


THE



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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 Simla on Thursday, the 28th September 1871.

PRESENT:

His Excellency the VICEROY and GOVERNOR GENERAL OF INDIA, K.P., G.M.S.I., *presiding*.

His Excellency the COMMANDER-IN-CHIEF, G.C.B., G.C.S.I.

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.

Major-General the Honourable H. W. NORMAN, C.B.

The Honourable F. R. COCKERELL.

The Honourable R. E. EGERTON.

LAND IMPROVEMENT BILL.

The Honourable Mr. STRACHEY moved that the Report of the Select Committee on the Bill to consolidate and amend the law relating to advances of money by the Government for the improvement of land be taken into consideration. He said that this Bill was essentially the same as when it was published some months ago, when it was referred to a Select Committee. But there had been one important change. It was formerly proposed that it should be applicable to Northern India only, whereas the Committee now recommended that it should be extended to the whole of British India.

The Council would remark that the Lieutenant-Governor of Bengal, in a former debate upon this Bill, expressed a wish that it should apply to that Province. The Bombay

Government had stated its approval of the Bill, and its desire that it should be extended to the Bombay Presidency. The Madras Government, while retaining the general objections to the measure which it formerly urged, had stated that if the Bill was made applicable to the rest of India, it wished it to be made applicable to the Madras Presidency also. Under these circumstances, the Council would probably have no hesitation in accepting the recommendation of the Committee, and in extending the Bill to the whole of British India.

He need not say much about the objects of the Bill, because they had been fully stated on former occasions. In regard to the main principles of this measure, there was no novelty in it. It was a consolidation of the old taccávi laws, with some important amendments. It ought, he thought, to be remembered to the credit of the British Government of the last century in India, that it recognized by law the principle now acted upon with so much advantage at home, under the Land Improvement Acts, that it was the duty of the State to make use of its resources in encouraging and developing agricultural improvement. The old Regulations for which it was proposed to substitute the present Bill, had not, he believed, in any Province, been applied on any defined and organized system. Their application had mainly depended on the opinions or zeal of individual officers of the Government. Nor would it have been easy to introduce such a system, for the provisions of the existing law were, to some extent, unsuitable and obsolete. For instance, if the law were strictly acted upon, which he believed it never was, they would have to charge twelve per cent. interest on all advances. What they required was a well organized system under which the Government should encourage, by loans granted on the security of the land to be improved, the construction of simple works of agricultural improvement, such as wells, tanks, minor water-courses, and so forth. The Government was now gradually covering India with great works of irrigation on a scale unknown in any other part of the world, but no proper provision had hitherto been made for the encouragement of the humbler but hardly less valuable class of works to which this Bill referred—works which would be constructed by the landed proprietors and occupiers themselves.

The present measure brought with it no financial risk, and imposed no charges whatever on the revenues of the State. Government would make advances at a somewhat increased rate of interest over that which it itself had to pay, but still at a lower rate than money could be borrowed at from other parties, and he presumed that these advances would ordinarily be made, or might, with perfect propriety, be made from the money borrowed for reproductive works.

Those works would be so simple that there could be no doubt under proper management of their reproductive character. The security for re-payment would, in almost every case, be the land itself on which the improvement was made. He only wished that they had some such sort of local and well-defined security for the re-payment to the State of the charges incurred on the great works of canal irrigation executed by the Government itself. There was no doubt that they ought to have such security, and he believed that at some future time they would get it. This, however, was not a question he need dwell upon now, as it might perhaps, before long, come up for consideration before the Council, when the Canal Bill was being proceeded with.

Hitherto, advances of this character had only been made to the proprietors of the land to be improved. Under the present Bill, advances, under certain circumstances, might also be made to tenants; but the consent (either expressed or implied) of the landlord would be always necessary, unless the Collector should be satisfied that the tenant possessed in the land an independent and transferable interest which would furnish by itself, without reference to the landlord, a sufficient security for the re-payment of the loan.

The Government would make rules as regards all details not expressly provided for in the Bill.

The practice laid down in the old Regulations which had been found perfectly successful in protecting the Government against loss, was also introduced into this measure, namely, that advances would be recoverable as arrears of land-revenue.

He hoped that if this measure became law, it would prove the starting point of a system under which benefits of the greatest possible value might be conferred upon the country.

In conclusion, he had only to say that he desired to thank his Honourable friend, Mr. Cockerell, for the very great assistance which he had given in framing and in improving this Bill. From the time when it was first brought forward his Honourable friend had taken much interest in the measure, and they had in a great degree to thank him for the satisfactory form in which he (Mr. STRACHEY) thought, it was now placed before the Council.

The Honourable Sir R. TEMPLE said that he entirely agreed in the remarks of his Honourable friend, Mr. Strachey. The Financial Department concurred heartily in the Bill. The advances provided under the Bill would be made, of course, from the cash balances, and the cash balances consisted partly of the results of imperial taxation, and partly of sums raised by loan. Now, how was it possible to spend such balances more properly than in stimulating and assisting agriculture—the only reliable field for taxation? The security for these advances was the best possible—the very land that was to be improved. He agreed that it was highly desirable that similar security should be provided in the case of canals; any such proposal would certainly have his (Sir R. TEMPLE's) support. As to the rate of interest, it would always be such as to fully recoup the Government for all expenses connected with the loan; no fraction of any such expenses would fall on the general tax-payer. In former times some small advances might have been made without interest, on the principle, he supposed, that land-revenue not expended might, with propriety, be spent on the landowner from whom it was derived. But the principle was one that obviously could not be generally carried out. Those who borrowed should, as a rule, pay interest; and this being so, there was no need for the short periods in which, under the old system, these loans were re-payable. These short periods had, to a great extent, neutralized the value of the advance, because an agriculturist found himself obliged to repay the loan before he began to reap any advantage from the improvement effected. Now that a man would pay fair interest there would be no need for any such hurry. It was far better that the people should borrow of Government than from their own countrymen on what in any civilized country would be regarded as exorbitant rates. It was a great duty to encourage saving, and to lead tenants, as well as landlords, instead of hoarding their savings, hiding them in a napkin, melting them down into ornaments, or burying them in the ground, to apply them as capital to reproductive purposes, in compliance with the sound principles of political economy.

HIS EXCELLENCY THE COMMANDER-IN-CHIEF wished to say a few words on a measure which he cordially approved. It was fair, he thought, to credit the officers of the Irrigation Department with the credit of having started the system of Government advances for agricultural improvements. Thirty or forty years ago, canal officers had appreciated the wants of the country in this particular, and had inaugurated the system of advances which he was happy to see was now about to be made the subject of express legislative enactment. It was honourable, he thought, to the Irrigation Department thus early to have recognized and endeavoured to meet the wants of the people in so important a particular.

HIS EXCELLENCY THE PRESIDENT said—"I cannot allow the Bill to pass without expressing my satisfaction at the prospect of its immediately becoming law.

"Ever since I have been in India I have been most anxious that the system under which *taccávi* advances have for years been made, should be systematized and rendered more beneficial.

"I may say that one reason why I have taken such an interest in the matter as regards India, is that during a great part of my life I have been engaged either in legislation on cognate subjects, or in the direct working of similar laws to that which we are now passing.

"In Ireland a system of Government advances has been in operation for many years, to the great benefit of the country. I may say for the satisfaction of my Honourable colleague, the Financial Member of Council, that the system has been carried on throughout the entire period of the famine without the smallest loss to the Government, as well as I recollect. From the last returns I see that the sum now advanced is considerably more than two millions, and the arrears of principal and interest amount to something like £550.

"The whole system works like clock-work, with great advantage to the country, and without the smallest risk of present or future loss to the State.

"In England, where it has not been thought necessary to establish a Government system of loans, many Acts of Parliament have been passed to enable private individuals and Companies to carry out almost the same system; and to Companies which make these loans, the same facilities for recovery and the same securities are given as the Government would have thought necessary to enact for its own loans.

"I happened to be connected a little with a Company of that kind, and the result was precisely the same as in the case of the Irish Government loans.

"The sums of money negotiated were exceedingly large, but the re-payments are made to the day, and I do not believe that the Company with which I was connected had ever to complain of having a single bad account.

“There are several other Companies of the same kind that have been engaged in the same transactions, and, with the exception of some which were not very well managed, the same satisfactory results have generally been obtained.

“It seems to me that such a system which has worked so well in other countries, and which is so well known and has been so long in existence in India, must be an immense benefit to the country, and that if the local Governments take up this measure in the spirit that I have no doubt they will—it will be found easy to establish a small and inexpensive organization for working the provisions of the Bill in case the district officers have not time to give to it due attention.

“I think in districts where the transactions may not be large, and where the system is well known, it may be found that the district officers can do all that is necessary; but in other districts, where numerous or large works may be desired, and the proprietors are willing to undertake them, that some small special organization may be necessary for a certain class of works, and that there will be no difficulty in arranging for their proper supervision and completion.

“There is only one other remark that I wish to make, and that is, that the Council will perceive the Bill is strictly limited to loans made for agricultural improvements.

“I have heard it stated that, by the passing of this Bill, the Government have announced their intention of withdrawing permanently advances for agricultural purposes that may not strictly come under the head of agricultural improvements. I can only say that this is not the intention of the Government, and it is possible that there still may be certain loans necessary, particularly under pressure of famine and distress, such as have been given in former years under the taccávi system, which it is absolutely necessary that we should make. There is nothing in this Bill to prevent this still being done.

“The whole object of the Bill is to put on a more systematic footing the system of loans for permanent agricultural improvements, which can have no other effect except that of adding permanently to the value of the land and increasing the value of the property.

“I commend this Bill to the attention and consideration of Local Governments, believing that it will not only have the effect of benefiting the people, but it will also bring the officers who are engaged in carrying out its provisions into a most agreeable contact with the people, and increase those kindly feelings which ought to exist between the rulers and the ruled.”

The Honourable Mr. STEPHEN observed, with reference to the observations which had fallen from His Excellency the Commander-in-Chief, that the principle of the Bill was by no means a new one. It had been recognized and acted upon from the early days of the British administration. The present Bill was in fact a consolidation measure, and replaced parts or the whole of no less than ten Regulations which were scattered about the Statute-book in an inconvenient manner, and were, in some instances, not adapted to the present requirements of the country. The Bill asserted no new principle; it merely provided for working the old system more conveniently and efficaciously.

The Motion was put and agreed to.

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

The Motion was put and agreed to.

BENGAL REGULATIONS REPEAL BILL.

The Honourable Mr. COCKERELL presented the Report of the Select Committee on the Bill for repealing certain enactments of the Bengal Code.

The Council adjourned to Thursday, the 12th October 1871.

H. S. CUNNINGHAM,

*Officiating Secretary to the Council of the Governor General
for making Laws and Regulations.*

SIMLA;

The 28th September, 1871.