

Friday, November 19, 1869

**ABSTRACT OF PROCEEDINGS**

**COUNCIL OF THE GOVERNOR GENERAL OF INDIA**

**LAWS AND REGULATIONS.**

**VOL 8**

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**P L**

*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 on Friday, the 19th November 1869.

P R E S E N T :

His Excellency the Viceroy and Governor General of India, K. P., G. C. S. I.,  
*presiding.*

His Honour the Lieutenant Governor of Bengal.

The Hon'ble G. Noble Taylor.

Major General the Hon'ble Sir H. M. Durand, C. B., K. C. S. I.

The Hon'ble John Strachey.

The Hon'ble Sir Richard Temple, K. C. S. I.

The Hon'ble F. R. Cockerell.

The Hon'ble Gordon S. Forbes.

The Hon'ble D. Cowie.

Colonel the Hon'ble R. Strachey.

The Hon'ble F. S. Chapman.

The Hon'ble J. R. Bullen Smith.

His Highness Sarámade Rájáháe Hindústán Ráj Rájendra Srí Mahárájá  
Dhiráj Sivái Rám Singh Bahádur, of Jaypúr, G. C. S. I.

His Highness the Mahárájá of Jaypúr made a solemn declaration of allegiance to Her Majesty, and that he would faithfully fulfil the duties of his office.

INDIAN INCOME TAX ACT.

The Hon'ble SIR RICHARD TEMPLE introduced the Bill to enhance the duties leviable under the Indian Income Tax Act, and moved that it be referred to a Select Committee with instructions to report in a week. He said—

“My Lord, I have now to introduce the Bill to enhance the duties leviable under the Indian Income Tax Act. In introducing this measure, I am not about to make any regular Financial Statement: that I shall defer till I bring forward the regular annual Budget in due course. In the meantime I propose to state, as succinctly as possible, the particular facts and figures which necessitate the measure of which I am in charge. I may premise by calling to the recollection of the Council that, during my absence in England, the

finances have been administered by my Hon'ble colleague Mr. John Strachey. The mention of his name, and the knowledge which the Council have of his high capacity, will be the best possible warrant and guarantee to the Council that the recent financial administration has been marked by vigour and firmness, and that every effort has been made to avert the deficit, which cannot be altogether averted without the introduction of the measure now proposed, wherein I am fortunate in having his entire concurrence and support. The facts on which this proposal is based have been already stated in the published despatch and resolution of the Government of India, bearing date the 20th September last. It will suffice that I now recapitulate briefly the facts and figures there brought out.

“It will be in the recollection of the Council that, when I made the Financial Statement in March last, the deficit of 1868-69 was estimated at £970,471, or, say, in round numbers one million; but the actual statement has shown that the deficit was £2,273,362, or, say, in round numbers 2½ millions: thus the actuals exceeded the regular estimate by £1,302,891, or, say, in round numbers 1½ million. Now, how did this excess deficit arise? Partly from a shortcoming of revenue, but chiefly by an excess of expenditure. The revenue, according to the regular estimate, was to be £49,288,700, or in round numbers 49½ millions, but the actual revenue has turned out to be £49,070,242, or, say, 49 millions, the deficiency thus being £218,458: and so far the actual has been tolerably close to the regular estimate in respect of revenue, the difference less being only ¼ of a million. But the ordinary expenditure came to £50,259,171 in the regular estimate, or in round numbers 50½ millions; whereas the actual expenditure came to £51,343,604, or in round numbers 51½ millions. Thus the excess of the actual over the regularly estimated expenditure amounted to £1,084,433, or, say, one million. This difference of expenditure of one million arose on several items: the principal of these was the Public Works, the ordinary expenditure on account of which showed an excess of £492,004; of the remainder, £186,346 arose from the Army, and £335,235 in the items of interest, marine, and miscellaneous expenditure. These make up the excess expenditure of one million. Thus, taking the diminution of revenue and the excess of expenditure together, we commenced the current year worse by £1,302,891, or in round numbers with 1½ millions less than we expected.

“For the current year it will be in the recollection of the Council that my budget of March last showed an estimated revenue of £49,340,840, or in round numbers 49½ millions, and the ordinary expenditure £49,288,190, or close upon the 49½ millions. This result shows an equilibrium, or the

small surplus of £52,650. Now this equilibrium, as the Council are so well aware, has become disturbed. There have been several circumstances militating against the estimate, amongst the first of which must be mentioned the item of Bengal opium. The price of Bengal opium, which was taken in the budget at Rs. 1,330 per chest, and was taken in the Revised Estimate at Rs. 1,141, has now fallen to about Rs. 1,100 a chest. Again, the exportation of Malwa opium from Bombay has been less than was expected, and less than it has been in recent years. Thus, although we shall sell 2,000 chests more of Bengal opium than was estimated for in the Financial Statement, still, taking the fall of prices at Calcutta, and the diminished exportation from Bombay, we fear that the opium-revenue will be £500,000, or  $\frac{1}{2}$  million, less than was expected. Again, the yield of the Income Tax will be less than what was expected by £220,000, or in round numbers  $\frac{1}{4}$  million. The Customs will be less than the estimate by £408,500, or  $\frac{1}{2}$  million. In September last the Government of India had but too good reason to apprehend that there would be a loss in the land-revenue of £183,100. Since then there have been timely and abundant rains; in many parts there is as fair a harvest as ever waved over the plains, and we hope that this loss of land-revenue may yet be averted. However, these various shortcomings of revenue below the estimate make up, with one or two items regarding which I need not trouble the Council, a loss of £1,299,440, or in round numbers  $1\frac{1}{4}$  millions, bringing down the revenue to £18,041,400, or, say, 48 millions.

“ On the other hand, while the revenue is thus falling below the anticipation, the estimated charges have risen from £49,288,190 to £49,768,802, making an excess of £480,612, or nearly  $\frac{1}{2}$  million. This  $\frac{1}{2}$  million arises mainly under these items—interest payments in India, additional expenditure on Bengal opium, and expenditure in England. Altogether, what with the decrease of revenue and the increase of charge, there is an apparent deficit of £1,727,402, or in round numbers  $1\frac{1}{2}$  millions. Now, as I said before, these figures are taken from the published despatch of 20th September last, which might be considered to be virtually tantamount to what is technically termed a ‘Revised Estimate.’ Such estimate, according to the established practice, is always prepared within six months after the Budget Estimate. The only difference this year has been in respect of time. It has been in the power of the Government, owing to various improvements in the Account Department, to bring out a tolerably good ‘Revised Estimate’ at an earlier period this year than heretofore. Since the preparation of this estimate, the period which has elapsed has perhaps made some slight changes; still, on the whole, having gone through all the figures, and having had the advantage of considering

the state of affairs at the two great financial centres, Calcutta and Bombay, I cannot hold out any hope whatever of the result being better. We shall be fortunate if it does not turn out worse. If in one or two respects our prospects have brightened, in one respect they have become darker. That being the case, we have to face the apparent deficit of  $1\frac{1}{2}$  millions, and it has to be averted, if possible, by some means.

“ Now, how has the Government of India proposed to meet the difficulty ? In the first place the Council are aware, from the Resolution and documents under the signature of my Hon'ble friend opposite (Colonel Strachey), that about £792,500, or nearly £800,000, have been cut off from the expenditure on Public Works ordinary. Thus the grant proposed in my budget for Public Works ordinary has been reduced from £5,851,050, or in round numbers  $5\frac{1}{4}$  millions, to £5,058,550, or in round numbers 5 millions. Whether or not the whole of that amount will really be saved, is more than perhaps the Government of India can at this moment affirm. I can only rely on the co-operation of our colleague (Colonel Strachey) to ensure that result; if vigour and strictness can secure it, it will be secured no doubt. Then, there have been some reductions suggested or ordered in the Police Department, and in respect of Civil allowances. Though important reductions in some Police appointments may be ultimately practicable, still just consideration must be shown to the officers affected by such changes. Again, the Council are aware that important reductions of Army expenditure have been proposed to Her Majesty's Government: what the result may be we can hardly say; but one thing is financially certain, that these reductions, even if carried out to the fullest extent, can give no saving in *this* current year. Even if some of them were to be carried out instantly, the result would actually be the immediate temporary increase of charge from the grant of gratuities to discharged men and the like.

“ So much then for those savings which could be made to any material extent. On the other hand, as regards the enhancement of resources, the Bill for raising salt-duties in the Madras and Bombay Presidencies has been published: it is now to be proceeded with further under the auspices of my Hon'ble friend Mr. John Strachey. The estimated yield of that enhancement during the remaining half of the current year, if calculated strictly, would be £200,000; but there is always a difficulty in calculating the exact yield of a duty enhanced in the middle of a year, and we should hesitate to take that amount as the yield of the proposed enhancement on salt in Madras and Bombay. Perhaps £180,000 or £190,000 is the most that can be reckoned on.

“Thus it will be seen that taking the Public Works reduction and the enhancement of salt-duties together, the total would amount to less than one million, leaving more than £700,000, or  $\frac{3}{4}$  of a million of deficit to be made up.

“Now, how is this to be done? We say that it must be done, partly at least, by enhancing the duties of the Income Tax: therefore it is that we propose to raise the rate from one per cent. to two per cent. for the last six months of the year; or, in other words, doubling it for the latter half of the year. Then, what will be the result? As already seen, the revised estimate of Income Tax for the current year at one per cent. for the whole period amounts to £680,000: supposing that figure were borne out by the actual result—and we adopt it because it is much less than what was expected from the data of former years—the additional yield of the extra one per cent. should be £340,000; but, notwithstanding that so much allowance has been made, I would prefer to take the amount at £300,000; and this added to the million, or less, already shown, would only make up something under £1,300,000. That would still leave more than £400,000 of the deficit to be made up. I need not say that every effort that can be made during the few months that remain to destroy that remaining deficit,—to run it hard, to break its back, so to speak,—will certainly be made; but at this moment it is impossible to give any positive assurance, except that we will press reduction to the utmost limit possible.

“The above comprises the main points of the case which I have to state. I believe the Council will accept the facts as affording a complete justification of the measure which is before us. The details of the measure are to be found in the Bill before the Council, and also in the Statement of Objects and Reasons put forth in September last by my friend Mr. Strachey. I do not know that I need take up the time of the Council further on this point.

“So much then for the Bill now to be introduced and referred to a Select Committee.

“But I hope that the Council will bear with me for a few minutes while I briefly examine the main differences between the budget and the revised estimates. I consider such explanation to be due to the Council when I ask them to vote for a law to impose additional taxation in the middle of the year.

“In the first place it may be observed that for the year 1867-68 we received a revenue of £48,429,644, or, say, in round numbers 48½ millions. For the year 1868-69 we received £49,070,242, or, say, 49 millions. Then I budgeted for a revenue in 1869-70 of £49,340,840, or in round numbers 49½ millions.

This is only one-third of a million in excess of what we had actually received in the previous year, and that one-third million arose from additional taxation. So that without additional taxation there was no increase budgeted for. We merely estimated to receive what we had received from the year just expired. Now, considering that the normal condition of the revenue of India has been that of increase; that within the last ten years we had increased our revenue by ten millions, it appears to me, on a general retrospect, that 49½ millions represented a fairly moderate estimate. If the main items of the budget revenue be compared with those of previous years, it will be found that in no large item did we estimate any particular increase, save in that of Land-revenue, and even there the increase was not considerable. But, then, for Land we followed the estimates framed by the Local Governments, who were necessarily the best judges for that particular branch of revenue. The aggregate of the local estimates for Land came to £20,495,000; the budget was £20,595,500. But the budget included £40,000 for waste lands' receipts, and other items not included in the local estimates. On the whole, then, the local estimates, and the estimate of the Government of India, amounted almost to exactly the same figure.

“With respect to Opium, which, as the Council has seen, comprises one of our principal losses, we expect to get only £7,786,200, or in round numbers 7¾ millions, instead of £8,286,540, or 8¼ millions, which we expected to receive in the current year. Now, in the year just passed, we actually received £8,453,365, or in round numbers 8½ millions. In the year before last we got £8,923,568, or, say, nearly 9 millions. That is to say, the year before last we got 9 millions, last year 8½ millions, and we hoped to get 8¼ millions this year. But we are now to come down to 7¾ millions. Thus, *primâ facie*, the estimate of 8¼ millions was taken low. Of course one reason for our taking the estimate lower than the amount that had actually been obtained in the two previous years was, that we expected less on Bengal opium, owing to the supply having been for some time diminished by the drought in the poppy-growing districts. We also estimated the price per chest at a rate lower than the rates which had been governing the market for some time past. The price budgeted for was Rs. 1,330 per chest, instead of Rs. 1,380, realized on the average of the year just concluded. Prices had continued high the whole year, sometimes overtopping Rs. 1,400 per chest; they had been particularly high in months immediately preceding the budget. There was indeed a slight fluctuation at the moment of the Financial Statement being made, but even then there was no material reduction whatever. On the contrary there was an indication of even higher prices. For if the price of Bengal opium was to be regulated by the ordinary law of supply and

demand in the China market, it would manifestly rise before an expected deficient supply. Such was the opinion even of some well-informed authorities. We doubted, however, whether the price had of late followed the ordinary law. We rather feared that it had assumed a speculative character, and we thought that it would be safer to take, not the high prices ruling during the current year, but the average of three years, which gave a lesser rate. Then, if any accident should happen in the midst of such uncertainties, it could not be laid to want of prudence or caution on the part of the Government of India in estimating the price. But while we providently estimated some fall in the prices, the actual fall has unfortunately been greater than even our anticipation. Of course, with regard to the future in any branch of revenue like this, it must be mainly a matter of opinion. As regards opinion, the Council may remember that, when I brought forward my Financial Statement, there was an eminent member of the mercantile community then sitting with us. I allude to Mr. Bullen; and he, with his knowledge of the subject, expressed in the debate on the budget the following opinion. He said—the Council would find it in the printed records—as follows:—

‘He thought it possible that receipts from opium were a little under-estimated, because, although the provision for the year would be small, owing to short yield on account of badness of season, yet it was probable that prices would rise in proportion to reduced quantity, and the result would be that opium would show some increase on the amount estimated.’

“Well, so much for opinion. That opinion has been indeed controverted by the actual result. But in a matter of so much uncertainty as opium, a fall in prices is no matter of surprise, and conveys no imputation on the carefulness or forecast of the Government of India.

“The next item is that of Customs. Now, we took £2,773,500 against the amount of £2,692,755 of the year just over. The figures were almost the same. The Customs-revenue had been for the last three years steadily increasing. The trade statistics, which as the Council know are now prepared in the most elaborate fashion, showed the same result; indeed the increase of our foreign trade is so notorious that I will not dilate on it. In framing the budget we looked to the statement of monthly actual receipts during the current year then drawing to its close, and these monthly statements showed a steady increase up to the very eve of the budget, both over the actuals of the preceding year and over the budget-estimate of that year. The trade statistics, which were then prepared to within three months, gave a similar indication. The trade of last year was so far good, that it rose from 100

millions total value to 106 millions. Therefore, at the time we framed our budget, there was not any single actual fact which would justify us in supposing that there was likely to be any decrease. I speak of the actual facts then known, and of the statements then available. It is true that we did consider that the distress, drought, and famine in Northern India must affect the purchasing power of some classes of our population; but the population affected would consist of the poorer classes, and those were not generally the classes which consumed dutiable articles. However, that was considered, and it was the main reason why we estimated for no material increase in the Customs-revenue, although there had been an increase for the last three years. We were aware, also, of the revision of the tariff valuations; but the probability of such revision affecting the yield of the duties was extremely small. Some well-informed parties considered that this just revision of the tariff would rather lead to an expansion of trade. That point has been very well brought out in the published despatch of the Government of India of the 20th of September. But for the future there was scope for opinion as apart from the facts; and I shall quote the words of our late colleague Mr. Bullen, who, besides being an eminent merchant, was also a member of the Tariff Committee which had just sat, and was therefore peculiarly experienced in respect to the Customs-duties. Referring to the records of the Council, I find that Mr. Bullen said :—

‘If they looked to Customs, there also might be some increase by natural growth of trade; but against that must be set that the fixed valuations on which the duties were levied were to be reduced. There could not, therefore, be a great increase in the Customs.’

“Of course, in my humble opinion, that was a just and moderate manner of regarding the prospects of our Customs. It is quite evident that, at that time, so good an authority as Mr. Bullen considered that there would be a natural growth of trade. He further considered that there should not be any great increase in the estimates on account of Customs, and there was no great increase; in fact there was no appreciable increase. Unfortunately, from causes which it is difficult to fully explain at this moment, there has not been the growth of trade to which Mr. Bullen alluded; there has been to some extent a depression. The consequence of that is that we fear that the Customs-revenue will fall during the current year to £2,363,000, being less not only than the amount of the last year, £2,692,755, but also less than the revenue of the year before, £2,578,632. That this decrease in the Revised Estimate framed in September last is but too likely to be justified, I must admit, especially after considering the unfavourable manner in which the trade season has opened in

Calcutta and Bombay in November, which is usually the commencement of the brisk season. So much then for that particular figure. As regards the framing of the Customs-estimate, I do not mean to say that we cannot introduce improvements in that respect. We will again examine the method of estimating in all its details, and whatever can be done from English experience or local knowledge shall be done. But I beg to assure the Council that we have a certain method of framing these estimates. It may not be the best method. I believe it is not quite the best method that may be adopted. At all events it is a method. First of all, the estimate is framed regularly by the Customs Department,—by the Collectors and Commissioners of Customs. In that Department, they possess the most complete information regarding every single item. They know the quantity of goods in bond: they also know, or should know, if they choose to enquire,—and I have no doubt they do enquire,—as to what quantity of goods are expected, or are afloat. They have of course the most complete information of the collections up to the last hour; and with all this knowledge they form their estimate. That estimate is submitted (in Bengal) to the Board of Revenue. The Board will possess almost as much information as the Customs Department itself, and they again go over the whole estimate, checking off article by article, item by item. Those estimates are submitted to the Local Government, which also possesses general information, and then the estimate comes up to the Government of India in the Financial Department, where it is further checked by the statements of actual collections of the last one or two months subsequent to the preparation of the figures by the Customs Department.

“The next item I shall refer to is that of the Income Tax. As the Council know, I estimated that it should yield £900,000: the revised estimate now shows that it may hardly yield more than £680,000. How was that £900,000 arrived at? It was arrived at in this way. First, the estimated yield of the late Certificate Tax under all the schedules to the Certificate Act was taken. It was considered that on trades and professions the late Certificate Tax was virtually a one per cent. Income Tax. To that we added the probable amount of a similar duty on lands and houses. We assumed very little for the duty on the public securities, because, as the Council know, the Act avowedly made incomplete provision in that respect. Then we took into consideration all the figures and statistics of the Income Tax some years ago brought in by my predecessor, Mr. Wilson. The mass of tabulated, classified statistics of the old Income Tax that have been prepared at various times, and the subsequent Licence Tax, is really very considerable. Now these data were carefully compared with the calculation of my budget; but it will be immediately apparent

that the precise figures of the old Income Tax cannot be taken as the basis strictly of a new calculation. For, in the first place, the figures were ten years old; in the second place, the value of land and houses had risen greatly within the last decade of years; in the third place, there was a new procedure whereby all lands, except those permanently settled, were to be valued in a manner that will treble the assessment as compared with that which would have been made under the old tax: so that we were bound to make a considerable enhancement in the new estimate over the figures under the old tax. But in the new estimate we maintained much the same proportion between the amount from trades and professions, and the amount from lands and houses, as that which had existed in the old tax; or if the proportion was not quite the same, still there was such a resemblance as sufficed for purposes of an estimate. I may add that this estimate was framed three times over, or even more. There was one calculation in 1867, another in 1868, another in 1869. I do not know whether I need say anything further to justify the estimate, inasmuch as it relates to a new tax, for the yield of which we have not yet even one year's actual data.

“So much then for the three main items in which the Revised Estimate shows a falling off from my budget. On the other hand, I hope the Council will not understand that any desponding view is taken as to the principal branches of revenue raised in the interior of India. I do not in the least wish to imply that there is any falling off in them. Even in the Revised Estimate, the revenues from Land, Forests, Salt, Excise and Stamps stand as high as, or higher than, ever.

“Before quitting this part of the subject, I must observe that the miscellaneous revenue is taken as high in my budget as in the two previous years, and, except in one or two particulars, that portion of the budget-estimate appears to be borne out. But I must remark that this is not a very safe or satisfactory item, and in future budgets we must estimate it more moderately, for although we have of late been receiving these large amounts, yet this heading includes most of those items which are popularly called ‘wind-falls,’ upon which we ought not permanently to calculate.

“I must still trespass on the patience of the Council in order to notice a few items on the expenditure side, in which discrepancies have arisen in the Revised Estimate as compared with the budget. The first item is that of interest. The Revised Estimate shows an excess charge of £103,238; and this excess arises on two points, namely, the unclaimed dividends, and the interest arising on the new loan contracted this year for Public Works Extraordinary. It

was the practice in estimating the interest-charges to allow for a certain average amount of dividends remaining unclaimed by parties entitled to claim them. It was not very trustworthy; but still, on an average, a certain number of persons in the year did leave their dividends unclaimed, and in this manner the estimate was framed. Last year it so happened that the dividends were almost all claimed, and the consequence was that there arose a discrepancy regarding that particular item. That being the case, we have considered it better not to assume that dividends would remain unclaimed, and therefore it has been decided not to allow for them. On this score some £30,000 must be added to the estimate. The rest of the £100,000 relates to interest on the new loan for Public Works Extraordinary. The Council will ask—Why was the interest on this loan not provided for? The reason was this. When the budget was framed, we believed that the amount in question would be raised in England: we did not venture to hope at that time that the Secretary of State would sanction any portion of it being raised in India. If raised in England, we thought that the money not being required till the commencement of the working season—November of this year—would not be raised till within the latter half of the year. In this case, the payment of interest on the loan would not fall within this current financial year, and therefore no provision was made; that was the particular reason which was yielded to at the time. Looking back now, I admit that we should have considered that perhaps the Secretary of State might authorize the loan being raised in India; or might raise it in England before the latter half of the year. But there was no oversight and no actual error in this matter. After the budget statement had been delivered, the loan arrangements became modified. To our satisfaction, the Secretary of State authorized our raising the money in India. Then we decided to bring the loan out immediately; but the amounts were to be received at the Treasury in instalments, so as to save interest. Afterwards, to accommodate the subscribers, we allowed them to pay in at once all the amounts of the accepted tenders. These circumstances, not exactly known at the time of the budget, have caused the interest-charge to rise higher than was anticipated.

“The next item is £89,700, which represents interest we shall have to pay to the Presidency Banks on overdrawn accounts. As the Council know, we considered at the time that the over-drawing of our accounts with the Presidency Banks arose from advances we had to make for the Abyssinian Expedition. In that case we expected to recover the interest from Her Majesty's Government, so that the charge would not appear in the corrected accounts of the year. But when we came to submit our claims, we found the

data became extremely complicated : we had to make further references ; there arose delay in bringing the point fully out. In the meantime the items must appear in the accounts of the year : had the circumstances happened as we expected, they would not have appeared.

“ The next item of difference was £81,900 under the head of refunds and drawbacks ; that is to say, on re-examining the average of several years we now expect to have to refund £81,000 more than was estimated. How was that original estimate made ? It was made on a detailed calculation, province for province, of every amount of drawback and refund expected to be made by each Local Government. Thus the amount contained in the budget was the total of the amounts estimated by the several Local Governments. But this was exclusive of refunds of Income Tax. When the budget was framed, we intended that £900,000 for Income Tax should include the refunds in that branch. It has since been decided that refunds of Income Tax should appear on the expenditure side of the budget, in the same manner as refunds of other revenues, and this has slightly swollen the amount of the estimate. In this point again there was no oversight.

“ The next item is £120,000 additional expenditure on opium. This represents an extra payment on an increased number of chests to be brought to sale by reason of the larger quantity of opium produced last year ; in other words, the effects of drought on the opium crop turned out not to be so great as was feared. When more opium is brought in, increased payments have to be made. This is a fortunate circumstance, because this extra charge on the expenditure side merely represents a more than proportional increase of income on the Revenue side.

“ The next item is that of £30,330 on account of the Straits' Settlement. There was an outstanding account with this Settlement, which was once under our Government, but is so no longer ; and this item will fall to be paid during the current year. Unfortunately it was overlooked ; and I must admit that this particular item does represent an error, though not a serious one, as it was just the sort of item that might possibly escape attention.

“ There is an excess charge of £76,500 in the Political Department, representing the additional allowance payable this year to the Amír Sher 'Ali of Cabul. This was not overlooked by the Comptroller General, who obtained the information from the proper quarter ; but he accidentally omitted to insert the amount in the estimate. This must of course be admitted to be an error.

“The last item of difference is that of £115,452 in the expenditure in England, which does not require notice here.

“So much for the discrepancies between the budget and the revised estimate now before the Council. But, further, in the regular estimate there are four items on which I desire to offer explanation to the Council; that is, the regular estimate of last year. These points are the salt-supply of Bengal, the land-revenue of the North-West Provinces, the Malwa opium, the Public Works expenditure.

“As regards the salt-supply, it was stated in that estimate in last spring, and repeated recently, that when the budget of 1868-69 was prepared, as the Council knows, under the auspices of my predecessor, the fact of the supplies of salt in the Bengal stores being exhausted, or nearly exhausted, was overlooked. Well, since my attention has been drawn to the expression, I find that the fact was not exactly overlooked in that sense by my predecessor. The fact was not really material to the estimate formed in that budget, because, as the Council know, the supply of salt to Bengal arises, not so much from local manufacture, but chiefly from importation from England: if there happened to be a large quantity of local salt, then possibly the amount of foreign salt imported and dutiable would be less; if the local supplies were nearly exhausted, the consumption of foreign salt would be greater. At all events, between the two, the people will obtain the requisite supply. Certainly the year's supply would not be materially affected by the amount stored locally. Therefore, whatever difference there is between that budget-estimate and the actual facts, the cause must be sought elsewhere than in the supplies in the local stores.

“The next item is the land-revenue in the North-Western Provinces. For these provinces the budget-estimate framed by my predecessor showed £4,200,000. The local authorities, sending up their revised estimates at the very height and crisis of the drought and distress, brought it down to £4,000,000, or £200,000 below the budget. When, a month or more afterwards, these local estimates came to be finally revised in the Financial Department, rain had fallen abundantly, raising the hopes of agriculturists, and public confidence generally, and we calculated that the loss would not occur to the full extent originally anticipated by the local authorities. They themselves fully admitted the great improvement in the general prospects of those provinces; therefore, instead of £200,000 decrease, we took £100,000, reducing the figure in the regular estimate to only £4,100,000. Afterwards it turned out

that the visitation of drought or famine had been somewhat greater than was anticipated, and the actual out-turn has proved to be only £3,997,000.

“ The next item is that of Malwa opium. It fell off in the actuals by £400,000 below the regular estimate. This difference arose in the following manner. The regular estimate showed 225 lákhs, or 2¼ millions. This was borne out by the actuals of the current year and of the year previous. It was accepted by the local Accountant General presumably in communication with the Local Government. It was true that the Commissioner of Customs had taken as the regular estimate 213 lákhs, or something less than what we proposed in the regular estimate. Now, as already stated, the regular estimate of 225 lákhs was taken in reference to the actuals of that year, that is, with eight months' actuals. Those eight months yielded 125 lákhs, leaving about 100 lákhs, or one million, to be made up in the last four months, that is to say, about 25 lákhs per mensem. That was perhaps a sanguine estimate, still it was nothing extraordinary. These were the four best months of the year, and for many years, instances can be found of similar amounts coming in during this brisk period. So far then the regular estimate, based on the actuals of preceding years, and the eight months' actuals of the then current year, was not at all extraordinary or extravagant. Afterwards the fact turned out that, of the remaining four months of the year, two resulted badly, and one only was really prosperous. And it was possible to correct the regular estimate by later information relating to the ninth or even the tenth month. But the regular estimate being professedly based on eight months' actuals, it was not in this case corrected. The adherence to rule may so far be justified, though the result was unfortunate.

“ Still the case does illustrate a defect of system as regards the framing of the regular estimate. Strictly, according to rule and the routine sanctioned by the Secretary of State, the regular estimate does not represent more than eight months' actuals and four months' estimate. Accordingly, the estimate should be submitted shortly after the expiry of the eight months; but in practice it is often kept back for a while; and being naturally anxious to put forward as correct an estimate as possible, we sometimes so far take liberty as to correct it for a month or two later. But the practice has been uncertain in this respect. On some items correction has been supplied by our officers going beyond the understood rule; especially in those cases where local information is immediately available, such as Bengal opium. In other items our officers do not apply correction, but leave the regular estimate as what it professes to be according to rule. I admit that

this shows that the rule and practice of framing the regular estimate must be immediately reconsidered. The uncertainty in the above respect is apt at any moment to place the Financial Department in a false position. Had our officers understood that by rule every item must be corrected by latest information up to date, this particular discrepancy would certainly have been much reduced, though it might not have been altogether avoided.

“There remains now only the large item of £492,000 excess expenditure in the Public Works Department. As we fortunately have the presence in Council of the Secretary to Government in that Department, he will, I trust, give such information as his Department desires to offer. It undoubtedly does show some defect in the system of that Department, though I beg to say that the blame will not rest solely with the Public Works Department, for there must be some defect in the control of the Financial Department over Public Works finances which allowed this discrepancy to occur. I can only say that, with my Hon'ble friend's co-operation, we shall in future adopt such stringent measures that a recurrence of such a discrepancy will be impossible. I do not say that it arose from actual error on the part of the Public Works authorities, but from a particular defect of system which they share with the Financial Department itself.

“Lastly, I would point out, as regards discrepancies between actuals and estimates, that inasmuch as the estimates relate to the future, which cannot properly be foreseen, there must needs be such discrepancies; but they may arise either from misfortune, which we can hardly control or foresee, or from defects of system, or from actual errors. The Council will immediately see the distinction between these three causes. It does not follow that every discrepancy arises from error, or even from defect of system. From the brief analysis I have given of all the discrepancies which have become apparent, and in regard to which I have extenuated nothing, the Council will be able to form their own conclusions as to which discrepancies arose from misfortune, which from defects of system, and which from error. Two errors must undoubtedly be admitted, consisting of the item on account of the Straits' Settlement and that on account of the Cabul allowance. They amount together to about £100,000. The relative proportion of these two errors can only be understood by comparing the amount and size of the aggregate estimate. Now, if we consider that the estimate on both sides together amounts to one hundred millions, (an estimate drawn from an extraordinary number and variety of sources,) there is an error of £100,000 out of 100 millions, or just a fractional error of one-thousandth part. That is as small

a proportion as possibly can be, unless it is said that there should be no error at all. Then there are discrepancies from defects of system, such as that of the Public Works excess expenditure and that of the Malwa opium; also in one or two points in the expenditure of the current year, for instance, that about the unclaimed dividends. But the two main discrepancies in the current year which have, more than anything else, caused the present difficulty, namely, those in Opium and Customs, do really arise from fiscal misfortune, not to be controlled, and hardly to be foreseen. I have now laid the facts before the Council, and the Council can judge for themselves.

“ But, saying this much, do I mean to infer that no improvement is possible? By no means. I admit that there are defects in system, which, though not unknown before, have been brought home to us more strongly than ever by existing difficulties. For instance, we must examine more thoroughly than heretofore the monthly statements of actual receipts either from the manuscript returns received, or the telegraphic despatches, (for it must be remembered that we have often to get our actuals from distances of hundreds and thousands of miles away). We have such examination now to a great extent, but we must have it more strictly in future: we must check our financial conclusions more immediately by actuals up to the latest day. We must also base our estimates more strictly on the actual results up to date, and less on general conclusions. Then perhaps we must obviate the tendency that exists of taking a somewhat too sanguine view of our estimates, both in respect to expenditure and revenue. There is so much buoyancy and elasticity, and the spirits of everybody run so high, that there may be a tendency to form too favourable expectations of our undoubtedly great resources: and this must be obviated. Then, in particular, there are many cases of discrepancy arising from adjustments: these adjustments and inter-adjustments between province and province, or presidency and presidency, are very great; and that being so, there is a tendency in the local authorities to let these adjustments stand over till the end of the year. The consequence is, that we never are quite certain up to the last moment as to how we stand. The actuals seldom show the full amount of expenditure, because so much remains to be adjusted. This throws an excessive burden on the last two months, and tends to falsify the conclusions drawn for the ten months. We must endeavour to ensure greater current regularity in this respect. Then we must revise the rules for the preparation of our regular estimate. The false positions into which we occasionally drift by the present rule of framing the estimate are but too well illustrated by the case of Malwa opium which I have explained today. Further,

as is well known, it is on this regular estimate that our cash-account and our published estimate of cash-balances have to be based. As explained in my Financial Statement of March last, this great account comprises an aggregate of 80 millions on each side. The sum of cash-balances represents the balancing item at the very end of the account. If, therefore, there be any discrepancy in any part of this immense account, the cumulative effect will fall upon the balancing entry at the end, namely, that of the cash-balances. Now, considering that we have to put forth the entry of estimated cash-balances before the commercial world, I think we should improve it by taking the facts available to us from the cash-assets in our treasuries up to latest dates. On the last occasion, I presented the cash-balance estimates framed according to the rules then in force. I shall follow an improved method on the next occasion.

“ Above all, we must adhere more strictly than ever to the budget-allotments for expenditure. The Council know that there has always been a tendency to exceed these allotments. The local authorities naturally look primarily to efficiency. Everybody is animated by a sincere desire to improve the country, and all this conduces to a disposition to disturb the budget. If this cannot be stopped, there will be a repetition of the deficit that now exists, and we shall be constantly obliged to have recourse to special legislation for fresh taxation.

“ But as the best guarantee that all requisite improvements will be gradually effected, I need only point to the reforms made in the last few years. Within that period the budget-system has been introduced under great difficulties. The whole system of accounts has been revolutionized, and there has been obtained a degree of punctuality never heard of before in India; and among the first-fruits of this punctuality is the early date of the Revised Estimate this year, which has enabled us to present facts for additional legislation to avert the threatened deficit.

“ I do not know that there is any further point to which I should advert. This is only an *ad interim* statement; and if there are other points which require explanation they shall be explained when I bring on the budget in March next. In the meantime I appeal to the candour of this Council to consider whether the existing difficulty does not mainly arise from fiscal misfortunes hardly to have been anticipated, from fluctuations in trade generally, and in the China market particularly. How could we, a year ago, have found justification for imposing on the country those sacrifices which we are now compelled to propose? If we had then come forward and said that there were such anticipations about the future that we must double the Income Tax and

arrest public improvement by cutting off three-quarters of a million—I ask whether such a conclusion would have found acceptance, or whether such proposals could possibly have been carried? Yet that is exactly what has been rendered necessary by subsequent events. The Government of India should be judged, not by the extent of fiscal misfortunes which cannot be prevented nor reasonably be foreseen, but rather by the degree of energy, efficiency, and resolution with which a deficit is met, as soon as it is proved to be approaching.”

Colonel the Hon'ble R. STRACHEY :—“ My Lord, as so large a proportion of the unforeseen expenditure of the past financial year is due to the Public Works Department, it will, no doubt, be satisfactory to the Council, as my Hon'ble friend Sir R. Temple has suggested, to receive an explanation somewhat more in detail than has been given in the papers that have been published by the Government, of the nature and causes of the excess outlay. This, starting from the budget-estimate of the year, which gives the proper standard of comparison, reaches the very large amount of £841,435 on the ordinary Public Works outlay, which, excluding railway charges, amounts to £6,122,005,—and of £444,160 on the Railway outlay,—amounting to £1,991,150,—including guaranteed interest, or in all £1,285,595. These figures, it will be understood, refer only to charges against the Revenues, and do not include the results of the expenditure classed as Extraordinary, which falls on funds provided by loan, and with which we need not, on this occasion, concern ourselves.

“ Referring first to the ordinary Public Works outlay, excluding Railways, it may be stated that the excess over the original budget-grant of the year is covered to the extent of £510,130 by additional grants made by the Financial Department in the course of the year, so that the excess which the Public Works Department has to account for is thus reduced to £331,305. The additional grants were given for the following objects :—

|  |         |         |     |          |
|--|---------|---------|-----|----------|
| 1.—To make good an arbitrary reduction of the same amount made by the Financial Department in the original estimate for Military Works, on the presumption that the money would not be spent | ...     | ...     | ... | £250,000 |
| 2.—For Famine Relief Works   | ...     | ...     | ... | £100,000 |
| 3.—For Civil Buildings—Madras Jails  | ...     | £50,000 | }   | £95,000  |
| Bengal Currency Office   | £45,000 |         |     |          |

4.—For Calcutta Port Works:— This is likely to be repaid hereafter from the Port Trust Funds ... .. £30,000

5.—To cover an erroneous deduction made from the Public Works Estimate by the Financial Department on account of stores ... .. £40,000

“The difference between the above and the sum before named is made up by some other small items and reductions.

“The excess outlay, amounting to £331,305, results from an excess in seven Provinces, diminished by a saving in five Provinces. The gross excess was £374,031, and the gross saving £42,726. The savings were as follows :—

|           |     |     |     | £      |
|-----------|-----|-----|-----|--------|
| Panjáb    | ... | ... | ... | 17,657 |
| Oudh      | ... | ... | ... | 5,868  |
| Hyderabad | ... | ... | ... | 1,962  |
| Rájputána | ... | ... | ... | 12,880 |
| Coorg     | ... | ... | ... | 4,358  |

“The net excess, setting-off the savings, was thus distributed—

|                         |     |     |     | £       |
|-------------------------|-----|-----|-----|---------|
| Madras                  | ... | ... | ... | 39,126  |
| Bombay                  | ... | ... | ... | 57,267  |
| Bengal                  | ... | ... | ... | 13,261  |
| North-Western Provinces | ... | ... | ... | 90,730  |
| Central Provinces       | ... | ... | ... | 100,858 |
| Burma                   | ... | ... | ... | 16,675  |
| Central India           | ... | ... | ... | 56,114  |

“The works on which the outlay was incurred may thus be classed—

1.—Famine Relief Works under authority more or less complete, chiefly in the Central Provinces, Madras, and Central India ... .. £130,615

2.—Charges for the preparation of materials for Extraordinary Irrigation Works debited against Revenue, which would properly have been chargeable to loan, chiefly in Bengal and North-Western Provinces ... .. £51,420

“Irrigation Works entered in the Budget as extraordinary, but eventually excluded by the Government of India, and made chargeable to the ordinary grant as not complying with the conditions under which alone money is permitted to be given from the Loan Funds. The ordinary grant was unable to cover these to the extent of ... .. £10,681

Expenditure not authorized, less savings ... .. £138,588

“It thus appears that about £230,000 of the whole excess above the Budget Estimate is due to Famine Relief Works; £300,000 to restoring sums erroneously struck out of the Estimate in the Financial Department; £125,000 to grants for new objects; £60,000 for Irrigation Works which were wrongly charged to Revenue instead of to the Loan Funds, or for works undertaken in expectation of their being charged to the Loan Funds; and £140,000 to unauthorized outlay.

“The irregularity of the Public Works Department is, however, strictly speaking, larger than is indicated by the above sum, because, under the rules of the Department, savings under certain heads are not properly applicable to excesses under others. Taking this into consideration, the sum that has been spent without proper budget-sanction is about £250,000, which is about four per cent. on the whole of the expenditure for the year. When it is remembered among how many different provinces this outlay is divided, and, further, among how many disbursing officers, and on how many separate works, the sum has to be distributed, the amount of individual irregularity is much less than might at first sight be supposed.

“Moreover, it is proper to notice that this is the first occasion on which the Public Works Department has fully spent the grant made to it. The Government of India has till now for some years past been steadily pressing the Local Governments to utilize fully the whole of their grants, and on one occasion it even went so far as to say that it would be better to incur a small excess than not to apply the whole sum made available. In truth, the necessity for keeping the expenditure within the grants has not hitherto been seriously felt by the Government itself, nor properly impressed on the officers of the Department. The results of the past year have led to the adoption of other, and assuredly more correct, views, and we may be confident that henceforth additional attention will be given to the more exact management of the disbursements, so as to prevent any excess outlay in the future.

“To some extent the action of the Government of India in the Home, Financial and Public Works Departments may be held to have added to the

apparent irregular expenditure. Promises of grants for relief-works were made, which promises were acted on before formal statements had been received of the precise sums that would be needed, and thus, in more than one case, the financial year closed before the promised grant was really made, and outlay became irregular which otherwise would have been covered by authority.

“Although I have spoken of the excess expenditure of the past year as debitable to certain heads of charge, among which famine-relief operations figure for £180,000 and more, it will be misleading the Council if I do not add that this statement of the heads to which the excess is properly debitable in an Account point of view, is hardly to be regarded as affording a true indication of the efficient *causes* of the excess—in the sense, that is, of causes which necessarily and unavoidably led to the results in question. The technical excess is the sum by which the actual outlay exceeds the authorized outlay at the end of the year when the accounts are closed, and technically the excess is distributed as I have already explained. But a closer examination of the facts shews that it is not in reality from any temporary pressure caused by famine or otherwise that the excess arose. It was, I may say, entirely the result of what must be called defective departmental management. At the end of the eleventh month of the year there was no prospect of an excess, and if the expenditure in March had not been increased in an extraordinary manner, the year would have closed without any excess whatever. The expenditure in March last under the heads now under consideration was, for all India, £1,147,000, while in no other month had it come up to £640,000. In April it again fell to £475,600. Throughout the year, excepting March, it had ranged at about £500,000 to £600,000 monthly.

“In short, if the usual rate of expenditure had been continued in March, the operations of the Department would have closed with a fair saving, and it is beyond dispute that the excess must be attributed to a failure on the part of the controlling officers of the Department, in the important duty of limiting the supply of funds to the disbursing officers, within the limits assigned by the grants regularly made by the Financial Department for the several heads of service under which the Public Works expenditure is divided. I have already stated that the lax manner in which additional grants had been made and promised naturally, and even necessarily, led the controlling officers to corresponding laxity in the issue of funds, and to this extent the Government of India and its officers must share the responsibility of the final results. The disbursing officers themselves are probably in no way responsible for the excess, because they look to the Controllers of Accounts to indicate what

sums may be spent, and there is nothing to suggest unauthorized action on their part.

“There is reason to believe that one important disturbing cause in the financial regulation of the operations of the Department has been the introduction of the distinction between the Ordinary and Extraordinary expenditure, which last has during the past year for the first time become an important item, and of the rules under which some of the grants—as those for Military works and Irrigation works—are not available for transfer for other services. The funds to meet the expenditure are necessarily drawn from the Civil treasuries without reference to the exact objects on which they are to be spent, and the necessary attention has not been given to guard against the unauthorized expenditure of the grant under one head, on works falling under another head; so that, although the aggregate grant for all purposes has not been exceeded, excess has been permitted under some of the heads of service. To secure proper simplicity in the accounts, a single cash-account is necessary; and what is wanted is a machinery to admit of the aggregate amount of all the Public Works grants being drawn, when required, as though it belonged to one fund, but to secure expenditure under each separate head of service not being permitted to go beyond the separate sum allotted to it.

“Attention having been drawn to this point, all that was requisite was readily done to secure the object in view, and it is believed that no error will again arise from this cause. The necessity for strictly limiting the issue of funds to the disbursing officers within the grants regularly made, is so obvious a duty, that a very moderate degree of vigilance will give complete security against the recurrence of any failure in respect to it.

“It may, perhaps, be useful if I remind the Council that the outlay of the Public Works Department differs greatly in its character from that of most other departments of the administration. In the Civil Departments, the outlay is almost entirely for salaries or allowances, which do not vary greatly from month to month, and the expenditure of a series of months commonly gives a good test of the outlay likely to be incurred in the following months. In the Public Works Department this is far from being the case, the disbursements being in a very great degree optional and arbitrary. An estimate of the future outlay cannot be at all safely based on the outlay of the past, and the only safe guide for anticipations is the sum allowed to be spent. The experience of the past year shows this in a striking manner, the outlay in the last month of the year having been (as I have already noticed) nearly double that of any previous month. This sudden jump in the expenditure is so remarkable

a feature of last year's operations, that I have been induced to enquire into its precise causes. To some extent, but not to an important one, it is due to transfer-charges brought forward in the last month of the year, but it is mainly caused by actual and legitimate increased outlay for various purposes, incurred generally in consequence of the efforts of the departmental officers to spend the whole of their available grants within the year, at the end of which the unspent balance would lapse. Payments of various sorts have thus been made to which, so far as my information goes, no reasonable objection can be taken on the score of their character or objects, but only because they involved an excess over the Budget-grants.

“Such a result, showing to what an extent the expenditure can be suddenly expanded at the very end of the year, gives additional proof of the necessity for requiring that the expenditure shall be strictly limited within the actual grants, and making the controlling Financial Officers of the Department rigorously responsible for preventing any excess. Under a proper system efficiently administered, the outlay of this Department can be completely kept under control by suitable expansion or contraction of the funds issued to the disbursing officers, and any unusual or sudden increase of expenditure, likely to lead to financial inconvenience, can quite easily be prevented. I have no reason whatever to suppose that the existing system of the Public Works Department fails in any respect of what is thus required of it, and I can confidently look forward to the future satisfactory administration of the financial branch of this Department, under its present accomplished and vigorous head, Colonel Chesney, now that the Government of India itself thoroughly accepts the policy of complete financial regularity.

“On the whole, as to this part of the outlay, the essential points brought out by the results of the past year's operations are, that additional strictness must be introduced into the system of making grants of money for Public Work: after the commencement of the year; that complete conformity should be required to the rule that forbids expenditure on any object until a specific appropriation of funds has been made of the needful amount from a regularly authorized grant; that no disbursing officer should be permitted to spend money in excess of the amount appropriated for his use for each particular work or purpose. Until the practice of the Public Works Department is brought into substantial conformity with these principles—and I must say that a great deal still remains to accomplish such a result—the time will not have arrived for any relaxation of the close scrutiny into the operations of the Department which the Government of India considers to be its duty to maintain as the

responsible head of the finances of the country. The results of a want of due caution in dealing with the vastly multiplied transactions of a great disbursing agency like that of the Public Works Department are, I should conceive, sufficiently indicated, by what has happened last year, to satisfy every one that, whatever be the defects of the present system of control, they do not lie on the side of excessive stringency or repression.

“ I have, perhaps, dwelt rather more on these topics than their intrinsic importance deserves, and I may seem to have spoken of the defects of practice to which I have referred as being more grave than they really have been. But I have purposely said everything that had to be said on the matter, because the administration of the Public Works Department is so commonly ill-thought of, and because I myself think well of it, and believe that it will bear the most complete scrutiny into its system, and may challenge a comparison with any similar organization in India or elsewhere. It is, indeed, to the severity of our principles of account, and not to their laxity, that such defects as I have had to speak of today are looked upon as defects calling for serious attention, and I firmly believe that in no other branch of the public expenditure will a smaller proportion of irregular outlay be found to occur.

“ I now pass to the Railway expenditure. For the control of this, the Public Works Department has hitherto been but partly responsible, and it will only be from the beginning of the next financial year that the entire charge will be transferred from the Financial Department, in which a great portion of the business was carried on, to the Public Works Department.

“ The excess outlay under the head of Railway is almost entirely due to the falling off in the Railway traffic, and the consequent increase of the net charge for guaranteed interest, which, against an estimate of £1,202,900, actually amounted to £1,700,370, giving an excess of £497,470. I will not detain the Council with any detailed comments on this part of the expenditure, but I would point out that the charge for guaranteed interest is the balance of a somewhat complicated series of accounts, none of which are satisfactorily within the control of the Government of India, and in respect to which the power of the Government to obtain satisfactory estimates is very incomplete. The principle of showing all transactions in the public accounts as they occur, without set-off, has been departed from in the case of the guaranteed Railway interest, and I think with decidedly bad results. The Government of India has the question of how to deal with the whole of the Railway accounts now under consideration, and it is probable that some serious changes will be made, among which may be expected the exhibition of the gross

Railway interest as a charge, the net receipts being shown as income, and the adoption, for the Railway accounts, of a system having the general characteristics of the Budget-system of the Public Accounts. The important bearing of the transactions of the Guaranteed Railway Companies on the finances of India is sufficiently indicated by the circumstance that, in the past year, a charge of almost half a million, for which provision was not made in the estimate, had to be provided for, and that such charges are to a very great extent beyond the control of the Government, extremely difficult to estimate with accuracy, and at any time liable to recur almost without warning.

“ It manifestly becomes the duty of the Government to do everything in its power to bring within due financial control charges on the Revenues such as these, and it is not less obvious that it is only by careful attention to the Railway income and expenditure, and to the accounts which exhibit the results of the working of the Railways, that such a control can be established and maintained. I have no difficulty in saying that till now the Railway accounts have not been so dealt with as to admit of the exercise of a satisfactory financial control of the operations of the Companies, and that there are few things which have a more important bearing on the satisfactory management of the general finances of the country than the early establishing of an efficient system of Railway account and financial control. The object of the Government in its dealings with the Railway Companies in these respects can only be to secure an exact and prompt knowledge of their transactions, and to prevent wasteful expenditure, which objects are no less important to the shareholders of the Companies than to the Government. There is no possible conflict of interests, and it is a plain paramount duty of the Government of India to the tax-payers of the country to exercise, within the limits of the authority secured under the contracts, a control as real and efficient over these transactions, which involve payments of public money on a very large scale, as over any other branch of the public expenditure.

“ During the past year the other elements of Railway charge debitable to the revenues have not been very important. There has been an excess outlay under the heads of Controlling Establishments, and Land for the guaranteed lines, of £39,433, and of £29,957 for charges on account of the Calcutta and South-Eastern Railway, which were brought to notice after the Budget-grants were fixed. Against this has to be set-off a saving of £122,700 for loss by exchange, the net result of the operations of the year having terminated with a gain under this head which is shown as a receipt amounting to £15,435. In all, these items

show a net saving of £53,310. These amounts differ somewhat from those shown in the Civil accounts; but the difference is not important, and it will be adjusted on the transfer of the Railway accounts to the Public Works Department next year.

“ The income of the Public Works Department for the year was £529,049, having been better than the Budget Estimate by £133,049. The details of the income call for no special comment.

“ My Lord, I will only add a few words more. The Public Works Department is very commonly regarded as the great enemy of public economy, and the first cause of financial disorder. We are told of the tyranny of the Public Works Department from which no Government can escape. But in fact, what is this Department? It is the Agency, and nothing more than the Agency, through which the Government, in all its various Departments, supplies itself with extravagancies. The Public Works Department does not desire to build palatial barracks, nor splendid hospitals, nor vast court-houses. It has no wish to stud the country with police offices and stations. All these works are undertaken to satisfy the various Civil Departments of the Administration, and the difficulty of the Public Works Department is to bring their demands within reasonable and practicable limits. So it is in truth with all other works. The Public Works Department receives from the Government that sum which the Government thinks fit to spend from year to year on this class of objects, and does its best to apply the money suitably. And the remedy against any fiscal inconvenience that can arise from the operations of this Department is in the most complete manner in the hands of the Government; indeed, in a far more complete manner than in any other branch of the Administration. How true this is is shown by the occurrences of the last few months. The Government having become really alive to the necessity for economy, at once reduced the Public Works expenditure by £800,000, and next year will reduce it by a million and a quarter. To speak of a mere disbursing agency as in any sense responsible for the extent of the outlay it manages is a complete misuse of terms, and in future I hope that, when it is thought proper to find fault with any excessive expenditure on Public Works, the responsibility will be attributed, where it is due, to the Administrative Departments, and to the Executive Government.”

The Hon'ble Mr. COWIE said that, while he very deeply deplored the necessity for this enhanced taxation, he was the very last person who could object to it; for, in the month of February last, he took the liberty of writing to Sir Richard Temple to suggest that, if an income tax were to be imposed at all, it should not be less than two per cent. He had two reasons for this

step; first, a belief that, if the machinery of the income tax were to be revived, it was not worth while to put it in motion for so small a result as one per cent., and, secondly, that, if the larger tax were imposed, the hands of Government would be so strengthened, financially, that they would be enabled to reduce at least some of the export-duties which pressed heavily on commerce.

The budget was produced, the income tax was fixed at one per cent., and the export-duties, including that most objectionable one on rice, remained as they were.

In giving his concurrence to the present Bill, he would take the opportunity of mentioning another tax which he should prefer to have seen introduced.

In this Council Chamber, he had more than once heard the argument used that, where the united wisdom of the Lords and Commons had passed certain laws, we, in India, could not go very far wrong in following the precedent. Now, His Excellency was well aware how large a sum was contributed to the revenue of the United Kingdom by the probate and legacy duties, and His Excellency was equally aware that here we had nothing at all analogous to them.

He was not competent to say what would be the result of such taxation throughout the length and breadth of the land; but, looking at the Presidency towns and their long lists of probates and administrations, it was clear that a very large amount of property, real and personal, passed annually to relatives, friends and creditors, on which the Government imposed no tax whatever. The idea of a succession-duty was no novelty; and he claimed no credit for now naming it. Possibly, it might already have received the careful consideration of the Executive Government; but, in entire ignorance of whether this was the case or not, he thought he was justified in recording his humble opinion, that such a tax would be a safe, expedient and profitable mode of adding to the revenue of the country.

The Hon'ble MR. STRACHEY:—"Having, my Lord, held charge of the Financial Department of the Government of India for the last six months, during the absence of Sir Richard Temple, I must necessarily bear a larger share of the responsibility, than that which falls upon my Hon'ble friend, for the measures of increased taxation and retrenchment which the Government has thought it right to introduce. Nevertheless, I see no necessity for taking up the time of the Council with any detailed explanation or justification of the course adopted by your Excellency's Government while I was connected with the Financial Department.

Not only has my Hon'ble friend, Sir Richard Temple, just explained fully and clearly the main facts which have occurred, but we have had the great satisfaction of learning—although I never doubted that it would be so—that the measures taken during his absence have met with his approval. And I must, before saying anything more, thank my Hon'ble friend for the too flattering terms in which he has spoken of my own share in what has been done during the last six months.

“When, my Lord, the Government became aware that our financial position was less favourable than it had been supposed to be, and was satisfied that measures of stringent economy and of fresh taxation were unavoidable, it immediately, as the Council well know, laid before the public an unreserved statement of the conclusions at which it had arrived, and of the data on which those conclusions were based. Nothing was kept back. There is nothing which I could now say regarding the present condition of the finances which the public does not know already, or which it will not learn from the statement which my Hon'ble friend has just made to the Council. And if no further explanation of the views of the Government be necessary, I think that I may also say that no justification is necessary of the course which has been adopted. Although the measures that have been taken have been of an unusual, and, as all such measures must be, of a very unwelcome character, involving, I fear, much hardship to individuals, and the imposition of fresh burdens on many who can ill afford to bear them, those measures have been (I think I may fairly say) accepted with a rare unanimity of approval by all classes of the public. The event has proved the wisdom of your Excellency's determination to let in the light of day upon the views and proceedings of the Government, and to obtain that invaluable support which even an Indian Government derives from the free and intelligent expression of the public opinion of our countrymen.

“I will not, my Lord, pretend that the experience of the last six months has increased my admiration for the system on which the Financial Department of this Government is organized; nor will I disguise my belief that my Hon'ble friend, Sir Richard Temple, will find in the Financial Department ample scope for the exercise of that energy and ability which has left its mark on more than one Indian Province, and the application of which to our finances was unfortunately interrupted by the causes which compelled him to be absent from India at a somewhat critical time. But the experience of the last six months has given me a stronger conviction than I ever had before of the thorough solidity and safety of our

real financial position. Although there are present difficulties to overcome, I think that, in regard to the future, everything is encouraging.

“Much has been said, for several years past, about the uncertainties of Indian Finance, and to deny those uncertainties would, I think, be impossible, with the fact staring us in the face that, year after year, we have begun the twelve-month with the anticipation of a surplus, and have ended it with the certainty of a very serious deficit. Nevertheless, the more the facts are looked into, the more encouraging do they appear; because, as it seems to me, there can be no question that these financial difficulties and uncertainties have almost entirely arisen from causes which it is within our power to remove, and to remove with no real difficulty. Those causes have, therefore, little actual gravity. If our difficulties had arisen from the decay or want of progress in the resources of the empire, the matter would have been very different. But the very reverse of this is true. Every one of those great branches of revenue which are indicative of the condition of the people has gone on, for several years past, constantly and steadily improving, in a manner which must give us the greatest possible confidence in the future prosperity of the empire. And I think that I may assume that this confidence is fully shared by the mercantile classes, on whom we depend so greatly for the means of carrying out the railways, and the canals, and the other great works of improvement by which we hope to change the whole condition of India, and—perhaps it would not be too much to say—to double, within the present generation, the wealth and prosperity of its people. It is a significant fact that these very unusual measures affecting the finances, which have been adopted in the middle of the year, have not affected in the smallest degree the financial credit of the Government. The price of the public funds is practically the same now as it was before the public learned the whole truth regarding the financial position of the Government.

“The figures which prove unmistakeably the truth of what I have just said—that the resources of India are prosperous and magnificent—are at everybody's disposal. The present year, as we all know, has been one of threatened scarcity, and, in some parts of India, of actual famine. Yet I invite any one to compare the figures of the revised estimate of the current year with those of any year that has preceded it. So great has been the general progress of the country, that even in this year of suffering and of depressed trade, there is hardly one of the great branches of the revenue which does not show improvement. Take the past year 1868-69, and compare the receipts under all the main heads of income with those of the present year. From Land-

revenue, Excise, Customs, Salt and Stamps, we even now, according to the reduced estimates which are before the Council, expect to receive half a million more than we received last year. The single head under which there has been an apparent decrease is that of Customs, from which we expect to receive some £300,000 less. Even this apparently unsatisfactory item seems to me to be in reality altogether encouraging. We must remember that, for the last two years, fifty or sixty millions of people in Northern India, and in other Provinces, have been suffering either the reality or the apprehension of famine. We must remember, also, that the diminution of our Customs-revenue is not due solely to a falling off of trade, but to the fact that, at the beginning of this year, we reduced the tariff valuation of the most important staples of our import trade by about fifteen per cent. If the trade had remained unaltered in amount, this cause alone would have led to a very considerable falling off in our Customs-revenue. Considering these facts, it seems to me a matter for surprise and congratulation, and one that testifies most strongly to the progress which this country is making, that we should now expect to lose this year so small a portion of this branch of our revenue.

“ If I were to make the comparison between the present year and years further back, the result would be still more striking. The sources of revenue of which I have been speaking will yield, this year, at least two millions more than they yielded five years ago, and at least two and a half millions more than they yielded in 1861-62.

“ I have not referred to the disturbing element of Opium, but I might have included even this source of revenue without weakening the truth of what I have been saying regarding the constant and steady growth of the public income. I will not now take up the time of the Council with any discussion of the difficult subject of our Opium-revenue. But I think it affords an excellent illustration of the great progress of the country that, although in the present year we expect to suffer a loss, compared with the past year, of three-quarters of a million on Opium, such has been the improvement of the other great branches of our income—Land-revenue, Excise, Customs, Salt and Stamps—that we hope to receive from all these sources, including Opium, as large a total revenue, within one hundred thousand pounds, as we received last year.

“ I look forward, therefore, with undoubting confidence to the financial future of India, and I think it most important that the public should understand that the Government has not the smallest misgivings on this subject. I believe it.

to be certain that, with the exercise of ordinary prudence and economy, we shall be able to place our finances on that thoroughly sound basis which is so especially essential at the present time, when we intend to pledge the public credit so deeply, to enable us to carry out those great reproductive works of improvement on which the future of India so greatly depends. I am satisfied, not only that we shall succeed in this, but that we may reasonably hope that, without the imposition of fresh burdens of an onerous character on the people, the vast and increasing resources of the country will enable us not only duly to discharge the obligation of giving to the people of India a constantly improving administration, but that they will also enable us to carry out those great reforms in our commercial system which, whenever they can be afforded, ought to be adopted, and without which, as I for one believe, we shall not see that full development of the national wealth which it is in our power to secure.

“ I repeat, therefore, that the deficits and the uncertainties of Indian Finance are, in my opinion, the temporary accidents of an imperfectly developed financial system ; that they can be removed without real difficulty ; and that they have not, in the smallest degree, arisen from any failure in the resources of the empire. I have said that they can be removed without real difficulty, because, although I do not underrate the serious character of the work that has to be performed, I do not count as a real and permanent difficulty that sort of opposition with which all great reforms are, I am afraid, pretty certain to be received.

“ I do not, my Lord, wish to enter into any details regarding the measures of reform which ought to be adopted in our financial system, but there are one or two points which are so especially important that I should like to say a few words regarding them.

“ Above all things, I believe it to be necessary that the Government should seriously determine to carry out the principle, constantly talked about for many years past, but too little acted upon, that the imperial resources shall not be expended for purely local purposes ; that local roads, local schools, local works of sanitary improvement, and so forth, must be provided for from local resources, and not from the income of the State. The neglect of this principle has been at the same time a fruitful cause of our financial difficulties, and a constant obstacle to the real progress of the country. It is a principle, the persistent neglect of which, would lead the finances of the richest country in the world to inevitable ruin.

“Then, again, I think it clear that some plan must be adopted for giving to the Local Governments, with whom the actual administration of nearly the whole of India rests, some real incentives to economy. It has been truly said that, under the present system, every Local Government has a purse to draw upon of unlimited, because of unknown, depth. The Local Governments have now no financial responsibility, and no means of knowing what amount of money they may legitimately consider to be the income, and the measure by which their annual expenditure must be regulated. They see on every side the necessity for improvements, all of them, perhaps, involving fresh expenditure, and their constant—and I will add, under the existing system, justifiable and proper—desire, is to obtain for their own provinces and people as large a share as they can persuade the Government of India to give them out of the general revenues of the empire. I am satisfied that there will be no real local economy, and no complete and really effectual check on our constantly increasing expenditure, until there has been placed upon every Local Government a specific responsibility for maintaining an equilibrium between its income and its expenditure. I am convinced that this object can be obtained without the sacrifice of one iota of the authority of the Supreme Government, and without the abandonment of a particle of that rigid and complete control over the finances of the empire which I believe it to be absolutely necessary that the Supreme Government should most jealously preserve.

“There is one other point which I wish briefly to notice. I have already referred to the unfortunate fact that the measures of fresh taxation and of retrenchment which have been ordered, or which are contemplated, by the Government, must cause hardship to individuals. I fear that it must be anticipated that the Government of India will not find it an easy task to carry out these reductions of expenditure. Everybody who is personally interested in any particular reduction finds little difficulty in showing that it is a piece of miserable and cheeseparing economy, which can produce no real effect in relieving the finances; which must cause ruin to deserving men, or serious injury to the public service; and astonishment is expressed that the Government cannot see the propriety of making the necessary reductions of expenditure in some other and very obvious way. I know hardly a single retrenchment which the Government has had under its consideration, of which something of this sort has not been, or will not probably be, said. Nevertheless, the fact remains that, unless indeed we choose to accept the inevitable consequences, we cannot spend money which we have not got. The Government has adopted the best means in its power for arriving at correct conclusions in regard to the retrenchments that ought to be made. It may no doubt, in its economical

zeal, have made, and may make, mistakes, and, whenever it is satisfied that it has done so, it will, I am sure, at once admit them. But I hope that the public will remember, and that it will support the Government in remembering, that it is really by means of these accumulated economies, often so insignificant individually, that we hope to accomplish the task, without which (unless we have recourse to fresh and burdensome taxation) we cannot bring our finances into order, of reducing our annual expenditure by two millions of money. This is no easy task, and it will not be accomplished unless the Government of India resists unflinchingly, except for the most conclusive reasons, every representation and every entreaty tending to interfere with any reduction of expenditure, however individually insignificant, which it believes to be possible. Your Excellency's anxiety has already been publicly declared that no effort should be spared to diminish, in every possible way, the hardship which must follow from the reductions which have been ordered, or which are contemplated, in existing establishments. Serious as those reductions in some cases are, I am sure that if the orders of your Excellency's Government are received by the local authorities in the spirit in which they were issued, and the opportunity be taken of weeding from the public service men who are notoriously inefficient, and who have no claims to consideration, the hardship to the really deserving servants of the State may be reduced to comparatively small proportions.

“I have only one other thing, my Lord, to say. I wish to take this opportunity of stating publicly my sense of the very great obligations which the Government is under to the Financial Secretary, Mr. Chapman, for the great ability and untiring zeal with which he has conducted the duties of his important office. My Hon'ble friend, Sir Richard Temple, made a most fortunate choice when, not long before he left India, he nominated Mr. Chapman to this post, and I feel very strongly that if any credit be due for anything that has been done in the Financial Department during the last six months, the lion's share of that credit must be given to Mr. Chapman.”

HIS EXCELLENCY THE PRESIDENT :—“After the very great amount of information which has been placed before the public, both in the Financial Despatch which we addressed some time ago to the Secretary of State, and also in the clear statements which have been made here today, as to the reasons and causes which rendered it incumbent on the Government of India to take the unusual course which has been adopted with regard to Imperial Finance, I have but few additional remarks to make. Nothing has been kept back. Everything has been fully described; the means which we

propose to take to remedy the evils which exist have been also, as far as is possible, laid with the utmost care before the Council; and it is gratifying to me, as it must be to my colleagues in the Executive Government, to know that, however much the public, in common with us, may regret the necessity of the course we have taken—however much some of the details of the proposals we have made may be criticised—yet we have received, both from the public, as far as we can judge, and certainly from the Press, a generous, and I may almost say, a cordial approval. I have little doubt that those sentiments which have been so generally expressed in India will be shared in by Her Majesty's Government and public opinion at Home, and that every candid man will, on careful consideration of the facts of the case, come to the conclusion that the course we have followed was the wisest and safest that could have been taken under the peculiar circumstances of our position.

“I am quite aware that the step we have taken is most unusual, but it is not unprecedented. If history is examined and enquiry made into occurrences that have taken place in countries where a representative system of government is in full force, it will be found that, on special occasions, a similar proceeding has been adopted.

“In England, financial changes cannot take place except during the sitting of Parliament. But occasions have arisen when Parliament has been called together at unusual periods for the purpose of dealing with a financial crisis, or to provide for a financial necessity. But although, happily, the necessity for such a course being taken has not very recently arisen in England, precedents may be found, sanctioned by the highest authorities, where such courses have been found absolutely necessary and entirely justifiable. Such a case has arisen here.

“I have said that its necessity must appear to any man to be absolute. Now, there were only two courses open to the Government of India. Every one can form an opinion on the matter, for our financial position has been before the public for nearly two months. The facts, as we have described them in our financial despatch, being fully known and verified, we had either to adopt a policy of concealment or of candour. Had we adopted the first course, we must have placed ourselves in this position:—we must have remained in a state of silence till next March, with the full knowledge that the public were under a grossly erroneous impression as to the true financial state of the country. This was a position in which I think no body of honourable men could for a moment have thought of placing themselves. I must say in justice to my colleagues that the resolution to take, at the earliest possible moment, the public into

the confidence of the Government was unanimously agreed to, and that, as soon as our financial position was ascertained beyond a doubt, we felt that it was our duty to lay those facts unreservedly before the public, and ask for its generous support in the measures which we have deemed it indispensable to propose.

“Some slight foreboding was certainly expressed in one or two quarters. It was said that by the premature disclosure of the real financial state of the empire, we should run the risk of damaging national credit and throwing a general air of discredit upon the whole proceedings of the Government.

“I, in common with my colleagues, took a different view, which I think the result has shown to be the right one; for though the statements which were made have been now for a considerable time before the public, we have found that the financial credit of the country has not been seriously damaged, but that the public, knowing the worst, and feeling and appreciating the efforts of the Government to deal with the difficulty, have seen that these difficulties can be surmounted, that there is no real danger to the permanent financial position of the empire, and that administrative reforms and strict adherence to the ordinary rules of economy and prudence, are all that is necessary to place our fiscal affairs on a sound and healthy basis.

“I rejoice therefore that, casting aside the adherence to general routine, we adopted this course. I am not at all insensible to its disadvantage and its manifold inconvenience; it is certainly not a line of action I should ever desire to repeat, and I am strongly of opinion that, except under the most extraordinary circumstances, it would be quite unjustifiable.

“But when we look to the situation of affairs—when we look at the State deficit into which we were for a fourth year about to be plunged—when we knew that means were in our power to avoid the evil—I think the public will agree with me in saying that routine and ordinary rules of administration were not considerations that ought to guide or control the Government at such a time.

“There is no doubt that a great deal of the evil that has existed for some years has been owing, not so much to the fault of the administration, as to the circumstance that the Government have never been in possession of the great financial facts of the year at a sufficiently early period to make real use of them for the purposes of administration. I am quite aware that there are great difficulties in this matter, and when people compare our system with that of a small, rich and compact country like England, they entirely forget the enormous size of

this empire—the great distances which exist—the variety and complicated nature of our accounts—the amount of adjustment which is necessarily carried on between various treasuries and various accounting bodies—and also that the system which has been in existence in England for a very long period has only been recently introduced into India, within, I may say, half the time of what may be called the present generation. Therefore, when men blame us for inaccuracy of forecast they must also recollect the peculiar circumstances of such an empire as India.

“There is no doubt, also, that the cause of our present position is owing very much to the inaccuracy of forecast which has for some years existed; but I believe that, by care and firmness in administration, a great portion of the inconveniences which are occasioned from a want of early knowledge of the actual current and financial position of the empire, can be obviated. The evil is one of great magnitude, and is shown most by the discrepancy which has taken place within the last four years between the budget-estimate and the actual revenue and expenditure.

“Now the figures I am about to lay before you are very suggestive, and show how necessary it is that the Government should use every effort in its power to improve and to prevent the recurrence of the state of things which they disclose. I am far from saying that a recurrence can be altogether prevented during the present year or the next, or that, at any time, precise positive accuracy can be arrived at; but I am certainly convinced that, as the true merits—the publicity, safety and many advantages—of the budget-system become more closely brought home to the minds of the vast army of officials who serve the Government of India with such ability and devotion, these evils will gradually disappear.

“Now, I find that in 1866-67 we budgeted for a deficit of £72,800, the real deficit turning out to be two millions and a half.

“I find that in 1867-68, a surplus of £1,764,478 was budgeted for, the result being a deficit of one million.

“In 1868-69, I find that a surplus of upwards of two millions was budgeted for, but a deficit of two millions occurred. In 1869-70, a surplus of £52,650 was budgeted for, but a deficit of nearly two millions is expected. I attach no blame to any one for this. I am fully aware that explanations, more or less satisfactory, may be offered, and that, during the periods I have mentioned, the fiscal policy of the country was more than once changed during the financial year; but,

nevertheless, the facts I have mentioned are incontestable, and betoken, to my mind, a position of danger which ought to terminate. It is a state of things, at all events, which is sufficient to justify us in using every effort to obtain, at the earliest possible moment, such knowledge with regard to our revenue and expenditure as will enable the Government to act, if necessary, according to the information that it receives. Revenue must always fluctuate to a certain extent. Expenditure may occasionally exceed the amount budgeted for, though it is more under control; but it is clear that no administration can be conducted with safety and with success, unless events connected either with revenue or expenditure are known to the controlling power almost at the time of their occurrence.

“ I believe, therefore, that by invoking the assistance of every department of the Government in preventing delay in forwarding useful information—in trying as far as possible to avoid the leaving of any unequal or unusual disbursement to the end of the year—in endeavouring as far as possible to spread the expenditure over those months of the year in which it generally occurs, I think that by this means, and also by great efforts on the part of the Government of India in condensing, analysing and bringing to use the information at their disposal, much of what has already occurred may for the future be avoided.

“ I hope it will not now be supposed, from the remarks I have made, that it is my belief that inaccurate information has been supplied to the Government. On the contrary, I believe the information which has been placed at the disposal of the Government is thoroughly accurate and completely trustworthy. But what I object to is, that that information is often given too late, and the details are not available in sufficient time to make them thoroughly useful for administrative purposes. I believe that, considering the great power of this Government, and looking also to the great advantages which it possesses in having in its service so many able and experienced officers, there can be really no substantial difficulty in obtaining at an earlier moment the vast amount of information which is in every year so carefully collected, and which has generally been found to be so thoroughly trustworthy.

“ I wish to say that we have embodied these opinions in a despatch to the Secretary of State, and I have little doubt that, in the efforts we intend to make in this direction, we shall receive the hearty approval and support of Her Majesty's Government.

“ I have merely now to say, on the part of the Government of India, how deeply we feel the general support which has been given, both by Local Governments, and also by the public generally, to our proposals as a whole.

“ When the financial position was at first disclosed, I received from many quarters the most hearty assurance of active assistance. From Madras, whose Government was the first to come forward without any invitation or suggestion on our part, we received by telegraph an offer saying that, if necessary, they were ready to add a considerable amount to the salt tax in that Presidency.

“ The proposal was immediately acquiesced in by Bombay, and I may say that, though there may be some differences of opinion as to the details of the reductions we propose, we have never received any expression of doubt as to the necessity of the case, or as to the duty of the Local Governments to assist to the utmost of their ability the Government of India in the difficult and arduous task which we have undertaken.

“ We all know there must always be a considerable difference of opinion among men who are engaged in the conduct of great affairs, especially if they happen to be Englishmen; yet still, I believe there has never been known an instance in Indian history, that, in any great crisis the Local Governments failed in their duty and refused their support to the Supreme Government. I can only say, as it has happened before, so it has now, that the Government of India is most anxious to defer in all matters under discussion to those opinions; but at the same time we must express our firm determination to arrive, at all hazards, and in the shortest time, in the least objectionable manner, at the great financial result at which we aim.

“ We are engaged in great interests, and dealing with enormous sums—we are engaged in an attempt which may be summed up in two or three words. We have to change the fiscal condition of this country in such a way as to give, at the earliest possible moment, a financial advantage of upwards of three millions of money.

“ I am now speaking, not only the opinion of the Government of India, but also that of the Secretary of State, when I say that it is decided that—looking to the many fluctuating items in the resources of the country, to the risks to which we are liable, and the magnitude of the interests involved,—unless such a result is obtained, it cannot be said that Indian Finance stands upon a sound and substantial basis.

“Although the effect of this great reduction of expenditure may be, in a few cases, somewhat to injure individual interests, or, what is far more important, to postpone for a short period works of usefulness in which we are all deeply interested; yet, by making these sacrifices now, we shall lay up for ourselves a great store of safety and welfare for hereafter; for unless such a course is taken, we cannot hope to carry on with success, and finish within any reasonable time, great works of improvement which are so necessary to the life, the comfort, the health, and safety of the people, and to the speedy completion of which the honour and the credit of this Government are so irrevocably pledged.”

The Motion was put and agreed to.

#### SALT (MADRAS AND BOMBAY) BILL.

The Hon'ble MR. STRACHEY introduced the Bill to enhance the price of salt in the Presidency of Fort St. George and the duty on salt in the Presidency of Bombay, and moved that it be referred to a Select Committee with instructions to report in a week. He said—

“My Lord, It may be convenient that I should first state, for the information of the Council and of the public, the circumstances which have led to the introduction of the present Bill.

“It will be remembered that, when my Hon'ble friend Sir R. Temple laid before the Council his Financial Statement in March last, he stated that the question of the revision of the salt-duties throughout India had been, and was still, engaging the anxious consideration of the Government. He said that the inequality in the rates of duty and in the market-prices of salt in different portions of the empire was to be deplored, and that, although there were financial and other obstacles in the way of equalising the duties and price, the Government would keep this steadily in view as an object for ultimate attainment.

“Your Excellency and the Council well know how great an interest was at all times taken in this question by the late Viceroy, Lord Lawrence; and the measures which were inaugurated before he left this country, and which have been vigorously followed up since your Excellency's arrival, will, I trust, produce a great effect in cheapening the price of salt in those parts of India where the supplies are the most deficient, and the prices highest. Of those measures, which will, if successful, help to pave the way at some future time to the accomplishment of that great desideratum, the equalization of the salt-duties throughout India, I shall have to speak more particularly

when I introduce the Bill standing in my name, to provide rules for the manufacture and sale of salt in Northern India.

“ Much opprobrium, which, in my opinion, has been altogether undeserved, has often been thrown upon the Government of India for the policy under which it raises every year a very large revenue from salt. I shall have hereafter to state the reasons which have satisfied me that, in some provinces of India, we have adopted systems in regard to the salt-revenue of a most objectionable kind; systems which have enhanced the price of salt to such an extent, and which have rendered the obtaining of adequate supplies of salt so difficult, that very serious hardship has been caused to the people. Of the evils of those systems I have not now to speak, but I hope to state, on the proper occasion, what the Government has been doing to remove them.

“ These evils, however serious,—and no one can think them more serious than I do,—are nevertheless evils which do not affect the propriety of the principle of levying a revenue from salt. On this subject I should like, with your Excellency’s permission, to read to the Council an extract from a despatch which the Government of India not long ago received from the Secretary of State. I wish to quote this passage, not only because it expresses, as I think, with admirable lucidity and truth the principles by which we ought to be guided in this matter, but because it will show to the Council and to the public, in the most authoritative way possible, the views which the Government at home and in India holds, and on which it intends to act.

‘ I do not concur,’ wrote the Secretary of State, ‘ with those who speak of entertaining a very strong feeling as to the political morality of taxing such an easily and widely produced necessary of life as salt. The justification which has been suggested as the only one for this tax, is the only justification of any tax whatever, namely, that the produce is spent for the benefit of the people, and that it is so levied as to be as little oppressive as possible. On all grounds of general principles, salt is a perfectly legitimate subject of taxation. It is impossible in any country to reach the masses of the population by direct taxes. If they are to contribute at all to the expenditure of the State, it must be through taxes levied upon some articles of universal consumption. If such taxes are fairly adjusted, a large revenue can be thus raised, not only with less consciousness on the part of the people, but with less real hardship upon them than in any other way whatever. There is no other article in India answering this description upon which any tax is levied. It appears to be the only one which at present, in that country, can occupy the place which is held in our own financial system by the great articles of consumption from which a large part of the imperial revenue is derived. I am of opinion, therefore, that the Salt Tax in India must continue to be regarded as a legitimate and important branch of the public revenue. It is the duty, however, of the Government to see that such taxes are not so heavy as to bear unjustly upon the poor, by

amounting to a very large percentage upon their necessary expenditure. The best test whether an indirect tax is open to this objection is to be found in its effect upon consumption.

I observe that several of the officers whose opinions upon this question have been given in the papers before me, found that opinion upon what they have heard, or what they have not heard, in the way of complaint among the Native population. But this is a very unsafe ground of judgment. It is one of the great advantages of indirect taxation, that it is so mixed up with the other elements of price that it is paid without observation by the consumers. Even at home, where the people are so much more generally educated, and more accustomed to political reasoning, the heavy indirect taxes formerly levied upon the great articles of consumption were seldom complained of by the poor. They were not themselves conscious how severely they were affected by those taxes, and how much more of the articles they would consume if the duties were lower. But, whilst this peculiarity of indirect taxation makes it a most convenient instrument of Finance, it throws additional responsibility upon all Governments which resort to it, to bring the most enlightened consideration to bear upon the adjustment of taxes which may really be very heavy and very unjust, without the fact being perceived or understood by those on whom they fall.

“This extract from the Secretary of State's despatch completely explains the general policy which the Government of India desires to follow in respect of this very important question.

“A copy of this despatch was communicated to His Excellency Lord Napier, the Governor of Madras, but without any intimation of the wishes of the Government of India. The question was then taken up, quite spontaneously, by Lord Napier, whether the Provinces under His Excellency's administration might not co-operate in the great work of giving to the people of less fortunate parts of India an ample supply of salt; in equalizing the duties; and in getting rid of the inland preventive customs lines which now intersect the country, and the maintenance of which involves most serious expense, vexation, and prejudice to the general freedom of traffic. ‘The Government of this Presidency,’ Lord Napier said, ‘is not asked to make a sacrifice for a revenue-interest merely: it is asked to make a sacrifice for the welfare of the greater number of Her Majesty's subjects, and for the general good of trade.’

“Considering that the duty on salt in the Madras and Bombay Presidencies was only one rupee eight annas per maund of 80 lbs., while in Northern India it was three rupees, and in Bengal three rupees and a quarter, it was clear that an increase in the duty levied in the minor presidencies might help to facilitate hereafter the equalization of the duties throughout India. The reduction of the duties now levied on this side of India to the level of those

levied in Madras and Bombay was evidently, for financial reasons, altogether impossible.

“But the first duty of the Government of Madras was clearly towards its own people; and the first step, therefore, which it took, was to institute a careful inquiry into the question, whether a moderate increase of the duty on salt could be made without hardship to the people, and without danger of causing a diminution of consumption, or of interfering with the progress of the salt-revenue. The elaborate inquiry which was made satisfied the Government of Madras that there would be no serious objection to immediately raising the price of salt by three annas a maund, and they proposed, in the event of this change not being attended with bad consequences, to make subsequently a further addition to the price, of two annas more, thus making the Government price two rupees per maund. Subsequently, on a reference being made by the Government of India, the Madras Government agreed to make the full increase at once.

“The evidence by which the Government of Madras was satisfied that this increase might be made to the price of salt, also satisfied the Government of India, and the result, pending the consideration of the matter by the Legislature, was the issue of your Excellency's Ordinance of the 4th October. I will tell the Council, as briefly as possible, the nature of the grounds which lead us to believe that this measure will not lead to a falling off in the consumption of salt by the people of Southern India. If I can satisfy the Council that we have good grounds for this belief, I shall have proved my case; for the best, and indeed the only, test by which we can judge whether such a tax as this bears unjustly upon the poor, is (as the Secretary of State remarked in the extract which I have read to the Council,) its effect upon consumption.

“The papers received from the Madras Government show that for many years there has been constant and very large progress in the consumption of salt, and that this progress has apparently not been affected by the increases of duty which have, from time to time, been made. I will not quote figures except those for the last fifteen or sixteen years. They show that the average annual quantity of salt sold in the Madras Presidency, in the four years ending with 1855-56, was 446,000,000lbs. During this period the selling price of salt was one rupee per maund. In the ten years following 1855-56 the price of salt was increased seventy per cent., or from one rupee to one rupee eleven annas a maund. In August 1859, the price was raised from one rupee to one rupee two annas. In April 1861 it was raised to one rupee six annas; in June of the same year it was again raised to one rupee eight annas; and in

March 1866 it was fixed at one rupee eleven annas, the price which has been maintained ever since. Nevertheless the consumption gradually rose from 446,000,000lbs., until in 1865-66 it amounted to 665,000,000lbs. It has continued to increase since, and the Salt Revenue which in 1855-56 was £541,000, was £1,010,000 in 1865-66, and £1,110,000 in 1868-69.

It must of course be admitted that there is a certain amount of risk in a measure of this kind; but I think that when the figures which I have just quoted are considered, and when we remember the great improvements that have taken and are still taking place in the means of internal transport, and the increase of wealth in the country, we may safely accept the conclusions at which the Madras Government and the great majority of its most experienced officers have arrived. I ought also to mention that these conclusions are not those of the officers of Government alone; and I may properly quote to the Council the opinion recorded by a mercantile firm at Madras, which deals largely in salt, and which is directly interested in preventing any such enhancement of price as would tend to reduce consumption, and consequently to reduce its own profits. These gentlemen have given a very valuable statement of their opinion, and I will read a portion of it to the Council.

'We commenced,' they say, 'this business in July 1856, when the monopoly-price was only one rupee per maund, and notwithstanding the frequent rise in the price of salt, we always found the sales improving. So soon as an increase in the Government price was proclaimed, the sale was of course checked for a time, but the public was soon reconciled to the new *mirist*, and in due course the consumption improved. \* \* \* Our experience does not warrant any fear of a fall in consumption by an increase in the price of salt, provided it is not out of proportion with reference to other articles of provision. Salt is a necessary of life, the same as rice, which must be consumed in certain proportions to secure health. To consider then to what extent this tax could be increased without disturbing the equilibrium in the domestic concerns of the Natives, we must examine the rise in the cost of food-grain within the last fourteen years; and if we find that the public in general is in a position to pay for this necessary of life the higher price, with greater facility than they did prior to 1856, it is safe to admit that, in the same proportion, the price of salt can be increased without running the risk of reducing consumption.

'It is an unquestionable fact that India is now more prosperous than it was fifteen years ago. The great demand for the raw produce of the country has caused, within this time, a large import of the precious metals, so that every article of produce now realizes double the value paid for the same articles years ago. The cultivators benefit largely by this improvement in the value of the produce of their fields, and the artizans, tradesmen, and labourers have all benefited by the rise in the value of the labour-market. If this were not the case, we could not expect the people to live quiet and happy while articles of consumption, and daily necessities of life, have been selling at twice the price paid in olden times. This is how we account

for an increase in the consumption of salt since 1856, notwithstanding that the monopoly-price has been increased within that time by seventy per cent. \* \* If an increase in the revenue becomes indispensable for the better management of the government of the country, it seems to us that the rate of excise-duty fixed on salt may be raised to two rupees or two and a quarter rupees per Indian maund.'

"There is another reason which helps to support the opinion that this increase of duty will not check consumption. Even in Lower Bengal, where the ordinary price of salt is about double what it is in Madras and Bombay, it cannot be asserted that the people are suffering from insufficiency in the supply of salt, or that the comparatively high price is a serious check upon consumption. If this be true of Bengal, the mass of the people of which are certainly not better off than the people of Madras and Bombay, there is little reason for fearing that an addition of a few annas per maund to the price of salt will check consumption in those presidencies.

"I think, my Lord, that in accepting these proposals of the Madras Government, we cannot, as your Excellency has already observed, acknowledge too fully the enlightened and public-spirited manner in which that Government has, of its own accord, proposed to place fresh burdens upon its own people, with the object, not only of relieving the financial necessities of the empire, but of assisting the Supreme Government to carry out hereafter the work of equalizing the duties upon salt, and of thus conferring a great benefit on other Indian Provinces.

"The Council is aware that the Government of Bombay has also agreed to a similar increase of the duties levied upon salt in that Presidency. It will be understood that a duty of one rupee thirteen annas per maund, the amount proposed in Bombay, where the salt-revenue is raised under a system of excise, is equivalent to a selling-price of two rupees a maund in Madras, where the salt is manufactured by the Government. The difference of three annas a maund represents the cost of manufacture.

"I cannot give for Bombay such detailed reasons as I have given for Madras, for believing that this increase of duty will not diminish the consumption of salt. But considering the comparatively greater wealth of the people of the Bombay Presidency, I see no reason for doubting that a proper conclusion has been arrived at, and that there is even less danger in the case of Bombay, than in that of Madras, that we may find hereafter that we have made a mistake. I have not been able to obtain satisfactory statistics of the consumption of salt in past years in Bombay, but the revenue has largely and

pretty steadily increased from £374,000 in 1861-62, to £511,000 in 1867-68. The estimate for the present year was £580,000.

“I hope, my Lord, that I have made it clear to the Council, that this increase of the salt-duties in Madras and Bombay is not proposed simply as a means of adding to our resources in the present time of financial pressure, and that, independently of the gain to the revenues, we hope that other and very important advantages may be ultimately facilitated by it. Its adoption will undoubtedly be a step, to some extent, towards the equalization, at some future time, of the salt-duties throughout India, and towards the abolition of one of the most serious evils from which the country now suffers,—the Inland Customs line, which now stretches right across India through a length of 2,700 miles, and which requires for its maintenance a host of petty officials numbering some 16,000 men.

“At the same time, I must say for myself personally, that I have admitted with a good deal of reluctance the propriety of the present measure. When, on former occasions, outside this Council, an addition to the rate of duty levied upon salt in Madras and Bombay has been proposed, I have felt that it was hardly right to increase the burdens which fall on the poorer classes of Southern India for the sake even of such an important object as the equalization of the duties throughout India, and of cheapening the salt consumed by the people of the Bengal Presidency. I have felt that, if the state of our finances should allow, it would be more just to meet the cost of the necessary reforms by other means, rather than attempt to relieve one portion of the labouring population of India at the expense of another portion of the same class in other provinces.

“But other reasons for this increase of duty have now come into play; for it has become necessary, on account of the general necessities of the empire, to take every practicable means of adding to our financial resources. Under such circumstances as the present, I am satisfied that this measure is thoroughly right; and while I mainly justify it to my own mind on grounds of financial necessity of an imperial character, I feel how valuable the ultimate results of this measure may be in helping us hereafter, when financial considerations may allow, to confer a great benefit upon the people of this side of India.

“When the Railways through Rájputána and to the Salt Mines of the Panjáb are completed; when we obtain the benefit of the great development of the supply of salt from the Sambhur Lake, to which we are now looking forward, and for which we have to thank the enlightened policy of our Hon'ble colleague in this Council, His Highness the Maharájá of Jaypúr; when the

local manufacture of salt in Oudh and in the North-Western Provinces is properly established; when these and other measures are carried out, and there has been full time for them to produce their complete effect, we may hope that it may become practicable, and, indeed, that it may become financially profitable, to reduce the duties upon salt in this Presidency and to assimilate them to the duties imposed in Madras and Bombay. But on this part of the subject I will not now take up more of the time of the Council, because I shall find a more appropriate opportunity for explaining the views and expectations of the Government, in relation to these matters, when I have to introduce the Bill for regulating the local manufacture of salt in Northern India.

“I have said nothing of the probable increase of revenue which this measure will give us, because my Hon'ble friend Sir R. Temple has already said all that is necessary on this part of the subject.”

The Hon'ble SIR RICHARD TEMPLE said that, at this late hour, he did not intend to take up the time of the Council, except to express his concurrence in the measure proposed by the Hon'ble Mr. Strachey. Certainly he (SIR RICHARD TEMPLE) for one had felt that the existing differential rates of duty between Bengal, Madras and Bombay were quite indefensible and could not be maintained. Knowing what he did of the population of various parts of India, he deemed it unreasonable that the people of the Madras and Bombay Presidencies should pay a duty on salt of only one-half of what was paid in the North-Western Provinces and the Panjáb, and less than one-half of what was paid in Bengal. The people of Madras and Bombay, generally speaking, were quite as well off as those in Northern India and the Provinces of Bengal Proper. He did not say that the duty in Madras and Bombay should be raised up to the rates paid in Bengal and the North-West; but we should endeavour as far as possible to reduce the inequality; and he was glad that the present financial difficulties should have caused one step to be taken in that direction.

He concurred also as to the objection to maintaining the lengthy line of Customs frontier in the central part of India. But in order to do away with that Customs line, there would be a necessity to raise the duties even higher than what was proposed today.

Major General the Hon'ble SIR HENRY DURAND said that, on a former occasion, when the question of reducing the duties on salt in the Bengal Presidency was under consideration with the late administration, he opposed the measure, not because the reduction of duty contemplated was, in his opinion, an unimportant measure, but because our finances were not then, in his opinion,

in a state to admit of such a reduction. He thought that the present state of our finances proved that he was quite right.

He had always entertained a very strong feeling against the expediency of raising anything more in the shape of a salt-duty than could possibly be avoided; for the necessities of the State were the only possible excuse for raising duties which pressed on an article of daily and indispensable consumption by the people.

The proposal before the Council had, however, his concurrence, because he thought that the imposition of the small additional duty could not materially put any great burthen on the people. He was under the conviction that the Madras ryots were better off than the Bengal ryots. He was also under the impression that the same might be asserted of the Bombay ryots, though he had not trustworthy data to prove the opinion which he entertained. The ryots of both those presidencies were at least on a par with, if not superior to, the condition of the ryots in the North-Western Provinces. He felt therefore that, when the necessities of revenue demanded peremptorily an increase, such a measure as was proposed was justifiable, although he viewed with extreme jealousy every additional burthen laid on the agricultural population of this country. He did so, not only with respect to their own welfare, and the progress of India, but also with regard to our position in this country and to the intimate connexion of the welfare of England with that of India.

With an industrious and not unintelligent population of many millions—with an immense area of most fertile land—with climates of such great variety, that not only all tropical produce, but also every kind of cereal and even the products of the temperate regions, were yielded in abundance—with great natural resources in minerals,—the one great difficulty which the country from the vastness of its size had to contend with, was the great distances which produce had to traverse before it could reach the coasts, and the imperious condition which this entailed that the cost of produce should not be enhanced by dear labour. The wealth of India depended in a great measure on the price of labour. Cheap labour was almost an essential condition of success. It was, therefore, in his opinion, of enormous importance, not only with reference to India itself, but also to the requirements of England and its commerce, that the Government of India should, as far as might be in its power, keep down and not increase the difficulties which beset the agricultural classes of India when competing with foreign nations under the disadvantage of the long lines of communication by which the produce of the empire could alone reach the coast and its harbours.

Still, when the necessities of administration demanded it, as they now did, and vigorous efforts had to be made to restore a financial equilibrium between receipts and expenditure, a measure of this kind appeared to him abundantly justifiable, and was one which he could cordially support.

The Hon'ble MR. TAYLOR said he had not intended, when he came to the Council today, to offer a word of remark on the Bill to enhance the price of Salt in the Presidencies of Fort Saint George and Bombay. He was aware that the Governor of Madras, with the concurrence of His Excellency's Council and of other local authorities, had himself come forward and proposed the measure; and he was prepared, in view of the financial position of the empire and for the other reasons placed before them in detail by Mr. Strachey, to support, without comment, the motion of his Hon'ble friend. After what had fallen from their Hon'ble colleague, Sir Richard Temple, he felt bound, however, to say a few words. It was not his (MR. TAYLOR'S) purpose to argue the question whether the condition of the rural population was generally better in Madras and Bombay than in Bengal and Northern India; in fact, he was quite ready to admit that the ryots of Southern and Western India were, as a rule, more wealthy and more prosperous than the ryots of Bengal. Without the fullest information as to details, it was impossible to discuss with advantage so large and important a question as this,—the comparative ability of the people of different parts of the empire to bear any particular form of taxation. There were many circumstances to be taken into consideration before it could be said, with any approach to certainty, that because a certain tax of such and such an amount was paid in Madras, therefore it might as easily and as safely be levied in Bengal, or *vice versa*. In the case of salt, it might be said with much truth and fairness, that the ryots of the south pay a higher land-revenue per acre, and were subject to numerous local cesses of various kinds from which the ryots of this part of India were exempted; therefore, to raise the price of their salt to the Bengal standard would be both impolitic and unjust. Of course, there were other considerations, telling, perhaps, both ways, upon which it would be unprofitable to enter now. After all, the real test of the policy of any measure for the enhancement of the salt tax was, its effect upon the consumption of the article. If it be found that consumption had gradually increased, in spite of periodical additions to the rate of duty, that was *prima facie* proof that the duty was not yet too high. But he was very strongly of opinion that the point might be reached, and had nearly been reached as regards Madras, beyond which they could not safely go without risking a diminution of consumption and a consequent falling off in the revenue. In all their previous discussions on this

question, as his Hon'ble colleagues in the Executive Council were aware, he had steadily resisted the proposal to increase the rate of salt-duty in Madras, not only for the above reasons, but mainly on the ground that, even with the present comparatively low duty, the rate of consumption per unit of the population was still below the minimum which was considered essential to health in other countries. He gave way on the present occasion, because the proposal was supported by the highest local authority, and in the hope that it might prove on the whole successful and beneficial. He did so with the less reluctance, because he believed that any approach to an equalization of the salt-duties of the north and south must lead to the abolition of the long Customs line throughout Central India, the disastrous effect of which upon the trade and prosperity of this country was indisputable, and the existence of which he had always considered to be a blot on our administration.

So far, however, from agreeing with the opinion expressed by his Hon'ble colleague, Sir Richard Temple, he hoped the day was not far distant when it would be found practicable to reduce the salt-duties throughout the whole of the empire to the level which now obtained in Madras and Bombay.

HIS EXCELLENCY THE PRESIDENT said :—“ I must remind the Council, as to this question of salt, that all our action in relation thereto must be guided mainly by the state of our finances.

“ It may be thought by the public from what has been said today, that the Government have come to a definite conclusion as to the amount of duty that ought to be levied throughout India on this article of prime necessity. I should be sorry if so erroneous an opinion were held, and, speaking generally, I fear that, looking to our present necessities, there is no immediate prospect of our being able to make any very large reduction in the present duty levied in Bengal and Northern India.

“ The question is one of great importance. It must enter into the calculation and consideration of all matters connected with Indian economy; but seeing that such a very large sum is raised from the duty, and also that the financial pressure may probably for some time exist, I feel it my duty to express my opinion that an immediate lowering of the duty on salt to the amount now raised in Bombay and Madras is not likely to be found practicable.

“ I agree in much that has been said as to the evils of the present system, more especially in the Hon'ble Mr. Strachey's remarks as to the Customs line.

In all our financial considerations, we should keep this subject in mind with a view to its reduction and ultimate abolition. The measures now before Council will, it is to be hoped, tend in that direction, and will be the first step towards the destruction of a system in favour of which there is hardly anything to be said.

“I heartily concur in the remarks which have been made with regard to our colleague, His Highness the Mahárájá of Jaypúr. I happened to be personally acquainted with all the transactions that took place at Simla with regard to the agreement entered into with His Highness as to the Sambhur salt-lake, and I have great pleasure in saying that His Highness came to the consideration of the subject with an evident and a sincere desire to deal with it in a spirit of justness and fairness; and I may add my hopes that the arrangement come to will not only be in the end profitable and honourable to the Jaypúr State, but that it will also confer great and immediate advantages upon many thousands of the subjects of Her Majesty.”

The Motion was put and agreed to.

#### ALIMENTARY SALT (N. W. P., &c.) BILL.

The Hon'ble MR. STRACHEY asked leave to postpone the introduction of the Bill to provide rules for the manufacture, storing and sale of alimentary Salt in the North-Western Provinces, the Panjáb, Cudh and the Central Provinces.

Leave was granted.

#### RAILWAY BILL.

The Hon'ble MR. STRACHEY also moved that the Hon'ble Messrs. Cockerell and Gordon Forbes, Colonel the Hon'ble R. Strachey and the Hon'ble Mr. Chapman be added to the Select Committee on the Bill to amend Act No. XVIII of 1854 (relating to Railways in India).

The Motion was put and agreed to.

#### CONTRACT BILL AND NEGOTIABLE INSTRUMENTS' BILL.

The Hon'ble MR. STRACHEY also moved that the Hon'ble Messrs. Cowie and Bullen Smith be added to the Select Committees on the following Bills:—

To define and amend the law relating to Contracts, Sale of Moveables, Indemnity and Guarantee, Bailment, Agency and Partnership.

To define and amend the law relating to Promissory Notes, Bills of Exchange and Cheques

The Motion was put and agreed to.

The following Select Committees were named :—

On the Bill to enhance the duties leviable under the Indian Income Tax Act—The Hon'ble Messrs. Cockerell, Gordon Forbes, Cowie, Chapman and Bullen Smith and the Mover.

On the Bill to enhance the price of Salt in the Presidency of Fort Saint George and the duty on Salt in the Presidency of Bombay—The Hon'ble Sir Richard Temple, the Hon'ble Messrs. Cockerell, Gordon Forbes and Chapman and the Mover.

The Council then adjourned to Friday, the 26th November 1869.

WHITLEY STOKES,

*Secy. to the Council of the Govr. Genl.*

*for making Laws and Regulations.*

CALCUTTA, }  
The 19th November 1869. }