken as a fair standard of comparison the expenditure on Public Works during the eight years preceding 1870-71. Now, taking the figures of that Despatch, I find that we have been spending annually ..... £ 195,131

We receive ..... „ 147,100

Less £ 48,000

that is, we receive £48,000 less than we have been expending during the last eight years. But this is not all. I hold in my hand a memorandum by Mr. H. Marten, the able and accurate Controller of Public Works Accounts, in which he shows that, besides the above expenditure, we have been aiding imperial communications from the one per cent. Income Tax Fund during these eight years, to the annual amount of £22,000. In point of fact, then, our average expenditure for imperial works has been £217,131, and our future grant for the same Services is thus about £70,000 less than the average for these eight years, and this besides our share of the deficit on the other transferred Services.

"Three points have been stated in the same Despatch why we should be content with a smaller grant—

*First*, that an assignment of £25,000 has been made this year for the Raneekhet and Chukrata Military roads.

*Second*, the large expenditure on the Public Offices and Government House at Allahabad.

*Third*, the great expenditure in these Provinces for Railways and Canals.

"The first argument is based on a misconception; for prior to 1870-71, the expenditure, on these roads was a Military charge; that is, it was a charge over and above the £217,000 annually expended; it cannot, therefore, be taken into the account. And, so far as the two roads themselves are concerned, they are purely for Military purposes, and have no direct bearing on our Civil requirements.

"On the second point, I may be permitted to say that I am happy at length in having provided for the Head of this Government a house, which, although I trust not on an extravagant scale, is yet in some degree fit for the reception of Your Excellency and the Imperial Council on this auspicious occasion. And yet, My Lord, in reference to a Province which Mr. Grant Duff, in a recent debate in Parliament, described as 'about equal in area to Great Britain and more densely peopled,' one can hardly suppose that the cost of this house (£15,000 to £17,000), spread over three or four years, should have any sensible effect on the surplus of future years.

"As regards the Public Offices, there is no doubt that they have taken a large slice (an average annual expenditure of £20,000) from our available funds. But I would submit two considerations. *First*, during these late years we have enjoyed extra funds, on which has been devolved the expenditure drawn aside for the Public Offices, namely, the one per cent. Income Tax, which, (besides the £22,000 before mentioned) gave us an average annual extraordinary outlay of £15,000. We have also for two or three years had an extra income of £30,000 from the accumulated Ferry Fund balances. But even with these aids, there is no doubt that the diversion of our funds towards the construction of the Public Offices has caused the postponement of some urgent works and repairs throughout the country. For example, the great Saugor Road is in a most discreditable state of disrepair; and if any emergency required the march of troops from Jhansee to Cawnpore, and there were to be rain at the same time, the force would probably be disabled in the mud. And so, in the same quarter, the Deputy Commissioner's office at Orai has now for some time been reported positively unsafe; and yet we have not had funds to build another. Now, My Lord, in matters of right and wrong, the maxim *Fiat justitia, ruat cælum* is to be followed; but I submit that no such maxim is applicable to retrenchments in Public Works, and that I am bound to see to the safety of life and limb, and to maintain our public buildings and communications in a secure and efficient state.

"The third objection relates to the great expenditure in these Provinces on Railways and Canals. Mr. Chapman writes:—

> 'The Lieutenant Governor also altogether places out of view the very large extraordinary expenditure which is going on in the North-Western Provinces on the construction of Railways and Canals; works which give the very best possible means of communication. For canals alone, next year, the estimated outlay is £350,000. The precise amount to be laid out next year on Railways is not yet known, but it may be noticed that lines are in course of construction through almost all the districts between the Ganges, the Gogra, as well as a line from Agra, and that the share of the North-Western Provinces in the outlay must be not far from a million sterling at the least.'

"Now, My Lord, we are not unmindful of these benefits, but they bring no relief to the Public Works expenditure. We are fortunate, indeed, beyond all other Provinces in our share of these blessings; but they add to, not detract from, our obligations and expenditure.

"The Ganges Canal will, by the great extension recently sanctioned by Your Excellency, prolong its channel to Allahabad, thus watering the whole Doab; the East Ganges Canal will extend the same blessings and the same security to Rohilkund; and the Agra Canal to the thirsty tracts bordering on the right bank of the Jumna; all scattering fertility and wealth in their progress. But, so far as the Public Works are concerned, the increased production will simply bring increased traffic on our roads, and impose the opening up of new approaches to the ghats where the canal boats load and unload their freights.

"And so with Railways. We are deeply thankful for them. They indeed are the harbingers of life, of civilization and progress, stimulating traffic and developing the resources of the country. But they have not enabled us to dispense with a single road. On the contrary every new railway-station implies the necessity of providing one or more approaches to it on

either side. And then, new entrepôts and centres of traffic are created by the railways, all demanding the opening up of new lines and corresponding means of communication.

"In fact, My Lord, these Provinces are stretching themselves out as with the growth of a new youth; and, as in animal life, so here, the expanding thews and sinews must not suffer for want of nutriment and sustenance.

"And so we think that, with increasing wants, we have done well, not ill, in bringing down our budget to £200,000, instead of £217,000, the average of preceding years.

"To meet these wants, we receive, for this and all future years, but £147,000; because, in 1870-71, we promptly and loyally obeyed Your Excellency's call to cut down our expenditure; and in proportion to the loyalty and promptness of our obedience, our grant has suffered.

"I think I have shown, My Lord, that the starved and mutilated grant, corresponding with the outlay of 1870-71, is no proper standard for the normal wants of the North-West Provinces; and that our deficit is not attributable to extravagance, but to the inadequacy of the appropriation assigned to us by Your Lordship's Government.

"We have, then, £53,000 to make up in consequence of the short grant for Public Works, besides our share of the imperial deficit, £46,000, or in round numbers £100,000; and this we propose to do under this Bill by savings from the Local Cess.

"The Bill has been fully explained upon former occasions by my honourable friend, Mr. Inglis. I need not dwell on the first part of it, which merely legalizes a cess already recognized. We only anticipate its action by extending the cess to all districts of which the term of the thirty years' settlement has expired. But a few remarks may seem called for on the 'Acreage Cess' now for the first time introduced into the Benares districts, and the more so, as the principle of the cess has been questioned in this Council by His Honour the Lieutenant Governor of Bengal.

"Three plans were open to us. We might impose—

(1) A percentage or cess on the land-revenue.

(2) A rate on the profits from the land.

(3) An acreage rate.

"First, a percentage on the land-revenue would have been in no way distinguishable from an increase of revenue; and from such we are barred by the terms of the Permanent Settlement: besides, the revenue itself has long ceased to be an index of actual profits.

"The second plan, or a rate on profits, would have necessitated a difficult and complicated investigation into nett income, and have opened a wide door to corruption and harassing interference.

"From all this, the acreage cess is free. The amount is certain; there can be no extortion. Undoubtedly, it will not fall equally, since the value of land varies. But we shall carefully watch its effects; where it presses heavily, it will be our part to ameliorate the pressure; and hereafter, if necessary, we may perhaps be able to profit by the experience of Bengal, should a corresponding tax be there imposed.

"I do not now dwell on the objections which are urged in the petition from the Committee of Benares Landholders, because I understand that they will be fully discussed by my learned and honourable friend Mr. Stephen. I may, however, notice, with reference to the statement that cesses are paid in the Benares district for Education and the District-dák, that these will be merged in, and superseded by, the new taxation.

"And now, My Lord, before concluding, there are two subjects to which I crave Your Excellency's attention.

"By this great and wise measure of decentralization, while the Supreme Government is lightened of a large share of primary action, the responsibilities of the local Head of the Administration are vastly enhanced. The distribution of a million and a quarter sterling is committed to his discretion among various departments, each regarding (and not unnaturally) its own claims as paramount.

"Not to speak of idiosyncracies and possible leanings of the Head of the Government himself, he may well ask to be strengthened by the association with him of two or more constitutional advisers. I cannot speak too strongly of the loyal, ready and most zealous aid and counsel, which, from first to last, I have received from the Chief Officers around me; but there is a difference in the advice thus tendered by irresponsible advisers, and that of con-

stituted and responsible Counsellors, whose opinions are recorded, and by which they must stand. I submit to Your Excellency's consideration that, for the satisfactory working of the decentralization scheme, a local Financial Council would be most useful.

"And why, My Lord, should there not be a local Legislative Council also? We have all the elements for it here. Besides official members, there are many independent Native gentlemen well fitted to aid in such a Council. It is true that, compared with the presidency towns, the non-official European element is small; but even from these, worthy representatives might no doubt be found.

"Such a local Council would, I submit, be better fitted than the Imperial Legislature, for discussing and settling local measures like this Bill, Choukeedary arrangements, Municipal measures, and such like matters.

"With a local Council, such measures would be discussed in Committee; would be debated in open Council; the measures and the reasons for them would become locally known; would be taken up by the Native as well as the European Press, and would thus become familiar to the community. In short, they would acquire what, I submit, they have not now, a popular aspect.

"My Lord, it is my constant, my earnest endeavour and desire to lead the people to administer their own affairs. In all my circuits, it is one of the first things I seek to impress upon the Municipal Committees, that self-government is one grand object of our municipal institutions. And they are beginning to respond. I am convinced that no measure would tend more directly to foster this spirit of independent action than a well-selected Legislative Council, with representative men *seen* and *felt* to be debating on questions affecting their own people.

"And who, My Lord, would be better qualified for effective local legislation? Wants and wishes, and it may be prejudices, all bearing upon local legislation, are surely best known to the inhabitants of the Province. Here, also, would be best known the capacities and requirements of the Administration: as the crew of a ship best know what their own vessel can perform—when to loosen this cord, and when to tighten that, when to crowd sail, and when to take it in; so the local Council would be best qualified to watch the progress and course of the local Administration, and to shape their measures accordingly.

"I know, My Lord, that the proposal is not one at present in favour; but my conviction is that the constitution of such a Council is simply a question of time, and I feel that I merely discharge a duty to the Provinces over which I am placed by Your Excellency, in submitting thus openly my opinion, in the hope that such expression of my views may lead to the earlier consummation of a measure so much to be desired."

The Honourable Sir Richard Temple said,—"My Lord, I came here to-day intending to keep silence, but I fear that there are one or two points which I am obliged to notice. And as I have thus to speak, I may commence by congratulating His Honour the Lieutenant Governor on the local budget for the North-West Provinces which he has laid before the Council. It is satisfactory to find that, with the Land-rate Bill, but without the License Bill, the local resources (irrespective of the regular revenue) will amount to half a million. It is still more satisfactory to find that the necessity for imposing the license-tax has been avoided by reducing expenditure. This supplies a good instance of the working of the new plan of local finance. The Local Government has to decide whether it will do without certain expenditure, or find the means of defraying it. It chooses the former alternative. And this brings me to the point of what I have to say.

"His Honour remarks very truly that, on a recent occasion at Calcutta, I adverted to the argument of the North-West Government as to the allotments of 1870-71 being too small to be a basis for the new allotments, and rejoined that the 1870-71 allotments were no worse for the North-West Provinces than for any other part of India; that without the new scheme we could not have afforded to give any more; that the new scheme only compelled the Local Government to raise £46,000, and that whatever might be raised beyond that sum would be raised on the responsibility of the local Government. I am sorry to find to-day that the Lieutenant Governor does not approve that view, though I could hardly expect, perhaps, that he would approve it. Nevertheless I must still adhere to that view.

"His Honour does indeed show that the Public Works grants for 1870-71 were, for the North-West Provinces, lower than the actual expenditure for several years previous. No doubt; but is this circumstance peculiar to the North-West Government? Not at all; it is common to all other Local Governments in India. They have all suffered much alike from reduction of grants. In the expenditure of former years, exhibited to-day by the Lieutenant Governor, are included the old allotments from income-tax money. This circumstance again

is common to all Local Governments alike. One reason for the North-West expenditure having been perhaps abnormally high for some time was, that the extensive structures for the accommodation of the entire head-quarters of the administration have had to be built. The task has indeed been well fulfilled. But it will not always continue to be a drain on the resources of these Provinces.

"The Lieutenant Governor shows that the £147,000 granted by the Government of India for Public Works is not enough, and ought to be £200,000 and more. Very likely. But what then? We (the Government of India) cannot afford more than the £147,000. And if the Provinces want more, they must find it. And the affair must be theirs and not ours. His Honour objects to £147,000 being regarded as a standard of comparison. Well, it may not be a proper standard; but at all events it is the only practicable basis.

"In short, all that the Lieutenant Governor has said, with great force, to-day, might be said, and indeed has been said, by every Local Government throughout India. The North-West Government has been loyal in reducing Public Works expenditure. No doubt; and there has been loyalty in other Governments also; and there has been reduction of Public Works expenditure everywhere.

"As is well known, the Government of India has not hesitated, and will not hesitate, to incur responsibility, however grave, in respect to taxation whenever necessary. But that is no reason why Local Governments should not, together with their increased authority in financial matters, bear an increased share in deciding whether expenditure shall be reduced or local taxation augmented—a decision which they are most competent to form."

The Honourable Mr. Stephen said:—My Lord, "As it is one of the objects of the Bill now under the consideration of the Council to authorize the Local Government of the North-West Provinces to impose cesses for certain specified purposes upon the permanently settled districts of these provinces, and as many persons have maintained that the imposition of such cesses, either upon these provinces or upon the province of Lower Bengal, is a breach of the pledge given at the Permanent Settlement, I desire to make some observations upon the character of that famous transaction with the view of showing that the present measure in no way interferes with any pledge then given, and that the moral right of the Government to impose such cesses, if it thinks them necessary, is as unquestionable as its legal right to do so.

"What I have to say upon this matter applies, of course, in the first instance, to the permanently settled districts of the North-West, but it applies with equal force to Lower Bengal.

"The character of the pledges given at the Permanent Settlement, and the degree in which those pledges still continue to bind the hands of the Government of India, both in their executive and in their legislative capacity, have been of late years the subject of much discussion.

"Many arguments have been advanced upon the subject in the public Press and elsewhere, which I have read with regret, partly because they appear to me calculated to shake the confidence of the Natives in the good faith of the British Government, and partly because they are usually founded upon an imperfect and one-sided apprehension of important truths; and it may be well if I say a few words upon these arguments in the first instance, before I state my own view as to the true purport of the Permanent Settlement and its bearing upon the measure now before the Council, and other measures, of the same character which there may or may not be occasion to introduce into the Legislative Council of the Lieutenant-Governor of Bengal.

"I have seen and read allegations that, as permanency can hardly be regarded as an attribute of human arrangements, and as no one generation of lawgivers can irrevocably bind another to a certain course of conduct, it is idle to object to any law on the ground that it is a violation of the pledges given at the Permanent Settlement. Who, it has been asked, was Lord Cornwallis, that he should be able, in 1793, to tie the hands of his successors in 1871, and to force them to maintain an arrangement made by him, whether they think it a good one or a bad one, merely because he made it? There have been, it is alleged, in Europe and even in England, abundance of laws which have been described as irrevocable, fundamental and incapable of alteration. For instance, the Act of Union between England and Scotland assumes this character, and declares, amongst other things, that the Established Churches of England and Scotland are to be maintained inviolate; but does any one seriously believe that Parliament, if it thought fit to do so, might not reconsider the relations of Church and State both in England and in Scotland, and recast those establishments according to the views of general expediency which it might entertain,

or even abolish them altogether, notwithstanding the strongest expressions which were, or which could have been, introduced into the Act of Queen Anne? How can a Regulation made by the East India Company claim a degree of sanctity which does not attach to the Acts of the Parliaments of two Kingdoms, which Acts formed, so to speak, the title-deed on the faith of which each surrendered its independent existence in order to merge it in a common whole?

"The writings of some of the most popular and influential of the authors who have treated of late years of the principles of jurisprudence, may be quoted in support of these views. Mr. Austin, for instance, teaches expressly that, if any one legislature affects to tie the hands of its successors, it affects to do that which is beyond its power. Law is law, because it is the expression of the will of those who have the power to enforce it; but those who are dead and gone have no longer the power to enforce anything at all. Hence, the laws which they made are laws only in so far as their successors accept and enforce them, and lose their character as law when their successors refuse to carry them out. Applying this to the Permanent Settlement, it may be said, it is not to Lord Cornwallis and his advisers, but to those who rule India in the present day, that the Permanent Settlement owes its authority. How, then, can they be debarred by restrictions of Lord Cornwallis from entering upon the question whether or not the Permanent Settlement was and is beneficial?

"As I said, I have seen these arguments used with regret, and with the more regret because they undoubtedly have a certain substratum of truth. The objection to the theory of which they are applications is, not that it is false, but that it is partial; that it applies to legal right and wrong, and does not deal with the question of moral right and wrong. It is no doubt of the highest importance in all inquiries into jurisprudence to keep these points distinct, and to bear in mind the fact that the legality of a particular measure depends, generally speaking, upon considerations wholly distinct from those which determine its morality; but it is even more important to remember that just because moral and legal questions are distinct, the moral propriety of a proposed measure may require justification, even after its legality has been established beyond question.

"With reference to the present matter, it may, I think, be affirmed with perfect truth that your Lordship and the Council have the legal power to repeal Regulation I. of 1793, which embodies the Permanent Settlement, just as you have the legal power to do a vast number of other things good or bad; but whether you have the moral right to do it, and whether the particular measure now before the Council purports to do any thing of the sort, are separate questions which require independent consideration.

"In considering the question of the moral right of the Government to alter the arrangements made at the Permanent Settlement, it appears to me that the leading consideration to be kept in view is as follows:—We are not a representative Government. With every wish on the part of every member of the Government to use his powers for the benefit of those whose interests they affect, it is impossible not to feel at every turn how great are the differences between the governors and the governed, and how supremely important it is for all parties that, whatever else the people of the country may feel about their rulers, they should feel perfect confidence in their good faith and in their scrupulous observance of their promises. A really representative Government may deal with the pledges of their predecessors in a very different way from a Government like ours. If Parliament, representing as it does the views and feelings of the population of the United Kingdom, should see fit to re-open the question of the Scotch and English Church Establishments, it would be absurd to say that they were debarred from doing so by the Act of Queen Anne. They are themselves the representatives of the descendants of those by whom the Act of Union was passed, and they have the same moral right to undo what their predecessors did in a matter affecting the English nation for the time being, as a man has to re-consider resolutions which he has made at any particular period of his life as to his own subsequent conduct, in matters in which he has entered into no contract with others. We, on the other hand, are in a position more nearly resembling that of a person who has made a contract to his release from which the consent of the other party is necessary. Those to whom we succeed, and whose policy laid the foundations of the power which we possess, deliberately gave to a large and influential class of the population over which we exercise that power, a pledge on the faith of which relations have grown up which modify the whole frame-work of society. I do not say that these arrangements can never be altered. I do not say that Lord Cornwallis and his colleagues had the power to make an everlasting decree which could never be broken. I carefully avoid the expression of any opinion whatever as to the wisdom, or as to the effects, of his policy; but I do say, as emphatically as I can, that the Permanent Settlement ought to be scrupu-

lously observed, both in letter and in spirit, till the Natives of the country, the descendants or representatives of those with whom it was made, express in some distinct, unequivocal manner their deliberate and general wish that the question should be re-opened. This must be taken with the further remark, to which I shall return, that the pledges in the Settlement must be reasonably construed. It is, as I shall show, possible to put upon them a construction which would render it necessary to consider the question of our moral duty to keep them, for, that there are limits to that duty cannot be doubted. I do not think that the bare opinion of the Government, or of the European community, that the Permanent Settlement is injurious to the prosperity of Bengal, supposing such an opinion to exist, would justify its re-consideration. Under the circumstances of the case, I think that before they could justly set it aside, the Native community ought to be of the same opinion ; and holding this view, it is almost needless to add that the arguments which go to prove our legal power to repeal it appear to me to be beside the mark. They are like arguments to show that our legal powers would extend to the enactment of laws for religious persecution or any other enormity. It is idle, and it may be mischievous and dangerous, to discuss the question whether we have the legal right to do that which a sense of honour and justice forbid us to do.

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

"From these preliminary remarks I pass to the consideration of the character of the Permanent Settlement itself. The matter was so fully discussed before the Regulation of 1793 was passed, and the Regulation itself is so explicit, that little room is left for doubt as to the intentions of those by whom it was framed.

"I have examined a considerable number of papers on the question, many of which are contained in the well-known Fifth Report of the Select Committee on the Affairs of the East India Company, and in the appendix to it, published in 1812, when the question of the renewal of the Company's Charter, which took place in 1813, was under consideration. Others are to be found elsewhere; but it appears to me that the pith of the discussion from which the Permanent Settlement resulted is to be found in the papers to which I have referred, and particularly in the extremely elaborate productions of Lord Teignmouth (then Mr. Shore) and Mr. James Grant, and in the shorter but not less remarkable Minutes of Lord Cornwallis. The study of these documents and of the Permanent Settlement itself, leave no room at all, as it appears to me, for doubt as to its purport.

"Before I discuss the terms of the Regulation in which the Permanent Settlement is contained, I will give, very shortly, some account of the controversy which led to it. Two principal questions were discussed: the question, what was the position of the zamíndárs? and the question whether it was desirable to make the settlement with them permanent? It was maintained on the one hand, and in particular by Mr. Shore (afterwards Lord Teignmouth), that the zamíndárs were properietors of the soil, subject, however, to the payment to the Government of a demand which had been considerably enlarged on many occasions since the assessment made by Tury Mull, the Minister of Akbar. Mr. Shore's opinion as to the position of the zamíndárs is stated in these words of his Minute:—

"'370. I consider the zamíndárs as the proprietors of the soil, to the property of which they succeed by the right of inheritance, according to the laws of their own religion; and that the sovereign authority cannot justly exercise the power of depriving them of the succession, nor of altering it when there are any legal heirs. The

privilege of disposing of the land by sale or mortgage is derived from this fundamental right and was exercised by the zamíndárs before we acquired the Díwání.'

* * * *

"'372. The revenues of the land belong to the ruling power, which being absolute, claimed and exercised the right of determining the proportion to be taken for the State.'

"Mr. Grant, on the other hand, contended that the State, and not the zamíndárs, was the proprietor of the land.

"'The sovereign ruler in all parts of Hindústán, if not through the whole of Asia, unless it be in the Russian dominions, is declared to be the sole virtual proprietor of the soil; not in the European feudal acceptation of the term, agreeable to which it hath lately been attempted to be qualified, implying a fictitious tenure as lord paramount, from whom all lesser holdings are supposed to be derived by every class of subjects, but in right and fact the real acting landlord, entitled to, and receiving from, the ryots or husbandmen a certain portion of the gross yearly returns of the country in money or kind, fixed on a medium in Bengal at one-fourth of the whole produce.'

"I need not refer to the prolonged and detailed investigations by which these views respectively were supported, nor to the different practical inferences drawn from them by those who held them. I pass over these matters, which, though of much interest on various accounts, do not bear on the point now immediately before the Council—the meaning of the pledge subsequently given—and I turn to the Minutes recorded on the subject by Lord Cornwallis. Upon reading these Minutes, it is, I think, quite impossible not to perceive that the great object which Lord Cornwallis had in view was that of creating property in land. He was perfectly well aware of the difficulties of the subject. He was repeatedly warned by his various advisers of the extremely intricate state of things with which he had to deal; but he was immoveably convinced that the introduction of the English system of permanent property in land and the English relation of landlord and tenant was the one thing essential to the prosperity of Bengal. I will read two passages,—one from a Minute of Mr. Shore, the other from a Minute of Lord Cornwallis,—which set this in a very clear light.

"In a Minute dated 8th December 1789, Mr. Shore observes:—

"'The most cursory observation shows the situation of things in this country to be singularly confused. The relation of a zamíndár to Government, and of a ryot to a zamíndár, is neither that of a proprietor nor a vassal; but a compound of both. The former performs acts of authority unconnected with proprietary right; the latter has rights without real property; and the property of the one and the rights of the other are, in a great measure, held at discretion. Such was the system which we found, and which we have been under the necessity of adopting. Much time will, I fear, elapse before we can establish a system perfectly consistent in all its parts; and before we can reduce the compound relation of a zamíndár to Government, and of a ryot to a zamíndár, to the simple principles of landlord and tenant.'

"In his previous Minute of 18th September 1789, Lord Cornwallis had said:—

"'Although I am not only of opinion that the zamíndárs have the best right, but from being persuaded that nothing could be so ruinous to the public interest, as that the land should be retained as the property of Government, I am also convinced that failing the claim of right of the zamíndárs, it would be necessary for the public good to grant a right of property in the soil to them or to persons of other descriptions. I think it unnecessary to enter into any discussion of the grounds upon which their right appears to be founded.'

"Lord Cornwallis appears to have acted on this view notwithstanding the information afterwards given to him by Mr. Shore in the passage first-quoted.

"Shortly, the official papers which preceded the enactment of the Permanent Settlement leave on my mind a very simple and definite impression. The legislators of that day found themselves in the presence of a state of things with which the best informed amongst their number perceived themselves to be very imperfectly acquainted, which they perceived

to be exceedingly intricate and unlike anything to which they were accustomed, but in which they distinctly perceived three leading points. These leading points were:—

(1). That the zamíndárs were the most conspicuous of the numerous persons who were interested in the land.

(2). That intricate and imperfectly understood relations existed between them and the ryots.

(3). That the right of the Government to exact a share of the produce of the land, ascertained by no fixed rule and varying from time to time in proportion to the increased yield of the land, was practically inconsistent with the existence of rights of private property, and reduced the value of such rights, where they existed, to a shadow.

"Lord Cornwallis somewhere observes, though I cannot at this moment give his exact words, that the question whether zamíndárs were or were not proprietors must be 'very uninteresting' to them if the admission that they were proprietors was coupled with a claim to the growing value of their lands as it accrued.

"The great object of the Permanent Settlement was to put an end to this uncertain, indefinite, and fluctuating state of things, and to substitute for it a system of permanent property, in which the zamíndárs were to be landlords on the English model, the ryots tenants also on the English model, and in which the land-revenue was to form a permanent rent-charge of fixed amount, to be paid to the Government by the zamíndár. I need not enter into the subject of the provisions which expressly reserved to the Government the right of interferring between the zamíndár and the ryot to protect the interests of the latter. This, I think, appears as clearly as anything can from the language of the Permanent Settlement itself, the important parts of which I will now proceed, with the permission of the Council, to read.

"'*Section* 4.—The Governor General in Council accordingly declares to the zamíndárs, independent taluqdárs, and other actual proprietors of land, with or on behalf of whom a settlement has been concluded under the Regulations above-mentioned, that, at the expiration of the term of the settlement, no alteration will be made in the assessment which they have respectively engaged to pay, but that they and their heirs and lawful successors will be allowed to hold their estates at such assessment for ever."

"'Section 7.—It is well known to the zamíndárs, independent taluqdárs, and other actual proprietors of land, as well as to the inhabitants of Bengal, Behar and Orissa in general, that from the earliest times until the present period, the public assessment upon the lands has never been fixed; but that, according to established usage and custom, the rulers of these provinces have from time to time demanded an increase of assessment from the proprietors of land; and that, for the purpose of obtaining this increase, not only frequent investigations have been made to ascertain the actual produce of their estates, but that it has been the practice to deprive them of the management of their lands, and either to let them in farm, or to appoint officers on the part of Government to collect the assessment immediately from the ryots. The Honourable Court of Directors, considering these usages and measures to be detrimental to the prosperity of the country, have, with a view to promote the future ease and happiness of the people, authorized the foregoing declarations; and the zamíndárs, independent taluqdárs, and other actual proprietors of land, with or on behalf of whom a settlement has been, or may be concluded, are to consider these orders fixing the amount of the assessment as irrevocable, and not liable to alteration by any persons whom the Court of Directors may hereafter appoint to the administration of their affairs in this country.'

"The Governor General in Council trusts that the proprietors of land, sensible of the benefits conferred upon them by the public assessment being fixed for ever, will exert themselves in the cultivation of their lands, under the certainty that they will enjoy exclusively the fruits of their own good management and industry, and that no demand will ever be made upon them, or their heirs or successors by the present or any future Government, for an augmentation of the public assessment in consequence of the improvement of their respective estates.'

"This is further explained by the following passage from the preamble to Regulation II. of 1793:—

"'Experience having evinced that adequate supplies of grain are not obtainable from abroad in seasons of scarcity, the country must necessarily continue subject to these

calamities until the proprietors and cultivators of the lands shall have the means of increasing the number of the reservoirs, embankments, and other artificial works by which, to a great degree, the untimely cessation of the periodical rains may be provided against, and the lands protected from inundation; and, as a necessary consequence, the stock of grain in the country at large shall always be sufficient to supply those occasional but less extensive deficiencies in the annual produce, which may be expected to occur, notwithstanding the adoption of the above precautions to obviate them. To effect those improvements in agriculture which must necessarily be followed by the increase of every article of produce, has accordingly been one of the primary objects to which the attention of the British Administration has been directed in its arrangements for the internal government of these provinces. As being the two fundamental measures essential to the attainment of it, the property in the soil has been declared to be vested in the landholders, and the revenue payable to Government from each estate has been fixed for ever. These measures have at once rendered it the interest of the proprietors to improve their estates, and given them the means of raising the funds necessary for that purpose. The property in the soil was never before formally declared to be vested in the landholders, nor were they allowed to transfer such rights as they did possess, or raise money upon the credit of their tenures, without the previous sanction of Government.' * * * 'When the extension of cultivation was productive only of a heavier assessment, and even the possession of the property was uncertain, the hereditary landholder had little inducement to improve his estate, and monied men had no encouragement to embark their capital in the purchase or improvement of land, whilst not only the profits, but the security for the capital itself, was so precarious. The same causes, therefore, which prevented the improvement of land, depreciated its value.'

"This is the pledge given at the Permanent Settlement, and this the contemporary comment upon that pledge, contained in another Regulation of the same date; and the question is, whether the Act now before the Council contains any violation of it. The Act before the Council provides, in substance, that a cess of two annas an acre shall be laid upon the permanently settled lands in this province, for the purpose of providing for the following objects, Roads, Police, Education and Minor Public Works, in the North-West Provinces, and in each district of those provinces; and this is said to be a *violation of the pledge that the* public assessment is to be fixed for ever.

"It appears to me that such a contention is wholly incorrect. Those who maintain it must maintain that no tax whatever, for any purpose whatever, can under any circumstances be laid upon the produce of the lands subject to permanent settlement, other than the assessment fixed by the Permanent Settlement itself.

"I say that this is a complete mistake; that it is a proposition which would be monstrous and fraught with disaster to the country, if it were true, but which, happily, is altogether unfounded.

"Of its consequences to the country, if it were true, I need not speak at any length. It would simply put a stop to all public improvement in the permanently settled districts, and keep them at that low stage in which they were at the end of the last century; unless, indeed, they were improved at the expense of other parts of the country, for improvement of all kinds involves more or less expense, which again involves taxation.

"I have already observed that no one is more strongly impressed than I with the importance of scrupulously maintaining the pledges given at the period of the Permanent Settlement; but it is undoubtedly possible to construe those pledges in a manner so extravagant, as to raise the question whether they were pledges which the Government of that day had any moral right to make, for legal right they could have none. If Lord Cornwallis had, in direct words, engaged that a certain scheme of taxation, settled by him, should be permanent, and that no other taxes whatever should ever be raised in the territory to which it applied, it would have been necessary to look this question in the face. As it is, I do not think there is any necessity for discussing it; and I refer to it only in order to suggest to those who claim the fulfilment of the pledge given in 1793, that it is very unwise in them to put upon it a sense which might sooner or later force upon the Government the alternative of permanently arresting the improvement of Bengal, or of declaring that Lord Cornwallis had given a pledge which he had neither the legal power nor the moral right to give.

"I merely glance at this question; and I am glad to be able to put it on one side, and to point out the reasons which lead me to believe that the pledge given at the Permanent Settlement had no such meaning as that which certain persons now put upon it.

"It seems to me to follow, from the authorities to which I have referred, that the Permanent Settlement was neither more nor less than the establishment of a general proprietary system, by which the property in the land was distributed between three classes of persons,—the Government, the zamíndárs, and the ryots. To use the terms of English law, it gave to the Government a fixed and permanent rent-charge; to the zamíndárs the freehold, and to the ryots interests of various kinds, which were left in a state of uncertainty at the time of the Permanent Settlement, and were afterwards defined by Act X. of 1859. It appears to me to have left the whole question of taxation entirely untouched. It is essential to understand this matter clearly, as it is the point upon which the whole subject turns. The land-revenue is, in my opinion, neither rent nor taxation. It is the property of the Government, just as the Crown lands in England are the property of the Queen; and the existence of a right to impose taxes for the general good upon all other property, whether derived from land or from other sources, is no more inconsistent with this proprietary right in the one case than in the other. The fact that the Crown owns the New Forest in Hampshire is no reason whatever why the rest of the land of Hampshire should not be taxed when the public good requires it; and the fact that the Government owns a rent-charge issuing out of all the land in Bengal is no reason why the rest of the produce of the lands should not be taxed when the public good requires it.

"It may be asked, what good there was in the Permanent Settlement; what great benefit it conferred upon the landholders of Bengal, if it left their property subject to taxation? The answer is, that it reduced to a certainty one particular charge on the land, which had previously been of variable amount, and so freed the landholders from uncertainty which had previously hung over them in respect of it.

"Under the old system of land-revenue, worked as it was by the old Governments, it was at all events a debatable question whether the zamíndárs had any private property in the land at all. Not only was this question debatable, but it was hotly debated; and I think that any one who reads the papers which were written to show that the zamíndárs were mere farmers of the revenue, will be obliged to own that much may be said in support of that opinion. Since the Permanent Settlement, their proprietary right has been undoubted; and the line between their property and that of the State has been clearly defined, and is no longer subject to increase 'in consequence,'—to use the words of the Permanent Settlement itself—'of the improvement of their respective estates.'

"To affirm that because the line has been drawn between the State's share, the zamíndárs' share, and the ryots' share, in the land, the shares of the zamíndár and the ryot have been freed from all further liability to taxation, is nothing less than to argue that, by the act of creating property in land, and defining the extent of that property, the Government relieved the property which it had so created and defined from that which is the common liability of all property in all countries and under every possible system of Government—the liability to taxation. I hardly know how to argue against such a confusion of thought; but it is exposed as clearly as it can be exposed in the following paragraphs of a despatch upon this subject from the Secretary of State to the Governor General in Council, dated 12th May, 1870. They are as follows:—

> "'The great object and purpose of that (*i. e.*, the Permanent) Settlement, as clearly defined and described in Article VI., should govern our interpretation of its terms. That object was—as this Article explains at length—to put an end for ever to the practice of all former Governments, of altering and raising the land-tax 'from time to time,' so that the landholder was never sure, for any definite period, what proportion of the total produce of the soil might be exacted by the State. This uncertainty was to be set at rest for ever. The 'Public Demand' was to be fixed and permanent. Such was the promise:—and its scope and object were clearly explained in the concluding exhortation addressed to the landowners, that 'they would exert themelves in the cultivation of their land, under the certainty that they would enjoy exclusively the fruits of their own good management, and that no demand would ever be made upon them, or their heirs and successors, by the present or any future Government, *for an augmentation of the public assessment in consequence of the improvement of their respective estates.*
>
> "'10. These last words illustrate the whole force of the argument which has been admitted to be just in the case of the income-tax. It must be remembered that none of

the pleas which, in the correspondence before me, are urged in favour of the right of the Government to levy rates for Roads or for Education, could have been put forward in favour of the right to impose an income-tax on the landholders of Bengal. The income-tax was not 'local' in any sense. It was not applied to special purposes, intended for the immediate benefit of the agricultural classes. It was, in the fullest sense of the words, a 'public demand,' levied over and above the public demand which, under the Permanent Settlement, had been fixed 'for ever.' It went directly into the imperial exchequer, and was applied precisely as the land-revenue and all the imperial taxes were applied. But there is one thing which that tax was not:—it was not an increase of the public demand, levied upon the zamíndárs 'in consequence of the improvement of their estates.' It was levied upon a wholly different principle, and in respect of a wholly different kind of liability. One index and proof of this difference lay in the fact that although this 'public demand' was made upon those to whom the promises of the Permanent Settlement had been given, it was made upon them only in company with other classes of the community, and with no exclusive reference to the source from which their income was derived.

"'11. But when the principle of this distinction is clearly apprehended, it becomes obvious that an income-tax is not the only form of 'public demand' to which that principle applies. The same essential distinction may be established between the original assessment which was fixed 'for ever,' and every kind of tax, or cess, or rate, which is levied irrespective of the increased value or produce of land, and with no view to a re-adjustment of the proportions in which the produce of the soil is divided between the State and the owners of land holding under it. The best method of marking this distinction, and of making it clear, is to provide that such cesses should be laid upon the owners of land only in common with other owners of property which is of a kind to be assessable to the rate.'

"This authoritative ruling of the Secretary of State appears to me to be so forcible, that I should only weaken it by adding to it anything of my own. I may, however, compare it with a passage from one of Lord Cornwallis' Minutes, which throws a curious light on the subject. It shows distinctly what he had in his mind at the time when the Settlement was framed, and that he recognized in the clearest way the difference between land-revenue and taxation.

"'Although Government *has an undoubted right to collect a portion of the produce of* the lands to supply the public exigencies, it cannot, consistently with the principles of justice and policy, assume to itself a right of making annual or periodical valuations of the lands, and taking the whole produce, except such portion as it may think proper to relinquish to the proprietors for their maintenance, and for defraying the charges of managing their estates.

"'The supreme power in every State most possess the power of taxing the subject agreeably to certain general rules; but the practice which has prevailed in this country for some time past, of making frequent valuations of the lands, and, where one person's estate has improved and another's declined, of appropriating the increased produce of the former to supply the deficiencies in the latter, is not taxation, but in fact a declaration that the property of the landholder is at the absolute disposal of Government. Every man who is acquainted with the causes which operate to impoverish or enrich a country, must be sensible that our Indian terrritories must continue to decline as long as the practice is adhered to.'

"These considerations and authorities appear to me to establish beyond all doubt the broad proposition, that the general right of the Government to tax the produce of the land, amongst other forms of property, was altogether unaffected by the Permanent Settlement, and that the pledge then given was simply this—that the Government would for ever abandon a mode of providing for public wants which was regarded as incompatible with the existence of private property, and destructive of all motives for industry.

"I will add two further observations by way of applying these general principles to the special case now before us.

"The principles which I have stated, and which are identical with those laid down in the Secretary of State's despatch, justify the imposition of taxes upon permanently settled districts for general purposes, and I believe that the application of this principle in the case of the income-tax was perfectly just. Its propriety, however, may be more easily perceived by many persons in cases where the object of the tax imposed is purely local, and I think that, if any one disputed it, the zamíndárs would be the last persons who would have a right to do so.

"The money to be raised by the present tax is to be laid out on objects of general utility within the districts in which it is raised. The tax is thus nothing more than the compulsory application of a trifling part of the property of the country to purposes in which the proprietors themselves are interested in the most direct and obvious manner. The inhabitants of the districts in which it is raised will at once reap the advantage of its expenditure in the form of roads, bridges, schools, markets, tanks and wells.

"To suppose that it was the intention of the authors of the Permanent Settlement to prevent taxation for such purposes, is to suppose that it was their object, in creating property, to destroy its most characteristic and indispensable obligations.

"This is a most improbable supposition; but it becomes morally impossible when we consider what were, and what were known to be, the customary obligations of the zamíndárs at the date of this measure. I will read two short extracts which throw much light on this subject. It was, says Mr. Shore, the duty of the zamíndárs 'to preserve the peace of the country from infringement, and to secure the lands from inundation by repairing the embankments of the rivers.'

"It appears from the preamble of Regulation II. of 1793, to which I have already referred, that one great object of the Settlement was to prevent famine by putting the zamíndárs in a position to construct irrigation works. Now, it is notorious that the actual effect of the Permanent Settlement has been to divorce the zamíndárs from the land, and to nullify both the legal obligations under which they used to lie, and the moral obligations which Lord Cornwallis supposed himself to have imposed on them. With some exceptions, the zamíndárs have become mere rent-chargers, separated from the actual cultivator in some cases (as I am informed) by as many as four middlemen. They have been relieved from Police and Judicial charges. The combined effect of sub-infeudation on the one side, and the gradual rise in the value of land on the other, has been to make their rents secure, and to diminish their personal interest in the general improvement of the country, and in particular in the condition of the ryots. There are, I fear, too many cases in which it may be said with truth that, if the law does not compel them by the imposition of moderate cesses to discharge their duties as landlords, those duties will go altogether unperformed. Their case, indeed, against the measure now before the Council is neither more nor less than this: the Permanent Settlement has made it practically impossible to compel us to perform legal duties which it left incumbent upon us. We have refused to recognize the moral obligations which it imposed. You are guilty of a breach of faith in imposing upon us a cess which will to some extent provide for the performance of those legal and moral duties.

"I have only to say, in conclusion, that I fully admit that, in order that cesses upon land may be justified, it is necessary that the land should be taxed only as part of the property of the country, and that other kinds of property should bear their fair share in the burden. It is the duty of the Local Government in the present instance to see that this distribution is fairly made, and I suppose that they consider that such is the case when regard is had to the Municipal taxation in the North-West, and that the License Tax, which it was proposed to take power to impose, is not required to produce a fair apportionment of the burden. On this topic the Government of India is in the hands of the Local Government, and it is no part of our duty to criticise, in any way whatever, the manner in which their duty has been discharged."

The Honourable Mr. Strachey said, that while His Honour the Lieutenant Governor had accepted most fully and loyally, and in terms which demanded the warm acknowledgments of the Government of India, the obligations thrown upon the Local Government by the late fianancial measures, His Honour had spoken as if considerable difficulties had been imposed upon him by the "starved and mutilated" character of the grants for Public Works. With all deference to His Honour Mr. Strachey must continue to think that the published despatch of the Financial Department, to which reference had been made, had shown that those grants had been, in the North-Western Provinces, not only sufficient but liberal. Mr. Strachey thought that His Honour had really himself given good proof that they were not insufficient, by the very moderate and excellent budget which His Honour had this day explained to the Council; for it appeared that His Honour had been able to make the grants suffice for all the wants of these extensive provinces, supplementing them by new taxation to the extent of only some £35,000. Even if we agreed that the grants were small, and admitted all that the Lieutenant-Governor had said, what did this signify? It signified that the very object which the Government of India had in view had been gained. That object was economy and reduced expenditure. The budget of His Honour the Lieutenant-Governor afforded an excellent proof of the soundness of the principles that had been followed. All

our financial difficulties had arisen from the growth of expenditure on Public Works and other useful objects, and the only hope of financial success was to check this constantly increasing charge. So long as His Honour the Lieutenant-Governor could draw on the imperial purse from funds provided by general taxation, he was naturally desirous, and rightly so, to get as much money as possible. Now, on the other hand, when the Local Government had to provide the funds for improvements out of its own resources, it found that it was quite possible to cut down its expenditure rather than impose fresh provincial taxation. His Honour had been content to postpone the execution of the numerous works of improvement that might with advantage be carried out. Mr. STRACHEY thought that, looking at the matter from His Honour's own point of view, the question really came to this: which would have been the wiser course,—to increase the grant for Public Works in the North-Western Provinces, and maintain the income-tax at a high rate; or to reduce the income-tax, and cut down the Public Works grants even (to use His Honour's words) to "starved and mutilated" limits? Income-Tax to the extent of £235,000 would be this year remitted in the North-Western Provinces. Fresh taxation on the land to the extent of £35,000 would be imposed. The nett result would be that £200,000 of taxation would be remitted. Even if it should be granted that this relief had been purchased at the expense of starving Public Works, Mr. STRACHEY thought that the public would agree with the Government that the course which had been followed had been wise.

The only other subject to which Mr. STRACHEY wished to refer was that on which Mr. Stephen had just spoken. After the admirable speech of his honourable friend, Mr. STRACHEY would say only a few words, and mainly with the object of saying how completely he agreed with his honourable friend's remarks regarding the moral duty of the Government to maintain inviolate the engagements formerly entered into in regard to the Permanent Settlement. As to the question of the equitable right to impose taxes in the permanently settled districts, such as those contemplated by this Bill, Mr. STRACHEY hoped that the controversy which had been going on for several years had at last been finally settled by the orders of the Secretary of State to which Mr. Stephen had referred. He fully concurred with all that his honourable friend had said, and it seemed to him clear that, among all the persons interested in these questions, the persons who ought to be the most thankful for the conclusions arrived at by the Secretary of State were the proprietors of land in the permanently settled districts. Nothing could well be conceived which would have been more injurious to the real interests of those proprietors than a decision of an opposite character. If, as Mr. Stephen had said, it were really true that, in consequence of an arrangement made nearly a hundred years ago, the wealthiest and most prosperous interest in the wealthiest parts of India were declared to be permanently exempted from taxation, and that their roads and schools and other local wants were to be provided by taxes imposed on other and poorer provinces,—if this had been true, it was very certain that the sweeping away of such a monstrous absurdity would not long have been delayed. Happily no such questions arose. The decision of the Secretary of State had relieved us from discussing them. Whatever opinions we might hold regarding the original wisdom of the arrangements of Lord Cornwallis, we could now all agree that those arrangements should not be disturbed, and that the solemn engagements, entered into when the permanent settlement was made, should be honestly and rigidly maintained by the British Government.

His Excellency THE PRESIDENT said:—"It having been my duty to address this Council at very considerable length on two recent occasions—first, on the subject of local finance, and, secondly, as to the financial position of the Empire—I will not now trespass at any length on the attention of the Council. Still, I cannot allow this discussion to close without expressing my satisfaction at having been present on the first occasion when a financial statement, affecting the resources and expenditure of a great province, has been brought forward for public consideration. Ever since I have been in India, I have given the closest consideration to this matter, and I have, day by day, formed more strongly the opinion, that if the plan we have now completed is effectually carried out, great public safety and great public advantage may be anticipated. I think that after the able and clear statement which we have heard to-day from the lips of the Lieutenant-Governor of these Provinces, we can come to no other conclusion but that a vast step has been made in the direction of good administration, and that there is not a class in the country—be it European or Native, be it rich or poor—that will not directly benefit by the great change we have made.

"With regard to the statement made by His Honour, as to the amount of the allotments given to the various Local Governments, I can assure him that the question was most carefully considered by the Government of India. It is quite possible that, as heretofore, certain

inequalities may exist as between province and province; but we felt that, had we entered on a minute inquiry as to the precise amount which should be given to each Government in proportion to their revenue and population, or in respect to the area or requirements of each province, such an inquiry must last for a considerable time, and we were not at all convinced that, even if such an inquiry had been entered upon, the result would be more satisfactory than the basis which we adopted, namely, that of the grant for the past year. These grants have ever been made on the consideration only of our power to give, and of the wants of each province, and I believe that any more minute inquiry than that would have only led to failure. If a representative of Madras, of Bombay, or of any other Province were present to-day, he would probably make claims for an increase of grant similar to those which His Honour the Lieutenant-Governor has laid before us, backed probably by different, but equally strong, arguments. That being the case, we thought that it would be better at once to tell the Local Governments that we must take the grants as they stood; we must take them at that amount which, if this system had not been inaugurated, they would have received during the ensuing year, and we believe and are convinced that under no circumstances during this year, could we have offered any of these Governments a greater amount than that which we have allotted.

"With regard to the general policy of the Government on this subject, it is extremely simple. We desire to maintain the efficiency of service; the defence of the country; the credit of the nation and to continue the construction of those great works which we have in hand, without adding materially to the burdens of the people. We fully admit that, as wealth, education, and civilization advance, further wants will arise, but we believe that by this system which we have inaugurated, these points will be much better met than by laying on generally any new or additional forms of imperial taxation.

"We shall find that, in endeavouring to meet gradually these growing wants, the Local Governments will be the best judges of the particular form of taxation which will be found best suited to their provinces. I cannot believe that, for the present at all events, any alarming amount of burden is likely to occur from the operation of these measures.

"The provision for these requirements must be affected by two considerations; first, the capacity of the people to pay, and, secondly, their actual wants. I believe the Local Governments are much better able to decide than any other authority, as to how much the people can contribute without pressure or inconvenience, and without placing an undue weight upon their industry.

"These are the principles which the Government have had in view in the consideration of this great question: it is with great satisfaction that I perceive that the Local Governments generally have fully appreciated the motives, and have heartily entered into the objects, of the Government of India. But some people say 'Oh, do not expect that the local taxation you may be forced to impose will be a bit more popular than your own.' I have never heard that any taxation was popular, and I believe that a great deal of unpopularity must always attach itself to every new burden. We have heard a good deal of 'inventive genius' lately, but I do not belive that the 'genius' has yet existed who devised a tax that people liked. We leave these questions to be decided by those who best know the special circumstances of each province. But though there may be some truth in the remark, that new taxes will be always unpopular and distasteful, still I am not without hope that, as it is now decided that the whole of these new imposts are to be spent on objects which will contribute to the health, wealth and comfort of the people, they will gradually discover that the new money they pay is spent for their especial benefit. I cannot but think that when a man sees that the road is brought to his door; that his family are protected from those outbursts of fever and other diseases which are unfortunately so prevalent; that when he sees the school-child growing into an educated man, he will begin to think how and for what these levies are made, and will understand 'the reason why.' Though some time may elapse before these objects are attained, much greater safety may be looked forward to in levying those contributions, than if they were merely paid to fill the general coffers of the State.

"The remarks of the Lieutenant Governor with regard to administration are worthy of every consideration. It is no light thing to be engaged in the duties of administering the financial affairs of a great province. I can only say that the Government of India will give every consideration to any suggestion made by the Local Governments as to such administrative changes as may tend to afford greater responsible assistance.

"As regards the increase in the number of local legislatures, that is a matter that must be most carefully considered; it does not really press. Very grave constitutional questions arise in connexion therewith. Much may be said in favour of it; there are very strong

arguments against it; but at all events, speaking generally for the Legislative Council of the Governor General, I am perfectly certain that those of the Local Governments who have no Legislative Council will always find the Government of India ready and willing to pass through this Council any such measures as they may deem necessary for the welfare of their province.

"I will only add one word more, and that is to express my great satisfaction at the opinions enunciated by the Lieutenant-Governor in regard to Local Committees; that is to say, with regard to the assistance they may receive from the Natives of the country, as to the management of their affairs. I had the satisfaction of mentioning the other day how the Lieutenant-Governor of a neighbouring province had pushed on that good work.

"I believe the Lieutenant-Governor of the North-West has done no less than Sir Donald McLeod in this respect, and I believe that no man can devote his time or his labour to a work that will be so certain to effect a more immediate result, than the development of those institutions which have always, and in every country, formed the germ of good government."

The Honourable the LIEUTENANT-GOVERNOR said:—"MY LORD, I wish to state my views on the application of the principle laid down by my learned and honourable friend, Mr. Stephen, to the Benares districts; but I will first take the opportunity of making one or two brief remarks upon the other speeches just delivered.

"And, first, as to the financial argument; I have listened to it attentively, but fail to be convinced. However, we shall not the less cheerfully accept the deficit, and do our best, in the way I have already sketched, to meet it with the least detriment possible to other interests. At any rate, My Lord, we have one consolation left to us; we feel that it is our misfortune and not our fault.

"Next, my honourable friend Mr. Strachey, has quite misapprehended the action of this Government, when he says that £35,000 is all the new taxation which has been raised, and that this, therefore, is the extent of our deficit, and not, as I have stated, close on £100,000. My honourable friend has not apparently understood what I have been at some pains to explain, that the 'Local Cess' (extended by anticipation to all districts open to settlement) is what we have chiefly drawn upon to make up the deficit, and that the deficit thus made up is close on £100,000. To effect this, we have diverted funds originally intended for other objects—such as Drainage and Sanitation and other public improvements, and we have also cut down the Police (a first charge on the 'Local Cess') within limits that may be found too contracted, and have in particular been obliged for the present to give up the institution of rural Police Jamadárs.

"Again, I do not think my honourable friend, Sir Richard Temple, is quite fair to this Government when he attributes wholly to the pressure brought to bear on us by the new scheme, the savings and reductions in our original estimates which have enabled us to dispense with the License Bill. When that Bill was projected, our accounts, as I have shown, were very imperfect, and our budgets only in part prepared. Why, then, should he assume that, in completing and reviewing our estimates, we should not have made retrenchments and savings of our own motion? My Lord, it is our duty to study economy, and in the final preparation of our estimates I trust we should not have been unmindful of the duty. But it is not the case that the withdrawal of the Bill is due (except in a very limited measure) to savings and retrenchments. For, as I attempted to show item by item, it was due mainly to errors and imperfections in the first accounts laid before this Government.

"I now pass on, My Lord, to the subject which has led me again to occupy the time of the Council. And, at the outset, I trust Your Excellency will allow me to tender my thanks to my learned and honourable friend, Mr. Stephen, for the clear and eloquent exposition he has given us of the liabilities of the Benares landed proprietors. Agreeing entirely in the principle that taxation of permanently assessed estates for local purposes is proper, so long as the burden is imposed on landed, in common with other, property, I purpose to show that other property is now taxed for purposes similar to those contemplated in the Bill. It is taxed (as surmised by my learned and honourable friend) through the Municipalities which exist now in all our large towns. We have now in these Provinces no fewer than 66 Municipalities, raising between them an income of some 17 lákhs, or £170,000. A first charge by law on this revenue is the City Police, and the Municipalities moreover defray the cost of their Roads, Drainage, Sanitation, &c. Many of them contribute also to Education, Dispensaries, Vaccination, Poorhouses, &c. They have just been reminded by a General Order that these latter objects are contemplated equally with the former in the Municipal law (Act VI. 1868); and that, although the License Bill, which would have enforced the obligation, has been withdrawn, the obligation, as explained by the Secretary of State, remains unaltered.

"Seeing, then, that the urban population are taxed for the expenses of their Police, Roads, Drainage, &c., the principle of the Bill is fully justified which imposes corresponding obligations on proprietors of land in the Benares districts.

"And the same principle applies to districts settled for terms; but there, we hold that our ten per cent. cess (the 'Local Cess') imposed in addition to the land-revenue, meets the obligation fully,—for the present at least. And for the future, no further taxation would be justified, unless some corresponding *additional* burden were placed on other property likewise; and thus (in the language of Her Majesty's Secretary of State), such taxation would be 'upon all holders of property equally, without distinction and without exemption.'

"These remarks on the liability of temporarily settled districts to further taxation are perhaps necessary in consequence of certain observations which fell from honourable members (in a former debate on these local Bills), implying that the settlements of these Provinces are unduly low, and, *because unduly low*, that they are in some way more open to the imposition of additional cesses for the future.

"My Lord, considerable misconception prevails as to the adequacy of the assessment in the Settlements now being revised. It is not a subject that can be properly discussed desultorily in a debate like the present; but as such assertions have been made in a previous debate, it seems incumbent on me to suggest a few considerations in support of the opposite opinion.

"First, then, it has been urged that, if the country throve under an assessment at two-thirds of the rental, what need is there of still further lowering it to one-half? To this the obvious reply is, that the circumstances differ. *Then*, there was a large margin of fallow land which, under the protection of a thirty years' settlement, was speedily brought under the plough. So that, in point of fact, the country has thriven under an assessment which speedily became greatly more favourable than one at two-thirds of the assets; indeed, very generally more favourable than an assessment at even half the assets.

"Again, the settlement, as concluded thirty years ago, was often at the first lower than two-thirds of the assets, because the means of accurate ascertainment were not then so perfect as they are now. This I can vouch for from my own experience as a settlement officer. After an assessment had been made, the rentals given in for record by the proprietors were often much higher than I had anticipated; sometimes even double the assessment.

"Where, on the other hand, the assessment was severely pitched at the full rate of two-thirds of the rental, the districts generally pulled through with difficulty, until increase of cultivation or rise in prices brought relief. Meanwhile the agricultural communities suffered; sales and enforced transfers of the land for arrears were frequent; and in some districts the Settlement entirely 'broke down,' and the assessment had to be lowered.

"Some facts on this point will be found in a Note prepared at my request by Mr. Auckland Colvin, the able Secretary of the Revenue Board: it has been hastily drawn up for the occasion, but will, I think, be found conclusive. And I trust that Your Excellency will permit it to be published in the official supplement to the *Gazette of India*, in order that the justification of our settlements may have the same publicity as the imputations of their inadequacy.

"But, further, the conditions of landed property in these Provinces oblige us to assess lower than if we had to deal *only with ryots* or *with large landholders*. As a rule, land in these Provinces is held by proprietary communities, often themselves also cultivators, and by small zemíndárs. Now, our present settlements are not responsible for this state of property. We found these proprietors, or quasi-proprietors, here seventy years ago. Whether we might not then have modified their position and their rights is a point not now in question. We began from the very first by recognizing them as proprietors; the course of three-quarters of a century's legislation has securely built them up as such; and long before Mr. Bird's settlement a valuable property had been created, which it was impossible (even had it been expedient) to disturb.

"Taking then (as we cannot but take), the state of property as we find it, the margin of profit left, after payment of the revenue as now fixed, is not too great for the maintenance of a substantial and contented peasantry. Mr. Colvin shows that, for an average cultivating proprietor, it does not exceed, at a favourable computation, some five rupees per mensem (less than three shillings a week) for a family. Indeed, in some places the sub-division of property is so great, that Settlement Officers find they cannot assess up to fifty per cent. of the rental:—the yeomanry of the country would break down under the increased demand.

"No doubt rentals have a tendency to increase after settlement; but this tendency is not overlooked by Settlement Officers. Their instructions are, while not discounting mere pro-

babilities or theoretical prospects of enhanced rentals, yet to assess on the widest induction of facts, and the broadest estimates of value.

"It must also be remembered that the rise of rent is not in immediate proportion to rise of prices; it is shackled by custom, as well as impeded by law, of which the policy is, to maintain a class of beneficial occupants of the soil. Settlement Officers must take things as they find them; they must deal with facts, and not with theories.

"My Lord, our Settlement Officers are the finest body of men, the most zealous, the most able, that could be met with anywhere; picked men from a picked service; holding, and not fearing independently to express, their own opinions on all the difficult questions that come before them. Of each it might be said—'*Nullius addictus jurare in verba magistri.*' And I believe, if the question were put to them, the almost unanimous answer would be that they have assessed as high as is compatible with the prosperity of the country.

"The actual increase of demand under the settlements now going on has been, up to date, above twenty lakhs, or £203,977; and this on a previous revenue of £1,430,664;—being at the rate of fourteen per cent. The whole Land Revenue to be revised is ordinarily stated (and was so stated in the debate to which allusion has been just made) at £4,000,000; but this is a mistake, for of this sum about £560,000 belong to the Benares districts, which (having been permanently assessed at the end of last century) are not open to revision. The revenue demand subject to revision is therefore only £3,440,000: it has already been raised to £3,640,000; and (though it is not easy to hazard estimates of future revision) will rise probably to above £3,900,000, if not nearly to four millions; and this, in addition to the £560,000 of the Benares districts.

"And now, My Lord, I may state my own conviction that, under the existing condition of property, and with the present advanced state of agriculture, the assessments now being made are, *as a rule*, not lower, or not materially lower, than is required for the well-being of the people. In short, the standard introduced by Mr. J. R. Colvin in 1854 well became the broad statesmanship and far-seeing views of that great man. The measure has involved no undue sacrifice, when we consider the nature of the property to be dealt with. The result is, a prosperous and contented peasantry; a proprietary with capital sufficient for improvements and for tiding over those seasons of difficulty to which unfortunately we are here so liable; and a steady development of the country's resources.

"But, My Lord, whether light or heavy, the great Charter of our revenue settlements is their inviolability. After the engagement has been ratified, it would be a breach of it to step in and say, 'Because your profits are greater than they need be, you shall pay an extra cess,' (unless, indeed, we do so on the principle just laid down by Mr. Stephen, that is to say, in just proportion to additional burdens imposed on all property alike). Were we to act thus, we should shake confidence and destroy the security of property in land. The proprietors would say to themselves, 'If the Government takes an addition to the present demand upon us of two or three per cent. because we are well off now, what security have we that a few years hence the Government may not again step in and take five or ten per cent. because there is a new deficit, and we are thought to be still better off?'

"My Lord, it is the integrity of these settlements which broadly and yet sharply distinguishes our administration from all Native administrations. It is the *limitation* of our demand, as my learned and honourable friend has so clearly shown, that creates a valuable property in land. It is the secure and inviolable limitation of the demand (whether for revenue, or cesses, there is no difference) that creates a *secure and certain value* in the land. And it is the absence of this that makes landed property of little or no marketable value in Native States. And whatever tampers with this limitation (excepting always burdens imposed on the broad and equitable principle expounded by Mr. Stephen) vitiates and undermines the value of property.

"I understand that it is advocated, in certain influential quarters, to alter the present system by which Government enters into engagements, and thus limits its demand, both in respect of revenue and of extra payments for village cesses and burdens. It is now, I understand, proposed to enter into engagement only for the 'Revenue,' leaving the State at liberty, in all time to come, to impose additional cesses and burdens at discretion.

"My Lord, I earnestly trust that no such alteration will be allowed by Your Excellency's Government. I trust that we shall not with one hand ratify the limitation, and undo it with' the other, by retaining liberty to add to the demand, if only it be under the name of 'Cesses, or under any name other than 'Revenue.' It does not matter, My Lord, under what name the enhancement is taken. It will equally undermine the value and security of property.

"This proposal, taken in connection with the charge of the inadequacy of our assessments, is indicative, My Lord, to my mind, of one of those great and violent oscillations of opinion, so dangerous, and yet unfortunately so common, in India: a reaction arising, perhaps, from the proposal to apply the principles of the Permanent Settlement to parts of the country not yet ripe for it; perhaps also a reaction caused by the application of the half-asset standard of assessment to other Provinces, where, from the prevalence of great estates, or from low and backward cultivation and development, a higher standard might have been justified.

"'However this may be, I earnestly hope that, as regards these Provinces at least, Your Excellency will not consent to any relaxation of the integrity of our settlements; an integrity which constitutes their great virtue, the cardinal and indispensable condition of our prosperity."

The Honourable Mr. STRACHEY would not discuss further the questions connected with the system of settlement followed in Northern India to which His Honour the Lieutenant-Governor had referred, because those questions had really very little to do with the Bill now before the Council. But he could not leave in silence the remarks which His Honour had made in regard to the cesses imposed for local purposes on the land. His Honour had spoken as if there were a desire in some quarters to undermine the stability and integrity of the settlements. Mr. STRACHEY not only desired altogether to disclaim for his own part ever having uttered a single word which was open to such a construction, but in all the discussions which had taken place he was not aware that any single authority had given even a hint of an opinion that the settlement engagements ought not to be strictly adhered to. In regard to the question of these local cesses, not only in permanently but in temporarily settled districts, the despatch of the Secretary of State, to which the Honourable Mr. Stephen had referred, contained every thing which in Mr. STRACHEY'S opinion need be said. For his own part he agreed entirely, and in every particular, with the Secretary of State's conclusions, nor did his own views go in any respect beyond those which the Secretary of State had expressed. Mr. STRACHEY regretted that the conclusions of the Secretary of State's despatch should apparently not have been accepted by His Honour the Lieutenant-Governor.

The Honourable Mr. INGLIS said that the opinion just now expressed by the Honourable Mr. Strachey that, while the demand on account of land-revenue in the temporarily settled districts was properly fixed for periods of twenty or thirty years, the demand on account of cesses should be liable to increase during that time at the will of the Government, was altogether opposed to the principles on which the settlements of the districts in the North-West Provinces, liable to periodical revision, had hitherto been made. The principle adopted here had been to fix, at the time of the revision of the assessment of an estate, the full sum to be paid by the landlord on account of revenue and cesses for the whole period of his lease, and this was, Mr. INGLIS contended, the only correct principle; the only one by which the full benefits expected from the limitation of the Government demand for periods of twenty or thirty years could be secured. He was certain that the holders of estates in the districts of which the settlement made under Regulation IX. of 1833 had been revised, and from whom engagements for the payment of the land-revenue and cesses in a lump sum had been taken, would look upon the rule proposed by the Honourable Mr. Strachey as a violation of the expectations held out to them when their leases were signed.

There was this further objection to the course proposed, namely, that any increase to the cesses, made during the currency of a terminable settlement, must ultimately affect the land-revenue demand. An estate could only bear a certain charge; if the portion of this which was credited as cesses was increased during the term of settlement, a corresponding reduction must be made in the sum which, but for this, would have been credited to Government as increased land-revenue when the assessment of the estate came under revision.

It should be remembered that the point at issue is not whether landholders in the temporarily settled districts should pay cesses to local purposes or not, or whether property in land in those districts is liable to taxation in common with all other property during the currency of a settlement, if the exigencies of the State required this; but the question is, whether the amount specially charged on the land as cesses in addition to the taxes it is liable to in common with all other property should be fixed for the term of settlement when the assessment of the estate is made, or should be, as proposed by the Honourable Mr. Strachey, liable to constant increase during that period at the pleasure of Government. Now, it is only when a district is under revision of settlement that the full amount payable on estates in it, on account of land-revenue and cesses, can be ascertained correctly, or distributed equally; for it is then only that we have officers specially selected for the duty, who have the

knowledge and the opportunities requisite for carrying out the laborious investigations necessary to determine this. To levy an increased rate on account of cesses by a fixed percentage on the Government demand for land-revenue at any time during the currency of a settlement fixed for twenty or thirty years, is to impose a special tax on the land, from which other property is exempt, which would fall very unequally on the landholders, and which would press with undue severity on the holders of estates in backward tracts, where the profits from the land had not increased since the settlement was last made,

He (Mr. Inglis) might be asked, why, holding these opinions, he did not oppose the Oudh Land Rate Bill? His reasons for not opposing that measure were, first, that the Chief Commissioner told us the landholders had agreed to the proposed cess; and secondly, because the revised assessments of that Province had not yet been confirmed.

He did not deny that it was in the power of Government to rule that, while the demand on account of land-revenue in the temporarily settled districts should be fixed for periods of twenty or thirty years, the demand on account of cesses should be liable to increase at any time at the pleasure of Government; that is, he did not know of any legal obstacle to this; but he maintained, nevertheless, that it would be a most unwise course to adopt; it would go far to do away with all the good obtained by fixing the Government demand for periods of twenty or thirty years; it would most certainly, as pointed out by His Honour the Lieutenant-Governor, tend to destroy the confidence of the people in the stability of our settlements, and would consequently affect injuriously the value of all landed property. He should, therefore, protest strongly against the application of any rule such as that proposed by the Honourable Mr. Strachey to the temporarily settled districts of the North-Western Provinces.

The Honourable Mr. Ellis said that he had not intended to address the Council to-day, and so long as other speakers expressed views in which he concurred, there was no occasion for him to do so. He was not called on to criticize His Honour the Lieutenant-Governor's exposition of his local budget, and the Honourable Mr. Stephen had so ably expounded his views on the Permanent Settlement as affected by this Bill, that Mr. Ellis conceived that it was superfluous to say anything, as he entirely concurred in all that had fallen from his honourable friend. But in the last speech of His Honour the Lieutenant-Governor, there were one or two points on which he could not agree with His Honour. The Council had been told that His Honour refrained from pressing the License Tax Bill, because he had been able to make good, from other sources of income, the amount that it had been proposed to raise by that Bill, and that he had made up this amount partly by appropriations from funds raised for other purposes. Mr. Ellis might have misunderstood His Honour, but if he correctly appreciated the proceedings of the Government of the North-West Provinces, he thought it was much to be regretted that such appropriations had been resorted to, as it could not be right to devote sums raised for specific objects to any objects other than those for which they were raised. The course taken was one for the Local Government rather than for the Government of India to justify, and he only hoped that there would be sufficient justification, and that the Bill now postponed would not shortly have to be again brought forward, owing to a feeling that cesses levied for a specific purpose had been too hastily re-appropriated for other Services.

Another point on which Mr. Ellis differed was in regard to the observations made by His Honour on the subject of cesses on lands not permanently settled; observations which were concurred in by the Honourable Mr. Inglis, and probably by the revenue officers of these provinces generally. Mr. Ellis referred to His Honour's remark, that in imposing cesses on land separately from and outside the engagements entered into for the payment of land-revenue, we were taking a mischievous course, calculated to shake the confidence of land-owners in the stability of our engagements; and further, that we ought not to impose cesses during the currency of a settlement, and that the amount of such cesses ought to be fixed as part of the payments included in the engagement for the land-revenue. He must join issue with His Honour in this matter. Mr. Ellis conceived that His Honour had overlooked the difference between these local rates, which were essentially taxes, and the land-revenue. We could not ask any one to enter into an engagement to pay a tax, and, when the legislature had decided that a tax should be imposed in the shape of a local rate on the land, it was not the usual course to ask the tax-payers to enter into engagements such as they gave for the payment of land-revenue. Nor was the view taken by His Honour, regarding the imposition of cesses during the currency of a settlement, consistent with His Honour's approval of the principles laid down by the Honourable Mr. Stephen regarding permanently settled districts. His Honour had expressed full concurrence in all that had been said in favour of imposing cesses of land in permanently settled districts; yet every word was equally applicable to the

imposition of similar taxation in districts settled for shorter or longer periods. If such cesses were part and parcel of the land-revenue, they would be equally objectional in either case; so also were they in either case justifiable, if held to be local rates or taxes independent of the land-revenue. Mr. ELLIS could not conceive how any one, who admitted the propriety of levying these rates notwithstanding a permanent settlement of the land-revenues, could object to the same cesses being levied independently of engagements for the land-revenue in temporarily settled districts. Mr. ELLIS did not question the policy of fixing the amount of the taxes, as a rule, at the same time as the land-revenue is settled; because, from an administrative point of view, it would be expedient to determine, so far as is possible, at one and the same time, all the burdens on the land, however varied in their character; just as, for the sake of convenience of administration, it is expedient to collect local rates on land together with the land-revenue. But he could not go beyond this, or concede the propriety of including the cess in the engagement for the land-revenue, seeing that the adoption of this course had led the authorities, and might lead the people, to forget the difference between local rates or taxes and the ordinary Government land-revenue.

The Motion was put and agreed to.

The Honourable Mr. INGLIS also moved that the words "and District Post" be added to clause two, section ten. A portion of the sum raised as cesses in the temporarily settled districts, amounting to one-quarter per cent. on the jama, had, ever since the cess was first levied, been set apart for the maintenance of the District Post. About seven or eight years ago, this sum was made over to the Post Office Department on condition that the district official correspondence should be carried free of charge. As long as this arrangement continued, it was necessary that the Local Government should pay over to the Postal Department the sum agreed upon; but unless the words proposed to be added to section ten were inserted it would not be within the power of the Local Government to make any payment on account of the District Post from the sum raised under this Act.

The Motion was put and agreed to.

The Honourable Mr. INGLIS also moved that the Bill as amended be passed.

The Motion was put and agreed to.

## LICENSE TAX (N. W. PROVINCES AND OUDH) BILL.

The Honourable Mr. INGLIS asked leave to withdraw the Bill for imposing a duty on certain trades and dealings in the North-Western Provinces and Oudh.

Leave was granted.

The Council adjourned *sine die*.

WHITLEY STOKES,

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

ALLAHABAD,
*The 6th April*, 1871.

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