

ABSTRACT OF THE PROCEEDINGS

COUNCIL OF THE GOVERNOR GENERAL OF INDIA

LAWS AND REGULATIONS.

Jan to Mar

1871

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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 Saturday, the 18th March 1871.

P R E S E N T :

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

His Honour the Lieutenant Governor of Bengal.

The Hon'ble John Strachey.

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

The Hon'ble J. Fitzjames Stephen, Q. C.

The Hon'ble B. H. Ellis.

Major-General the Hon'ble H. W. Norman, C. B.

Colonel the Hon'ble R. Strachey, C. S. I.

The Hon'ble F. S. Chapman.

The Hon'ble J. R. Bullen Smith.

The Hon'ble F. R. Cockerell.

The Hon'ble J. F. D. Inglis.

The Hon'ble D. Cowie.

The Hon'ble W. Robinson, C. S. I.

LOCAL RATES (OUDH) BILL.

His Excellency THE PRESIDENT said—"Before we proceed, I wish to make a statement with regard to the progress of business in this Council, because there seems to be a little misapprehension on the part of the public as to the time and period at which the various objections to the Bill now under consideration must be taken.

I wish, in the first instance, to repeat a statement made by my Hon'ble colleague, Mr. Stephen, when leave was asked to introduce an Income Tax Bill. The Hon'ble gentleman then said that the Bill would be introduced into the Council on the 17th, and would, on that day, be referred to a Select Committee.

The only deviation from the ordinary practice has been that, in order to place the public at the earliest possible moment in possession of the details of the measure, the Bill was printed at once, and has been published for some days.

My Hon'ble friend further stated that the Committee would probably present their Report on the 24th. The Council will then be in a position to take the Report into consideration and pass the Bill on the 31st.

I make this statement in order to show that, on this occasion, we have thought it desirable to assign a longer time than is usual for the passing of a Tax Bill by this Legislative Council.

The result will be, that the proposals of the Government and the actual details and features of the Bill will have been in the hands of the public for nearly a month from the time of its introduction.

With regard to the other Bills which affect the great question of local taxation, I propose that we should pass the Bill relating to the levy of rates on land in Oudh during our stay in Calcutta.

It appears that the principle of that Bill has been fully discussed in the Province to which it refers. We have had the advantage of a personal conference with the Chief Commissioner on the subject, and he, before he came to Calcutta, had ascertained that the leading Proprietors and Taluqdárs in Oudh were, on the whole, favourable to the Bill. I therefore think it would be most to the public advantage that that Bill should be proceeded with and passed during our stay in Calcutta—the last stage of the Bill being probably taken up about the 31st of this month. With regard to the next two Bills, namely, for imposing a duty on certain trades and dealings in the North-West Provinces and Oudh, and also as to the levying of rates on land in the North-West Provinces, called the "North-West Provinces Local Rates Bill," I wish to state that, on consideration, I think the most convenient course with regard to the Bill would be to take, as is proposed, a stage today, refer it to a Select Committee, receive the Report of the Select Committee while we are here, and to hold, for the purpose of further discussion and for the passing of the last stage of the Bill, a meeting of this Council at Allahabad about the middle of the ensuing month. I think this will give time for the fullest consideration of the important question involved. The principles of the Bill will thus be discussed and determined on in the capital of the Province to which it relates; the Lieutenant Governor of the Province, in his official capacity, will be a Member of the Legislative Council meeting at Allahabad; the public and the officers of the Province will have more time and fuller opportunities of considering in detail all its important provisions. On the whole, the result will be more satisfactory than if we took the last stage at Calcutta, and I think that any observations or criticisms will be best made, and any assistance we may hope to derive from local knowledge and local experience

will be best afforded, by holding a meeting of the Legislative Council within the limits of the Province to which this Bill applies.

With regard to the Panjáb Bill, I have only to state that no further proceedings will be taken with reference to that measure until the Legislative Council meets within that Province, and I hope that we shall have at Simla, as in the case of the North-Western Provinces, the advantage of the presence of the Lieutenant Governor in Council during the discussion upon a Bill which so materially affects the interests of the Panjáb."

The Hon'ble MR. STRACHEY introduced the Bill to provide for the levy of rates on land in Oudh, and moved that it be referred to a Select Committee with instructions to report in a week. He had very little to add to what had been already stated as to the reasons for the introduction of the measure. When he had asked leave to introduce it, he endeavoured to state the reasons which rendered it necessary to give to the Local Government in Oudh power to raise a moderate sum by local taxation with the object of supplementing the imperial grants for provincial purposes, and of providing funds for carrying out the necessary local improvements which were stopped for want of the necessary funds. The sum required to be raised in Oudh, as he before stated, was £30,000. He had already endeavoured to explain the reasons which had led the Local Government and the Government of India to the conclusion that there was no way so easy and so unobjectionable for raising this money as by imposing a light rate on land. It would be identical in its nature with the cesses which had been levied for similar purposes for many years past for roads, schools, &c.

The measure was first prepared, as the Council would see from the published correspondence, and proposed, by Mr. Davies, when he was Chief Commissioner of Oudh, and before he went to the Panjáb as Lieutenant Governor.

It was prepared by him in conjunction with General Barrow, who was then Financial Commissioner and who had since become Chief Commissioner of the Province.

Besides, as His Excellency had just stated, having had the advantage of discussing the matter personally with the new Chief Commissioner in Calcutta, Mr. Davies, had also before he left Oudh, taken the opportunity of considering the whole question with the principal representatives of the Taluqdárs and proprietors of the Province, and he was happy to say they had given the measure their entire approval.

Thus the Bill came before the Council recommended by an amount of local authority which he thought could hardly be stronger, and with the authority and consent, not only of the Local Government and its officers, but of the very people themselves who would be most affected by the measure.

It was true that the rate to be imposed on the landholders was certainly small, but nevertheless, the Taluqdárs of Oudh had not the less given a very creditable example of their public spirit and enlightenment; and he thought that this action on their part was the more valuable for this reason, that no one had accused them of any subserviency to the officers of Government, or any want of independence in looking after their interests.

MR. STRACHEY had stated on a former occasion all that it was necessary to state with regard to the reasons for raising this money from the land which could so well afford to pay it, and in a manner consonant with the feelings of the people, in preference to raising it by any other means.

It was proposed, also, to take power, if it should be found necessary, to supplement these funds hereafter, by extending to Oudh the license-tax on certain sections of the non-agricultural community, the Bill for the imposition of which his Hon'ble friend Mr. Inglis would introduce. This Bill had been before the Council and the public for some time now, and the whole correspondence which had taken place with the Local Government on the subject had been published. The Bill was a very simple one. It proposed—to quote the Statement of Objects and Reasons—

‘to impose a rate not exceeding one and a quarter per cent. on the annual value of the land. The rate will be payable by the landlord, but where there are co-sharers, under-proprietors, or tenants with rights of occupancy, who intercept a portion of the annual value of the land, he will be entitled to recover from such persons a share in the rate, bearing the same proportion to the whole rate as the landlord's share in the profits of the land bears to the share of the subordinate holder.’

Section nine of the Bill provided that not less than seventy-five per cent. of the total amount of the rates levied in any district should be expended in that district on works of public utility. The purposes for which this seventy-five per cent. of the rates might be expended, were clearly defined in section nine of the Bill: they were, the construction and maintenance of roads, the construction and repair of hospitals, dispensaries, lunatic asylums, markets, wells and tanks, and other local works of public utility.

Section eleven of the Bill had for its object to provide that the most complete publicity—which, after all, was the greatest security against any abuse

occurring—should be given to the accounts, which should show exactly the way in which the whole of the money was expended and the benefits that had been derived from such expenditure. The object of this provision was that every possible security should be given for ensuring that the proceeds of the rate should be really expended for the benefit of the people who paid the rate. He thought he need not make any more observations until after we had had the advantage of having the Bill thoroughly examined by a Select Committee.

Section twelve of the Bill provided for the appointment, in every district, of local committees to assist in the supervision and control of the expenditure of the rates levied under the Act. It was provided that not less than one-half of the members of the committee should be persons not in the service of Government.

His Honour the LIEUTENANT GOVERNOR had not been able to find time to study the provisions of this Bill, and he would therefore reserve for the Bill relating to the North-Western Provinces, which he had read, some general remarks which he might have occasion to make on certain points in which that Bill corresponded with the Bill now before the Council. With respect to this Bill, he trusted he might be allowed to make one remark for the consideration of the Committee to which the Bill would be referred, respecting a very small proportion of the money which was to be levied under the Bill, but which would, nevertheless, affect the majority of the rate-payers. He alluded to the provision which would enable the zamíndár to recover from the occupancy-ryots one and a quarter per cent. upon the profit margin of their rentals. He was quite ready to admit that this provision was strictly just; but he would ask the Council to consider whether it would be worth while to impose a rate on so large a number of the people for such a trifling sum as the rate on these ryots would amount to. The occupancy-ryots in Oudh were a limited class, who, on certain accounts, had certain privileges conferred upon them; and certainly a very moderate reduction had been made in their favour from the regular rent, to put them in a favourable position. Now, by this Bill, the zamíndárs would have a right to levy one and a quarter per cent. on the occupancy-ryot's profit of twelve and a half per cent. His Honour had always thought that our English education was very defective in the matter of arithmetic, and he very much doubted whether any Hon'ble Member could make out what one and a quarter per cent. of twelve and a half per cent. would amount to; but, at any rate, it would be a very small fraction indeed. Therefore, as the amount which the zamíndárs would be entitled to deduct from their occupancy-ryots' profit would be so very small, he thought that it would not be worth while to permit such a deduction to be made.

The Hon'ble MR. ELLIS said that, after the detailed exposition of the objects of this Bill that had been given by the Hon'ble Mr. Strachey, he need do little more than express his entire concurrence in all that had fallen from his hon'ble friend. But he would say a few words on what he considered to be the main principles of the Bill, or on what he should wish to consider the main features of every Bill for local taxation. These two main features were, the assistance to be derived from the co-operation of local committees, and the restriction of the expenditure of the proceeds of the rate to the district from which the tax was raised. He considered that, if we were to render local taxation anything more than a mere empty name; if we were to carry with us the people, who were naturally reluctant, as all people were, to make payments of any kind and in any form; if we were to carry with us, he would not say their active sympathy, but such a spirit of contentment as we all desired, we must carefully bear in mind these two principles of local taxation. He was glad, therefore, that it had been provided in this Bill, that at least seventy-five per cent. of the amount raised from a district should be expended in works of local improvement in that district. He did not desire to hamper the Executive Government by limiting the area within which the funds raised should be expended; but still, if we looked to the size of the provinces for which we legislated, and more especially to the extent of the North-Western Provinces, for which a similar Bill was about to be introduced, he considered that it would be most mischievous if we were not to place some limit on the area within which the proceeds of the rate should be expended. It would be impossible for the tax-payer at Benares to understand why the taxation was called local, when the funds raised at Benares were expended in the distant district of Agra. It therefore seemed to him that it should be an essential feature in all these Bills, that there should be a limit of area for the expenditure of the amount which it was proposed to raise. He questioned whether we should not even place greater restrictions than the Bill proposed—whether more than seventy-five per cent. ought not to be expended on works of local improvement within the district; but that was a question of detail, which might be considered in Committee. If we considered that a very large amount of revenue had been placed at the disposal of each Provincial Government for expenditure in their respective Provinces, we might assume that the additional funds which it would be necessary to raise by local taxation would in each case bear a small proportion to the whole Fund, so that all the proceeds of the local taxes might well be expended in the districts wherein they were raised. It would not, he conceived, be fettering the action of the Local Governments if we were to say to them—'as you have ample funds at your disposal for every object entrusted to your administration, and as you are empowered to expend those funds in

any district or in any manner you think fit, you must see that, in each district and in each year, not less than the amount raised in a district is expended in that district.' And when we looked at the wide scope of objects included in the ninth section of the Bill, he thought we might be sure that the Local Governments would suffer no inconvenience in being compelled to expend in each district, if a reasonable area were fixed, the funds raised from that district.

Then, as to the other principle which he considered an essential feature of this and the other Bills of a similar nature that were before the Council. He was not one of those who despised the assistance to be derived from the co-operation of the inhabitants. He might affirm this belief notwithstanding what had been said by some district officers. He believed that there was not a district in India in which you might not find some men who were competent to afford valuable assistance to district officers as to the best mode of administering these local funds. The material for the formation of local committees might, in some districts, be better, and in others worse; still, on careful enquiry, he believed that there was hardly a district in which you could not secure the assistance of a certain number of Native gentlemen who were fully competent to give aid, and by whose co-operation the administration of these funds might be rendered more efficient.

The Hon'ble Mr. STEPHEN had only one word to say in reference to what had fallen from His Honour the Lieutenant Governor. As he read this Bill, he did not understand that anything which could not otherwise be got from under-tenants could be obtained under the operation of this Bill. As to the difficulty of numerical adjustment which was referred to, he thought that the man who was going to recover would take the trouble to work out the sum.

His Excellency THE PRESIDENT said,—“As this is the first opportunity I have had of offering any opinion in public on the most important subject which is comprised in this Bill, I wish first to express my great satisfaction that it has fallen to my lot to preside over a Government which has been able to carry into effect a principle that has for some years been adopted and recommended by many of the wisest and most experienced of Indian Statesmen. I feel convinced that, when the principle involved in this Bill—which is identical with that laid down in the Financial Resolution of the 14th December last—becomes more fully understood, it will become more widely appreciated; and I firmly believe that, of all the changes that have lately been made in the financial or administrative branches of our Government, the change which is now proposed by these Bills in regard to the Provinces of Oudh and the North-West is perhaps the most

important, and will have as many good and practical results as any measure that this Legislative Council has passed since it first came into existence.

“ If the Council will recollect the great principles which are involved in these Bills, namely, that we, the members of the Supreme Government, endeavour thereby to associate with ourselves the responsibility and assistance of the men who, throughout India, may be supposed to possess the best information and the greatest experience on the affairs with which they deal—if we also recollect that, involved in the measures is an attempt further to develop, gradually and more fully, those numerous efforts that have been made to establish Municipal institutions throughout the land—if we recollect that the fiscal object of the measure is to import into our imperial finance a greater amount of certainty than has hitherto prevailed—if we recollect that, if the scheme works as well as we believe it will work, those future charges that must, at no very distant time, fall upon the country, will be borne and administered by those who are the best judges of their suitability, necessity, and propriety—when we recollect all these considerations, and when we find, on further reflection, that these principles are to a great extent new in Indian Administration, then I think we may come to the conclusion that the object is good, that the change will be great, and that it will not be the fault of this Council and the Executive Government if complete success is not attained.

“ The evils with which we propose to deal were well described in the first paragraph of the Financial Resolution of December 14th.

“ We said that, so far as effective supervision and control over certain heads of our expenditure is concerned, the Supreme Government had, for some time, felt itself to be in an unsatisfactory position. Control, and severe control, was exercised, but it was exercised, frequently in doubt, and almost always in uncertainty.

“ Now, it may be said that such a confession as this, coming from the head of a Government, is a confession of weakness. It may be so to some extent, but the system was unavoidable in the earlier days of our Rule, and though this control has been exercised under the disadvantages to which I have referred, I am not prepared to say that, on the whole, any very great evil or public scandal has often occurred. But still it was a blot in our system, and the time is come to remedy it. Every change and every proposed change is to a certain extent a confession of former weakness, because if a system is perfect and strong, it would be folly to change it. The taunts, therefore, which have been thrown out as to this confession of administrative weakness on the part of the Government of

India, would apply to any change that has ever been made or attempted by any administration, as much as it does to the present.

“I do not propose now to discuss the various modes in which it has been proposed to carry out these principles. They are many and various. If our plan does not go to the full extent that some may have desired it to go, it is because we have been obliged, not only to consider what it was right to do, but also what it was possible to do; and if, perhaps, our measure does not attain the larger dimensions of many of those that have been suggested, it has at all events this recommendation, that it is practicable and safe, and that it has been accepted, if not with enthusiasm, at all events with general approval, by the Governments which it most concerns. However, I think I ought to state my opinion that I am not favourable to some of the very large proposals, the adoption of which would lead to the entire disarrangement of that system of administration which has long been pursued by the Government of India with signal success, and that I am not in favour of admitting other authorities than that of the Supreme Government to share in the administration of imperial revenue and expenditure.

“I think it safer to affirm that, as hitherto, imperial revenue must be managed by the supreme authority. At some future time it may be thought desirable to apportion certain heads of revenue to local authority, reducing proportionately their grants; but I do firmly believe that, if on the present occasion we had suggested anything of the kind, the result would have been failure, and it is certain that Her Majesty's Government would very properly have required a much longer time than they have taken to consider a change of so extensive and fundamental a nature.

“It would be wasting the time of the Council were I to discuss the various objections that exist to the larger measures to which I have referred; suffice it to say that it can be shown that, for the present, all the main objects that have been generally desired will be attained by the present measure, and that, without any dangerous interference with our general financial system, without weakening or straining our national credit, without imperilling a single important branch of imperial revenue, or rendering it less difficult than it was before to fulfil all our national engagements of finance, defence, and administration, we shall be able to attain to almost all the desired ends, and achieve everything that is really beneficial. We selected then, at once, for our operations those heads of expenditure the local character of which cannot be doubted—those heads concerning which so much has been said, namely, Civil Buildings, Roads, Education, Jails, Police, Registration, Medical Services, and Printing.

I am not prepared to say that there may not be other branches of administration which it might be judicious hereafter to deal with in the same way. I give no opinion on the subject. There are considerable and weighty objections with regard to some; but for all practical purposes—that is to say, if our intention and desire is to give to the Local Governments substantial power over the administration of the matters which in the highest degree affect the particular interests of their Governments and of their people—we have done all that for the present is necessary.

“Our expenditure may be divided practically into three great heads. There is the expenditure which may be taken in the way of fixed charges, over the amount of which neither the Governor General in Council nor the Secretary of State has any control; those permanent charges in the payment of which the faith, honour and credit of the country are involved, such as the discharge of interest, guaranteed or otherwise; the payments of allowances under treaties and obligations; the greater portion of our superannuation charges; a considerable portion of the charges which are paid in England, over which the Secretary of State has really no control; and other imperative payments. I will not trouble the Council with figures, but this may be considered as one head, and a very large head. Then there are other heads, with which the imperial authority (that is, the authority of the Supreme Government and of the Governor General in Council) can only satisfactorily deal. These charges may be put down as the Army, the vast expenditure which is going on on Railways; Irrigation; Military Works; the administration of the Post Office; Telegraphs; a portion of the cost of Law and Justice; and, probably, the expenditure connected with the collection of revenue under its various heads.

“These are the principal branches of expenditure that the Supreme Government will always find it most to the advantage of the empire to keep almost entirely in its own hands. There may be some other heads of expenditure, such as a portion of “Law and Justice,” concerning which there may be some doubt as to whether they may properly be localized.

“It may then be always borne in mind that there are three great heads of expenditure, namely, Fixed, Imperial, and Local. In the future consideration of this question, it will much tend to a right conclusion if these three great distinctions are kept constantly in view.

“Then, under the *eight* heads, it is proposed to entrust administration under a few general conditions to Provincial Governments, and that a fixed contribution will be made from imperial revenue every year. I shall have something

to say hereafter as to the amount of that contribution. It is intended by the Supreme Government (and I think that there should be no doubt on this point) that that sum should for some time, at all events, be a fixed sum. It is impossible to prophesy or say at present what can be done in the far future; but I should be misleading the Local Governments if I were not to say that it is our opinion that these sums are now fixed at an amount which cannot be exceeded for at least a number of years. I think it desirable that this should be perfectly understood, because one of our objects is the attainment of as great an amount of financial certainty as is possible. We believe that, in justice to other public claims which are certain hereafter to be made on imperial revenue, in view of increased charges for the payment of interest and other objects, we cannot without recourse to large additional imperial taxation increase this sum as now fixed to any very considerable amount. We know that, if it is necessary, the sums which have been hitherto allotted for this purpose can be increased by local taxation in a manner much less burdensome and much less offensive to the people than they could be by imperial taxation. If it is necessary or desirable to spend money, that money must come from some source. It is possible that the wants of the Local Governments may increase, and I dare say they will; but if they do, we believe, after the most mature consideration, that these wants can better be supplied within the limits of the provinces themselves, than they can be by adding to the imperial taxation of the empire and the general burdens of the people.

“But in addition to the increased power of administration which it is proposed to give to the Local Governments, an administrative change will take place, which, I think, they will be able to exercise with advantage. They will have a large sum to devote to local objects, the power of allotment will be left absolutely to them, and they will be able to vary their grants for Roads, Civil Buildings, Education, and other heads, from year to year, as they may think most desirable. In some provinces it may be desirable in one year to spend a larger sum on Roads; in others, it may be desirable to fill up some shortcomings with regard to Education or other objects: the Local Governments will thus be able to exercise that power of allotment with much greater satisfaction to themselves and the public than they did under the old system, when they were obliged to consult the Supreme Government, not only as to the allotments that were made in the beginning of the year, but also with regard to any appropriations that were thought desirable within the year, provided those appropriations exceeded a certain amount.

“But there is also another considerable advantage that this change will bring, and that is with regard to the savings from one year to another.

“ It has always seemed to me rather hard, particularly in the case of public works, that because, either from accidents, the weather or any other cause, a Local Government did not spend the whole of its allotment during the year, this sum was returned into the Imperial Treasury, and it then became a matter of further consideration how far this sum ought to form a portion of the allotment for the ensuing year.

“ It is not surprising, therefore, that this system led to extravagance. I have observed, notably in the Department of Public Works, that there has been a marked tendency to rapid expenditure towards the end of the financial year, and I greatly suspect that it was frequently occasioned by a desire to expend in a hurried manner rather than not spend at all. This was an evil, and has led to waste of money. I believe that the Local Governments will find that, in this matter of their savings, they will be glad to have it in their power leisurely and properly to consider the precise time in which the money can best be expended, and by this means to exercise considerable economy in almost all branches of their expenditure.

“ I have heard it stated that, by the proposals which we make, there may arise a separation of interests as between the Local and Supreme Governments. I fail to perceive any strength whatever in this assertion. I believe that, so far from there being a separation of interests, the increased feeling of responsibility and the feeling of confidence which is reposed in them will unite and bind together the Supreme and Local Governments to a greater extent than before.

“ I cannot think that, because we say to them, “ We entrust you with greater power, we give you greater influence, we refuse to meddle with you as hitherto,” therefore their interests can be in any way separated from ours.

“ We really do nothing more than effect a re-adjustment of labour and a more equal division of responsibility, and I cannot think that a body of men who associate with themselves another body of men belonging to the same race, having the same interests, and united for the same objects, can be separated by increased co-operation and more equal responsibility. I have often observed that the same result is obtained whenever these experiments have been tried, and that, though it may be wise in the earlier periods of an administration to centralise responsibility, still, the more you extend its basis when you find people are willing to take it, the more you strengthen the Government, and the more you contribute to success and economy in administration.

“The same principles which guide the conduct of both Supreme and Local Governments will still operate, namely, care, economy, expedition in work, energy, and incorruptibility; and in addition to these, which have always been the leading features of English administration in India, we supply the strongest of all motives, namely, the motive of self-interest; and by recommending the adoption of a budget-system and public discussion, we create checks against extravagance and encouragement to care which have never existed before.

“I know that some have expressed a want of confidence in the Local Governments as to the exercise of this power by them, and that it has been said that provincial administration will become more uncertain and that expenditure may perchance be regulated more by the personal feelings and idiosyncracies of one or two members of each Government, than by fixed and certain principles.

“I own that I have no sympathy with such gloomy anticipations. I cannot see why the heads of a Local Government, having precisely the same objects in view, should not have exactly the same inducements to carry them out under the new system as they had under the old. Of course, the circumstances of Presidencies and Provinces will change, and the mode of administration therein will, probably to a great extent, change also. But I do believe that we shall see, in place of greater uncertainty, greater certainty; we shall see works and objects carried out with more vigour, enthusiasm, and with less hesitation, when these works and these objects are effected under the immediate responsibility of those who are most interested in them.

“It has also been said that, by this system, the Supreme Government sacrifice some useful control—control which it might be found necessary to exercise hereafter, in order to prevent the occurrence of evils.

“Now, I say that, if at any future time in any province or in any part of India, great public evils are found to exist; if scandals, if waste of public money, if extravagance, if misappropriation, are discovered, I maintain that the control of the Supreme Government, and Her Majesty’s Government, the Secretary of State, is quite as powerful to remove the causes of any great public evils of that kind as it has been and is at this moment. I do not for a moment anticipate the possibility of such misfortunes. They have been hitherto unknown. I see nothing in this plan which renders their occurrence more possible than before.

“So much, then, for the general features of this measure, which I hope will commend itself to the general approval of the Council and the public.

“ I wish, however, to say a very few words upon an important point, which has been a good deal discussed in this Council.

“ It has been broadly asserted, with as much audacity as inaccuracy, that the whole object of the Supreme Government in proposing these measures has been the increase of taxation.

“ Now, I think that the figures that were given, and the statements that were made, by my Hon'ble friend, Mr. Ellis, yesterday, will go far to refute that assertion.

“ The truth is, that the whole policy and the whole object of this Government, ever since I have been connected with it, has been the speedy *decrease*, and not the *increase*, of taxation. Temporary burdens were imposed in 1869-70 for a temporary purpose, and at the earliest possible moment they have been removed. I have no hesitation in saying that I should look with the greatest apprehension on any general and sudden addition to the burdens of the people of this country, and therefore, when it is said that the policy of this Government has been merely to increase taxation for the purpose of more lavish and more extravagant expenditure, a statement is made which is as far removed from the truth, and from the facts and events that have occurred, as any statement that ever was made since public discussion came into existence.

“ Take this particular matter—what has been the immediate effect of the measures of the Government with regard to taxation ?

“ I find, in reference to the past history of the income-tax, concerning which so much has been said, that the figures stand thus : In 1868-69, we levied £508,700 ; in 1869-70, we levied £1,110,224 ; in 1870-71, the regular estimate shows that we shall levy £2,180,000 ; while, in 1871-72, we shall only levy £600,000. This is a reduction of taxation over last year of nearly *one million and a half*, and over the preceding year, of more than *half a million*, under one item alone.

“ Since 1861, assessed taxes—that is, income-tax and other cognate burdens—have been levied, during *nine* years, and the amount we propose to take in 1871-72 is the lowest that during that period has ever been raised under this head, except in the year 1868-69, when it amounted to £508,000 ; so that, if any one will take the trouble of going over the years during which assessed taxes have been levied in India, they will find that the amount we propose to raise during the ensuing year is far below the rates which have been levied in all former years, excepting one.

“I wish further to point out how the particular proposals of the Government with regard to local taxation will really affect the Local Governments during the ensuing year, and how fallacious and inaccurate is the statement that the measures of the Government have the tendency to lay largely increased burdens on the people.

“I have requested the Financial Department to furnish me with the sum which each Government will have to make up during the present year, counting the additional grant of £200,000; and I find that this bugbear which has been raised as to increased taxation caused by the action of the Supreme Government, has really no existence whatever. I beg the Council's attention to these few facts, which will show exactly how much taxation has really been levied.

“In Oudh, the income-tax which has been remitted amounts to £42,700, and, the sum to be made up to supply provincial services in the ensuing year is £6,158.

“In the Central Provinces, the income-tax which has been remitted is £44,900, and the sum to be made up is £7,559.

“In Bengal, the income-tax which has been remitted amounts to £487,800, and the sum to be provided in the ensuing year is £34,912.

“In the North-West, the income-tax which has been remitted is £235,000, and the sum to be made up is £18,507.

“In the Panjáb, the income-tax remitted is £106,800, and the sum we ask in the ensuing year is £15,410.

“In Madras, the amount of income-tax remitted is £176,000, and the sum required to be made up in the ensuing year is £21,927.

“In Bombay, the amount of income-tax remitted is £298,000, or nearly £300,000, and the sum asked to be made up is £26,265.

“So that, so far as the action of the Supreme Government goes, the public of India will be relieved of income-tax during the ensuing year to the extent of £1,500,000, and the sum they will be asked to contribute as provincial revenue in consequence will only be £131,000. This disposes, in a few words, of the extraordinary allegations that have been made, that the policy of this Government is to increase the burdens of the people for the purpose of launching the country into an era of extravagance and waste.

“With regard to this particular Bill, which affects only the Province of Oudh, I have heard with the greatest possible satisfaction, not only from official

reports, but also by personal communication with the Chief Commissioner, that when this proposal was first made to the large body of extensive land proprietors which exists in that province, they were inclined to consider it favourably, and that, as far as the Chief Commissioner could judge, the feeling of the whole body of Taluqdárs in Oudh was not in the least degree hostile to the measure. It was explained to them that this additional burden which they are called upon to bear could not be expended in any other way than for the improvement of their estates, and to increase their own revenues.

“To the high estimation in which they hold the Chief Commissioner, the affection with which they regard him, and the influence which he exercises over them, is due the readiness with which they at once accepted his statement without question, and the willingness with which they adopted his suggestion. I can only hope that such confidence on the part of a large Native proprietary in India will, at no very distant date, be amply repaid, and that they will, before many years have passed away, see for themselves that this expenditure, to which they have signified their assent, will be laid out in no other manner than that which will contribute to the improvement and the value of their estates, the welfare of their people, and the general prosperity of their province. In this matter, the Oudh Taluqdárs have set an example to the influential classes of this country which ought not to be forgotten. They have willingly undertaken this charge; they know that it will be levied for their good, and their good alone; and I can only say that, if the many other equally influential classes throughout this country would follow in the same course, it would contribute very much to the success of those measures which are only designed for their improvement, and bring about results which must largely contribute to the welfare and prosperity of India.

“There are in this Bill two clauses to which I wish particularly to refer, because they furnish the most substantial evidence of the desires which actuate the Government in proposing those measures. The ninth clause of the Bill points out the objects to which, and to which alone, these funds will be assigned.

“They will be assigned only to those objects and to those purposes which the country most requires, and which every other province in this empire is largely in need of. These purposes are—

1. The construction, repair and maintenance of roads and communications:

2. The construction and repair of school-houses, the maintenance and inspection of schools, and the training of teachers;

3. The construction and repair of hospitals, dispensaries, lunatic asylums, markets, wells and tanks; the payment of all charges connected with the purposes for which such buildings or works have been constructed, and any other local works and undertakings of public utility likely to promote the public health, comfort or convenience.

“The clause further goes on to say that the assignment for these purposes shall not be less, and may be more, than seventy-five per cent. on the whole of the new charge that is to be levied.

“Now, I think that if people will consider these few words that are embodied in this clause, they will find at once a clue to the objects and desires of the Government in the proposals that we make. We seek to relieve ourselves of no responsibility at the expense of the country; we only endeavour to give the provinces the power to supply their own wants, and to contribute to objects indispensable to the welfare of their country.

“But there is another clause in this Bill which contains an important principle. It is that which renders it imperative upon the Local Governments to appoint, in every district in this empire, local committees for the purpose of carrying out the objects of this Bill.

“I am not prepared to say what may be the result of these committees. I am no optimist in the matter; but I know that there are large and important districts, numerous and rich, from one end of this country to another, from the most southern part of Madras to the gates of Peshawur, wherein there are men of sufficient ability and intelligence who are willing to assist their rulers in carrying out these objects.

“I would rather appoint a committee that never met, than have no committee at all. It will meet and act some day. What we want is to recognise the principle that we wish to associate with ourselves, wherever it is possible, the Natives of the country for these excellent objects, and I believe the recognition of this principle in an Act of the Legislative Council will be found to act in a manner conducive to that end.

“Many district officers of all ranks have told me that they have had little or no difficulty in dealing with the local committees with which they were connected. Others have informed me that they have derived from them the greatest possible advantage.

“Now, I believe that, if the necessity for these committees is recognised throughout the country; if our officers will associate themselves with the Natives in the cause of improvement, it will be found that this course will be attended with a success which few can possibly at this moment anticipate. Much has already been done, and these local bodies are already in existence in many parts of India.

“I had the pleasure, in a short address which it was my happiness to deliver at the dinner which was given to Sir Donald McLeod on his retirement from the Lieutenant Governorship of the Panjáb, of being able to state that, during his tenure of office, he had been able to establish within the province of the Panjáb nearly one hundred municipal committees. Considering that the Panjáb is one of the youngest of our Indian provinces, I think that that is a fact which must be most gratifying to all those who take an interest in the matter; and I believe that the success which attended Sir Donald McLeod's efforts in establishing these committees will also attend the efforts of every officer who endeavours to give effect to the provisions of the twelfth clause of this Bill.

“There are other matters connected with this measure with which I shall not at present take up the time of the Council. I will conclude by repeating the opinion with which I began, namely, that though this is a change, a very great alteration in the system of Government which has hitherto prevailed in India, I have no apprehension or no fear for its perfect and complete success. I know it will be worked throughout the length and breadth of this land by as able and as zealous a body of men as serve any Government in the world.

“I know from personal observation that the principles involved in this measure are in accordance with the feelings and wishes of the great majority of the services; and that the working of the system will be entrusted to a body comprising much talent, energy, experience and perfect and complete incorruptibility. I cannot therefore but feel sure that no result will attend it other than complete success.

“To sum up, then, the objects of these measures in a few words.

“Administratively, the Government desire by them to relieve itself of a large portion of unnecessary work, and of duties which can be better otherwise discharged; it hopes to make over to the Local Governments the determination as to the mode in which the wants of the people, in respect to the protection of life and property, of education, the construction of necessary communications, and health, can be best provided for; we think that it must in the end tend to the

thorough development of municipal institutions and of local self-government; and we further think that a great improvement in the relations of the Supreme and Local Governments will be effected. So far for administration.

“Financially, we think that the national credit will be strengthened by fixing imperial liability with regard to the most variable and uncertain charges of our expenditure. We trust that, for the present at all events, the burdens of the people will be but very slightly increased, for we know that the sums which will be available for provincial services in the ensuing year will be scarcely less than what has been granted on an average during the last few years. We consider that the danger of a recurrence to the unsatisfactory state of our finances which existed two years ago will be very much diminished, and that, by enlisting on the side of economy, the motive of self-interest and the check of publicity, much money will be saved.

“All this will be done, while the power and authority of the Supreme Government to meet danger or disaster, which may be occasioned by famine, war, or mal-administration, will in no wise be diminished.

“I commend this scheme with the greatest confidence to the consideration of this Council, of my own countrymen, and to the Natives of India; and I believe firmly that, if it is carried out, it will redound, not only to the welfare of the land, but also to the credit of those who have long advocated its adoption, and who have contributed so largely to the preparation of the measures which we now intend to carry into effect.”

The Motion was put and agreed to.

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

The Hon'ble MR. INGLIS introduced the Bill for imposing a duty on certain trades and dealings in the North-Western Provinces and Oudh, and moved that it be referred to a Select Committee with instructions to report in a week. He had explained fully last week, when he asked leave to introduce this Bill, the reasons which had led the Government of the North-Western Provinces and Oudh to propose the levy of a tax on certain trades and dealings carried on in the territories subject to them, and the purposes to which the sum realized by the tax was to be applied.

It would be observed that a license-tax was proposed on certain specified trades and dealings only; it was not intended to extend it to all. The trades and dealings to be taxed had been selected after very careful enquiry and consideration, and it was believed that those trades and dealings only had been

included in the schedule, of which it might be safely assumed that the whole of the persons carrying them on could without difficulty pay the small tax proposed. All trades and dealings about which there seemed any doubt whether the least competent of the persons carrying them on could pay the tax, had been altogether omitted.

As, however, it was not impossible—though it was not probable—that further enquiry would show that some trades and dealings had been entered in the schedule which ought to have been omitted, or that some trades or dealings had been classed too highly, power was given in the Bill to the Lieutenant Governor to amend or alter the schedule as he might consider necessary.

For the purposes of the Act, trades and dealings had been divided into three classes, charged respectively with a license-tax not to exceed six, four and two rupees a year.

The grand principle underlying the proposed Bill was, that there should be none of that inquisition into a man's profits, or uncertainty as to the amount he ought to pay, which had made the income-tax so deservedly unpopular throughout India.

Lists showing the trades and dealings to be taxed and the sum charged on each, would be stuck up and published in all places where the Act was enforced. So that every man carrying on any trade or dealing would know whether he was liable to pay the tax, and, if so, how much he had to pay.

It was proposed to leave to municipalities the power of determining the manner in which they would provide the amount due from them on account of the tax. Lists of all persons carrying on the trades and dealings enumerated in the schedule to the Act in any municipality would be drawn up. The sum shown by this list to be due would be intimated to the municipality, who would be at liberty, either to pay the amount out of their existing income, or to raise the whole or part of it by a license-tax, or by any of the other means allowed them by the Act which constituted them a municipality.

The amount the tax was estimated to yield was between nine and ten lakhs. This estimate, however, was framed on the returns of the last census in the North-West; and subsequent enquiries shewed that it was probably rather too high.

His Honour the LIEUTENANT GOVERNOR would wish to say one word in respect to this Bill. It was a very important Bill, inasmuch as it was the first of the measures, properly speaking, for new local taxation, because the rate to

be levied under the last Bill had for its object the extension of a system which was well known in the North-Western Provinces, in Oudh, and in other places. But this Bill he should consider a new Bill, introducing new taxation for supplementing the grants made to the Local Governments by the Supreme Government. The Bill raised very important questions of a most difficult character. His own impression was that all Bills of this kind must be considered in a great degree experimental; it might fall to his lot, in another place, to deal with this very difficult question, and therefore he would not commit himself with regard to the principle or details of this measure, beyond what he had attempted in the discussion on the budget-statement, namely, that this tax must be regarded as a law supplementing the income-tax on those classes which the income-tax did not reach. Inasmuch as this Bill was intended to supplement the incomes assigned to the Local Governments, he would, as representing one of those Governments, venture to refer to one point in regard to the amount of those assignments. He had already, on a former occasion, expressed his willingness and anxiety to carry into effect the system inaugurated by the Government of India, and he would not say anything more on the observations of His Excellency the President, than to express his entire concurrence in almost all that had fallen from His Lordship, and His Honour's readiness to carry out the wishes and expectations which His Lordship had expressed. There was one point, however, in regard to which he desired to take exception, namely, the saving of £200,000 of the present year which had been assigned to the Local Governments subsequently to the permanent distribution of the funds. It seemed to His Honour that the assignment of £ 200,000 could not fairly be deducted from the £ 330,000 burden originally thrown on the Local Governments. But taking it as a deduction from the local deficits, it seemed clear that the £200,000 was a grant for a single year only, and inasmuch as the assignment was a permanent assignment, and was meant to be a permanent assignment for a considerable period, and not to be increased, the £200,000 was not a deduction from that permanent assignment. It was thought desirable to make over the management of these charges to the Local Governments, who had the best means of checking the growth and the rapid rate of growth of these particular charges; but still he considered it desirable to say that these charges must increase.

But, further, he wished to submit another consideration, that even as regards the current year, that amount could not fairly be deducted from the charges thrown upon us; for it seemed to him that the £200,000, balance of the

last year, was merely a working capital which it was absolutely necessary to put in the hands of the Local Governments in order to enable them to carry on their business. These savings were a necessary result which must occur in almost every year. It was a part of the scheme that the heads of the Local Departments must each make a budget; the Local Governments must assign so much for Jails, so much for Education, and so on; and when they made those assignments, they must make it strictly understood by each Department that they must on no account exceed those assignments. That must be an essential part of the system. To avoid the risk of overshooting the mark, it would be necessary that each Department should a little undershoot the mark, and that they should understand that, if they overshot the mark, they would be subject to the most tremendous penalties which the Government could inflict. Thus, there would ordinarily remain, from year to year, a small balance at the end of each year.

We did not leave in private life our purses totally and absolutely empty at the beginning or end of a year. It was on that ground that he was inclined to urge that the £200,000 could not be fairly considered a reduction from the burden imposed on the Local Governments.

His Excellency THE PRESIDENT explained, that the statement he had made with regard to the sum of £200,000 which had been added to the assignments made to the Local Governments referred to the present year only. He stated that, with regard to Bengal, £487,000 of burden would be remitted, and that the whole amount that it would be necessary to contribute to place the service in the ensuing year on the same footing was £34,000. He merely said that, for the future, if we could not prevent these heads of expenditure from growing, and he believed they would grow, they would have to be supplied and made up from the proceeds of Bills such as they were now discussing, and that they would be administered with the greatest possible advantage by being placed under the authority and control of the Local Governments.

The Hon'ble SIR RICHARD TEMPLE said he had just one remark to make with reference to what fell from the Hon'ble Mr. Inglis. He had no objection to offer to the Bill before the Council; but he must on this and on every other occasion distinctly object to any comparison being made between this sort of taxes and an income-tax. Whatever the merits of this tax might be, it must stand by itself, and there was no sort of relation or conceivable comparison whatever between this tax and an income-tax. This tax did not pretend in

the smallest degree to aim at anything like equality in its incidence; to anything like an apportionment of the incidence of the tax to the means of the taxpayers. That was a cardinal reason why it could not in any way be compared to an income-tax. If you looked at the schedules, you would find that trades and dealings were put together in a miscellaneous manner. The bankers of Muttra, for instance, were some of the richest men in British India, and there were also bankers of the same status in other stations in the North-Western Provinces. Yet these gentlemen were only charged at six rupees a year. Obviously, as regards these persons, it was a little more than a poll-tax. In the same way, if you were to compare the trades specified in the other classes, you would find many such inequalities. For instance, jewellers were placed under class III, and yet petty dealers were placed in the same class. In the same way, sellers of pán were placed in the same class as the sellers of many articles of European manufacture; and great shop-keepers came under that class in the same category with sellers of sweetmeats or leather. He merely gave a few instances to show that anything like equality could not be found in the Bill. The Bill was one of the roughest in character, and, therefore, no comparison could be made between it and an Income Tax Bill.

The Hon'ble Mr. STRACHEY wished to make a few remarks because, though perhaps not in this Council, yet outside its walls, there seemed to be considerable misapprehension in regard to the measures of local taxation proposed for the North-Western Provinces, and he thought it just to the Hon'ble Mr. Inglis and the Government of those provinces that this misapprehension should be removed. He had seen it repeatedly asserted in a prominent manner, that the Government of the North-Western Provinces had made to the Government of India various propositions to impose onerous taxes on the people of those Provinces, and that the Government of India was forced to decline to sanction these proposals. It was due, Mr. STRACHEY thought, to the Hon'ble Mr. Inglis and the Government of the North-Western Provinces, to say, as anybody might have learned who had taken the trouble to read the correspondence which had been published on the subject, that there was not one atom of foundation for any of those assertions. It was quite true that there was some difference of opinion between the Government of the North-Western Provinces and the Supreme Government as to the exact obligations, in the matter of raising new taxation, which had been laid on the Local Government by the Financial Resolution of December last. But in regard to the propositions actually made by the Government of the North-Western Provinces, there had been no difference of opinion between the two Governments from first to last. The proposals of the Government of the

North-Western Provinces were extremely moderate. That Government had published a statement of the estimated charges and receipts of its provincial and local funds during the next year, the amount on each side of the account being about £700,000. It seemed to have been supposed by a great many people that it was proposed to raise this by fresh local taxation. Now, it never entered into any one's head to do anything of the kind. This sum included, not only the imperial grant for provincial services, but the whole of the present and proposed local funds of those provinces. It was difficult to say, beforehand, what the new measures of taxation which the Hon'ble Mr. Inglis had proposed would really yield. He estimated that this license-tax might yield about nine or ten lakhs of rupees. MR. STRACHEY confessed, that, as far as he could judge, he thought that a sanguine estimate; and he should not be surprised if both these measures together did not yield much more than £100,000. Considering the vast extent over which the population of the North-Western Provinces was scattered, and the immense number of necessary works of improvement that were required, no one could say that the North-Western Provinces Government had proposed to put an undue burden on the country. Comparing this case with that of Oudh, it would be remarked that the Government of Oudh proposed to impose taxes that were estimated to yield about £30,000; and considering the difference between the two provinces, he was not at all prepared to say that the measures proposed for the North-Western Provinces were not quite as moderate as those which were proposed for Oudh.

There was another point on which he thought it was desirable to guard against misapprehension, for he had seen, in this matter also, signs that the true state of the case had been a good deal misunderstood. He had said on more than one occasion, that the main source from which charges for local purposes ought to be met was the land. Now, he had no doubt that this was quite as true in regard to the North-Western Provinces as it was in regard to Oudh; and it had been really more completely acted upon in the North-Western Provinces than it was even in Oudh: Some people who were ignorant of the real facts of the case seemed to be under the misapprehension that, in the North-Western Provinces, the greater part of the funds required for local purposes would, under the proposals of the Government of the North-Western Provinces, be raised from the non-agricultural, and not from the agricultural, population. There could be no greater mistake. He would compare what was happening in the North-Western Provinces with the case of Oudh. In Oudh, with the additional rates proposed in the Bill he had that day introduced, the total annual charge on land for provincial and local rates would be two and a half per cent. on the rental. In the North-Western Provinces, in all those

districts where the settlements had already expired—which, practically, was the whole of the North-Western Provinces, for there were only two or three districts in which the settlements had not expired—the local rates levied for a long time past had been five per cent. on the annual value of the land: and in regard to that matter, as the Hon'ble Mr. Inglis had before explained, the present Bill really did no more than give the approval of the legislature to a policy that had long been carried out.

The Bill proposed to place no additional burden on the land in the temporarily settled districts; but still the fact remained that, in the North-Western Provinces, five per cent. on the rental was assigned for local purposes, against two and a half per cent. in Oudh. It was true, no doubt, that these percentages were not really comparable one with another; for this reason, amongst others, that the charge on account of the Rural Police in one case was included, and not in the other. Still, the charge in the North-Western Provinces was higher than what it was in Oudh. He thought it right to say this much, in justice to the Government of the North-Western Provinces, in regard to the measures in charge of his Hon'ble friend Mr. Inglis.

As to this particular Bill for imposing duties on certain trades and dealings, he must congratulate his Hon'ble friend and the Government of the North-Western Provinces in having brought forward what appeared to him to be the very best Bill of the kind that had come before the Council. We had of late years over and over again had so-called license-taxes and certificate-taxes which had been imposed on the mercantile classes. But all these Bills, whatever they might have been called, had been in reality income-taxes in disguise. This Bill was nothing of the kind; and, as the Hon'ble Sir Richard Temple had just said, it must be judged quite differently from an income-tax: and this peculiarity of this Bill was in his (MR. STRACHEY'S) eyes one of its greatest merits. It imposed small duties on certain specified trades and dealings; but it did not propose to place any duty on traders, and the non-agricultural classes generally. It involved no enquiry into any trader's means, and it afforded no opportunities for extortion. The duties which this Bill imposed on trades were not dissimilar—he might say were identical—in nature to the duties imposed from time immemorial for licenses on brewers and grocers, and dozens of other trades in England. No doubt the inequality of this tax was theoretically an objection to it; but it was an objection which was counterbalanced by the certainty of the tax. As the Hon'ble Mr. Inglis had pointed out, every trader who wanted to know what he had to pay, had only to look at the schedule. Mr. STRACHEY thought another merit of the Bill was

to be found in those sections to which his Hon'ble friend had referred, sections twelve to fifteen, which related to the payment of the duties in places where there were municipalities.

In all the principal towns of the North-Western Provinces, there were now municipal bodies. If this Bill became law, there would be no necessity in such towns for paying this particular tax if it was considered that there were better means of providing the funds which were required. If, for example, it was ascertained that, if the provisions of the Bill were applied to a certain town, it would have to pay ten thousand rupees; then, supposing, after providing for all its local wants, there remained a surplus of ten thousand rupees derived from octroi duties or anything else, or if it was found that, by any modification of its taxes, it could provide that amount, it would be competent to the municipality to pay the ten thousand rupees, and get rid of the obligation imposed upon it by the present Bill. It seemed to him that these were excellent provisions. Our system of taxation, as he had long thought, had been a great deal too much in the nature of Procrustes' bed. This measure had an elasticity which would add a great deal to its value.

The Motion was put and agreed to.

LOCAL RATES (N. W. P.) BILL.

The Hon'ble MR. INGLIS also introduced the Bill to provide for the levy on land of rates to be applied to local purposes in the North-Western Provinces, and moved that it be referred to a Select Committee with instructions to report in a week. He said that, in the temporarily-settled districts of the North-West, a cess of five per cent. on the annual value of every estate of which the settlement made under Regulation IX of 1833 had expired, was now levied under an order of the Executive Government. Section four of the proposed Bill provided that this cess should in future be levied under the authority of a legislative enactment.

Section six of the proposed Bill provided for the levy of a rate not exceeding two annas for each acre of cultivated land in the permanently-settled districts, the cess to be paid by the landlords; who would receive power to recover one-half the amount levied on the land held by tenants subordinate to them.

The Government of the North-Western Provinces, after full consideration of the subject, had decided that it was better to levy this cess by a rate on land, rather than by a rate on rent paid. The rate was so small that it could

be paid with ease on all classes of soil, and though we had a pretty accurate knowledge of the area under cultivation in the permanently-settled districts, we had no returns shewing the various kinds of soil and the prevailing rent paid on each, such as we had for the temporarily-settled districts; consequently, there would be great difficulty in ascertaining the actual rents paid, especially in villages where rents were paid in kind, and for land held as sîr; but the remarks on this subject made by His Honour the Lieutenant Governor of Bengal last week, would be carefully considered in Committee.

Section fourteen empowered the Local Government to appoint local committees for the management of this fund. We had already, in all the districts of the North-West, local committees composed of the leading Native gentlemen of the district, who were charged with the administration of the existing local funds. These committees had been established for many years, and had been found to be of the greatest assistance to the Collectors of the districts in all matters connected with the expenditure of these funds.

MR. INGLIS intended to have referred to the curious mistake he had heard stated, that the Lieutenant Governor of the North-West proposed to raise by new taxes no less a sum than £750,000; but this mistake had been so well explained by the Hon'ble Mr. Strachey, who had done it so much better than he could have done, that he should not go over the same ground.

There was, however, another statement which he had heard made several times, on which he should like to make a few remarks, which was, that the Lieutenant Governor of the North-West had taken advantage of the system introduced by the Resolution of the 14th December last, to raise by new taxes a large sum which would not otherwise have been required.

Now, he thought there was nothing in the letter of January last from the Government of the North-West which could warrant this inference. It was there stated that, during the past three or four years, the grants to the Department of Public Works, on which the permanent assignment had been based, had been from unavoidable circumstances below the actual and pressing requirements of the North-West: and that, had the old system continued in force, Sir William Muir would have felt himself bound to apply to the Supreme Government for an increase to the grants for the maintenance and repairs of existing roads, and for the construction of new ones. Under the old system, it would have rested with the Government of India to decide whether this increased expenditure could be incurred, with reference to the general income and to the wants of other provinces. That was, to decide

whether these repairs should be executed, or these new roads should be constructed.

But, as under the new system, the responsibility of maintaining this department of the public service in a proper state of efficiency had devolved upon the Lieutenant Governor, he had determined, being convinced of the urgent necessity of these works, to raise the amount required by new taxes.

The construction of three new lines of railway through the North-Western Provinces—the East Indian Railway Line, the Panjáb and Delhi line, and the Oudh and Rohilcund Railway—had completely changed the course of traffic throughout the North-West; had made many old roads useless, and had rendered absolutely necessary the construction of many new ones, if the traffic of these railways was to be developed to its full extent, and the trade of the country was to reap the full advantages of these improved means of transit.

The Hon'ble MR. CHAPMAN had recently ventured to express his apprehension as to the amount to which we were increasing the burdens of the people. He found that the total deficit in the assignment to provincial services made to the North-Western Provinces was five lákhs of rupees, and to meet these five lákhs three times that amount was proposed to be levied.

His Honour the LIEUTENANT GOVERNOR said that, on looking at the copy of the Bill which had been supplied to him, he read, on the outside, that it was a Bill for the levy on land of rates to be applied to local purposes, and inside, he found that the rate was to be levied for *provincial* local purposes. It appeared to him that the insertion of the word 'provincial' raised a large question. He was not quite sure whether the title inside the Bill was correctly printed, and whether it should not be provincial *and* local purposes. He thought that the question of raising rates for provincial purposes was a very important one: it raised a distinction of the greatest magnitude; a distinction which had been seized by the Committee which sat on this subject in the North-Western Provinces, whose report had been published. It was there pointed out that there was the greatest distinction between provincial and local purposes as applied to the Bill for the levy of rates. Rates levied for the purposes of a great Province could in no ordinary sense of the term be called local; certainly not in the sense used in the British Isles and other parts of the world. He might take it, then, that the present was a Bill to raise certain revenues, not only in the nature of local rates, but also for provincial purposes, as applied to the whole of the North-Western Provinces.

He was not going to attempt to discuss the details of this Bill; but the consideration which he wished to submit to the Council was that, in the drawing of this Bill, it did appear to him that provincial considerations prevailed to a greater extent than was desirable in the levy of rates of this description. It might be said that this was not so, because you were to devote seventy-five per cent. of the rate to the improvement of the district in which it was raised, and this local fund was to be administered through local committees. But he was inclined to think that a good deal of the objection would lie, for the character of the rate to be levied was somewhat peculiar. It was undoubtedly a very heavy rate, but a very large proportion of it was for the support of the village *chaukidárs*—two-thirds of the whole. Now, we knew that these village *chaukidárs* were necessarily in their character local, and it followed, therefore, that two-thirds of the whole rate would be necessarily expended for a local purpose. The result seemed to be, that the tax now imposed for general purposes by the cess proposed was not so heavy as it at the first sight appeared to be; that it was not in reality very much heavier than the cess which was proposed to be levied in Oudh. But there was this important difference, that in imposing a rate of five per cent., one-quarter of which might be spent for provincial purposes, you got, for provincial purposes, as large a sum as was proposed to be raised altogether in Oudh, where the rate was one and a quarter per cent. You got exactly four times the sum which you got for the same purpose in Oudh.

It appeared to him that the expenditure on account of what he might call obligatory local purposes must first necessarily be deducted, while the money available for what he might call optional and discretionary purposes, was almost entirely in the hands of the Local Government, to spend for almost any purpose. The purposes which the law left to the discretion of the Local Government were very wide: they were not only the construction and repair of roads, schools, hospitals, dispensaries, lunatic asylums, markets, wells and tanks, but any other works likely to promote the "health, comfort or convenience" of the people. He was sure that the Lieutenant Governor of the North-Western Provinces would do all he could to contribute to the health and convenience of the people; but still, almost anything might be brought under those words, and you put in the hands of the Local Government a large margin, which would enable him to do what he liked with the whole of the rates from those Provinces.

He would now say one word with regard to the administration of these funds. His Excellency the President declared, with great force and truth, that great advantage would be derived from the assistance of intelligent residents,

Natives and Europeans, in the management of these local funds. But with regard to the nature of the provision made in the Bill for local administration, His Honour thought that the Hon'ble Mr. Inglis and the Hon'ble Mr. Strachey, and other Members who had had practical experience of the working of such local Committees, would know pretty well that they had not in all cases been a very great check, and that the Magistrates had sometimes been able to do pretty much as they liked with the local funds. District officers had told His Excellency, the President, that they had found no difficulty in dealing with Native members. He thought that other members had probably found, as His Honour had in days when they were young, that the Magistrate had sometimes no trouble in being able to do pretty much what he liked with the money. He could not suppose that District officers were likely generally to do that sort of thing, and he hoped and believed they would attend to the desires and wishes of their constituents. But, at the same time, if we necessarily left it a good deal in the hands of the local officers to appoint to the committees, they were not likely to appoint Native members who would give them trouble. It might be difficult to constitute the committees otherwise; but, in respect to the area over which these committees had control, he did think that, in so far as the rate was intended to be a local rate for local purposes, and not a provincial rate for provincial purposes, it would be desirable, not only that the district committees should have something of a popular character, but that there should be local sub-committees of a still more popular character, who might administer the local funds allotted to them for strictly local purposes in which they were really interested. He feared that Indian districts were too large for local rating for all purposes, and that the greatest proportion of the tax-payers did not really look on the thing as a local tax at all. They looked upon the rate as a tax, and the thing was not brought home to their minds by a strictly local expenditure of the money for their own benefit before their own eyes. He hoped we would even come down to the formation of local unions of villages, in which it might be that local obstructions, local roads, local nuisances of all kinds in which the committees of such unions might be interested, would be improved from the money paid for local purposes, by which means he believed that the people might come to appreciate this tax: they would come to feel that it was for their own benefit, and that, so far as the local rates were concerned, they got something for their money.

HIS HONOUR was gratified to learn from the Hon'ble Mr. Inglis that, so far as could be done, the observation which HIS HONOUR had made on the subject of the imposition of the rate on area or acreage, would receive attention in Select Committee. He would now only call attention to this, that the Committee

which sat in the North-Western Provinces recommended that the rate should be assessed on the rents of the land, and not on the acreage; at least that he understood to be the result of the recommendations.

He had already noticed that two-thirds of the expenditure was not for the purposes for which local cesses were ordinarily levied, but was to be devoted to the maintenance of the village *chaukidárs*. He wished to understand whether this expenditure was to be in addition to, or in substitution for, the mode of paying for their services now obtaining. There had been a good deal of difference of opinion on this point, and he was anxious to secure this village institution to the people of the North-Western Provinces. He was extremely unwilling to see the village *chaukidár* turned into a Government officer, at an expense equal to that for maintaining the Native Army. HIS HONOUR'S view of this question had always been, that it was better to maintain the independence of an indigenous institution like the village constabulary. The village *chaukidár* was a man who served the villagers. He was paid by the people for services rendered to them, and they willingly paid a small contribution without feeling it a burden. But if you imposed a higher rate to pay a local policeman, you imposed a heavier burden on the village community, in respect of which he doubted whether the result and advantage were commensurate to the heaviness of the burden. Therefore, he was anxious to know whether this rate, so far as it applied to the maintenance of the village Police, was in addition to the burden which the village communities had hitherto borne, or whether it was in substitution of that burden, and, if so, how the substitution was to be arranged.

The Hon'ble Mr. ELLIS need hardly say that he concurred with the greater part of what had fallen from His Honour the Lieutenant Governor, in regard to the distinction between local and provincial taxation. He **thought it would be a matter for consideration whether we should not adopt the title printed outside the Bill, instead of the title as it stood inside; whether we should not declare the Bill one for the imposition of local rates, and not one for the imposition of local and provincial rates.** The same remarks which he had made with regard to the seventy-five per cent. allotment for Oudh would apply to this Bill, and he should be glad if the Committee which would be appointed to consider this Bill were not only to adopt the suggestion which had been made by His Honour as to the amendment of the title, but accept the proposal Mr. ELLIS would venture to make that, instead of only seventy-five per cent. being appropriated to local purposes, the full hundred per cent. should be so used; and that all sums levied under the Bill should be applied to the

improvement of the districts in which they were raised, and not in any other district or for the general purposes of the Government. He thought this distinction was the more important, as, under this Bill, it was proposed for the first time to tax, for local purposes, the districts in which a permanent settlement of the revenue prevailed. He thought the tax would be very easily collected if the rate-payers knew that it was for their own local benefit, and was not to be mixed up with revenue raised by the Imperial Government for imperial purposes, and if they saw that the sum raised was expended exclusively in the district in which it was raised. In this case it was much more important than in the case of Oudh to insist on this distinction.

He believed, also, that amongst the objects on which the money was to be expended was Police. He presumed that by the term Police was meant the Police of the villages. He fully concurred in all that His Honour the Lieutenant Governor had said on this point, and he trusted that an assurance would be given that it was not intended to impose a heavy tax to provide a stipendiary force in substitution of the old village Police. If the Bill was applicable to the village Police only, he thought it should be so stated therein, and that it should not be left to be supposed that we were levying local taxation to pay the district Police; an obligation which had hitherto fallen on imperial funds, and which would be henceforth discharged from the provincial assignments.

With reference to what had fallen from His Honour as to his experience that district officers did pretty much what they liked with local funds, MR. ELLIS thought there was one class of district officers to which His Honour had not referred, and that this was a large and valuable class. There were some district officers who had no difficulty in dealing with local committees, not because they carried everything their own way, but because, having consulted their local committee, they found that the very valuable advice and assistance they received from the committee enabled them to work more effectually than they would otherwise have been able to do. He was quite sure that the number of such district officers would increase; therefore he was much more hopeful than His Honour of the increasing usefulness of these local committees.

The Hon'ble SIR RICHARD TEMPLE said that, as these matters trenched on finance, there was just one topic to which he must take the opportunity of briefly adverting. He alluded to the allegation made in the letter from the Government of the North-Western Provinces, addressed to this Government in the Financial Department. The passage in question runs thus:—

“ The Resolution imposes a portion of the imperial deficit, amounting ostensibly to £48,030, on the North-Western Provinces, while there is actually devolved on these Provinces an expenditure hitherto imperial which, with the deficit, amounts to £142,079.”

Of course this passage meant that we nominally imposed upon them new taxes in respect of £48,000, but in reality we imposed upon them taxation to the amount of £142,000, or just three times that amount. Perhaps it might be considered unnecessary for him to refute this argument after what had fallen from His Excellency the President and his hon'ble friend Mr. Strachey; but as this was a matter which related to the Financial Department, he must beg to be allowed to say a few words. The argument really rested on the following passage of the letter to which he had referred:—

“The civil estimates have been retrenched to a point utterly inadequate to the requirements of these Provinces * * * the supplies necessary for the ordinary repair of main lines have been well-nigh stopped: those for the repair of buildings have been cut down, and the construction of new works, even where urgently required, has been for the most part postponed.”

This was a stock argument of every Local Government whenever we attempted to cut down their expenditure—when we told them that there was a need of our cutting our coat according to our cloth. If in any instance we failed to act up to that principle, it was because we listened to arguments of this description. The inference attempted to be drawn was, that the grants for the current year were inadequate or unfair to the North-Western Provinces as compared with other Provinces, and were less than what we should have been compelled to grant in the next year. To any such inference he begged to demur. The grants of 1870-71 were quite just, and as much as we could afford, and we did not intend, and would have refused, to give, one farthing more. That was the plain fact of the case. Well, that being the case, the amount of taxation imposed upon the Government of the North-Western Provinces was just £48,000, or, according to the corrected figures, £46,753; and His Excellency the President had already explained to-day that it was certain that, for the next year, the amount would be less than that. The demand for 1871-72 was only £18,000; but even taking it at the full amount of £46,000, that would represent the amount of burden which our present budget really imposed on the North-Western Provinces in future years. But it would never be more. Therefore, he must take this opportunity of denying most explicitly that we imposed anything more than £46,000. From the correspondence that had since ensued, it was possible that the North-Western Provinces Government might not stand by that declaration; but whether they stood by it or not, the correspondence had been published in their local Gazette and had become known to the public. Therefore, he thought it necessary, being a financial point, to take the opportunity of giving this explanation of the matter. As far as there might be a necessity of imposing additional taxation, it was not the Financial Depart-

ment of the Government of India that imposed that necessity. Even taking the estimates of the Hon'ble Mr. Inglis, the proposed License Tax Bill and local rating Bill would produce, together, something under £130,000. Then, what SIR RICHARD TEMPLE had to observe was, that if anything like that amount was raised, it was raised on the responsibility of the Local Government and its local advisers. It was not raised from any compulsion on the part of the Government of India. The utmost amount that could be raised on our compulsion was £46,000. Whatever amount was raised beyond that was raised because the local authorities believed that it could be equitably and reasonably raised. They were responsible, and not the Government of India, for every farthing that was raised beyond the £46,000.

He desired to make these observations purely with reference to the tenor of the correspondence which had been published. The really great point he wished to elucidate was this: the action now to be taken was really the action of the responsible Local Government who in their wisdom and justice believed that the amount to be raised was such as could be raised with propriety.

The Motion was put and agreed to.

LIMITATION OF SUITS BILL.

The Hon'ble MR. STEPHEN presented the report of the Select Committee on the Bill for the Limitation of Suits.

RAILWAY BILL.

COLONEL the Hon'ble R. STRACHEY moved for leave to introduce a Bill to amend the Railway Act. He said that a very few words would suffice to explain the objects of the Bill. The necessity for the amendment of the Railway Act, XVIII of 1854, had long been admitted. A Bill had been for many years before the Council, intended to bring about that amendment of the law. The Bill went before a Committee, and after having been carefully revised by them, was sent to the Secretary of State. The Secretary of State consulted the Boards of the several Railway Companies in England, and serious objection was taken to the form proposed to be given to the law. The result was that the draft was sent back by the Secretary of State for re-consideration, and it now appeared almost certain that it would be impossible to proceed with the Bill in the form in which it stood. It was difficult to make a law that would satisfy the Government and the Railway Companies, and there could be no question that a considerable length of time must elapse before any law could be passed on the subject; but various points had arisen in the administration

of Railways which would require immediate correction, and on these all parties were, he thought, agreed. It was to amend these particular points that the present Bill was proposed.

The first of these points related to the fencing of Railways, and the second related to the trespass of cattle. Another was the definition of "Local Government," the authority under which the powers of the Railway Act were exercised. Then, there was an obscurity regarding the definition of the term "Railway" itself, which it was proposed to correct; and, lastly, some alteration seemed desirable in the mode of dealing with the regulations made for the guidance of the servants of the Railway Companies. These, however, were little more than matters of detail, which, though important in their own way, did not call for any discussion of principle, and therefore it would not be necessary for him to say anything more on the subject at this time.

The Motion was put and agreed to.

PENSIONS BILL.

The Hon'ble MR. COCKERELL moved that the Hon'ble Mr. Ellis be added to the Select Committee on the Bill to consolidate and amend the law relating to Pensions.

The Motion was put and agreed to.

FINANCIAL COMMISSIONERSHIP (OUDH) BILL.

The Hon'ble MR. STRACHEY said that no notice had been given of the motion he was about to make, but the matter being somewhat urgent, he would apply to the President to suspend the Rules for the Conduct of Business, to enable him to move for leave to introduce a Bill to abolish the office of Financial Commissioner of Oudh.

The President declared the Rules suspended.

The Hon'ble MR. STRACHEY then moved for leave to introduce a Bill to abolish the Financial Commissionership of Oudh. Both the present Chief Commissioner of Oudh, and Mr. Davies, late Chief Commissioner, had come to the conclusion that, in consequence of the progress that had been made in the settlement work, and for other reasons, the considerations which formerly made it essential to have a separate Financial Commissioner for Oudh, no longer had any great force; and it was quite possible to abolish the Financial Commissionership and thus save a considerable sum of money every year. But, as the law now

stood, the Financial Commissioner virtually possessed, in certain classes of cases, the powers of a High Court, and other duties were imposed on him by law. It was necessary, before the appointment could be abolished, to provide for the disposal of the appellate jurisdiction which was now discharged by the Court of the Financial Commissioner. It was proposed to make over a portion of the work to the Chief Commissioner, a portion to the Judicial Commissioner, and a portion to the Commissioners of Divisions. There were, at the present moment, a considerable number of cases pending in the Appellate Court of the Financial Commissioner, and it was impossible that the Chief Commissioner, with all his executive duties, could himself dispose of all this business. The Bill being of a very simple character, and delay being injurious, MR. STRACHEY might, probably, at a future stage of the proceedings, ask His Excellency the President to suspend the Rules to enable the Bill to be proceeded with as quickly as possible.

The Hon'ble MR. STEPHEN desired to make an observation or two on this Bill. He had not the least doubt that this Bill was necessary, but he regarded it as a necessary evil. The law in relation to the Courts in Oudh was altogether in a most unsatisfactory state. There were at least three Acts on the subject, which it was by no means easy to understand in their relation to each other. There was, in particular, a most extraordinary provision by which the Central Provinces Courts' Act was somehow mixed up with the Oudh Courts' Act, and the result was to produce great confusion. The Bill proposed to be introduced would for a short time make that confusion worse confounded than before, and the notification would add to that worse confounded confusion. He hoped, however, in the course of the summer, to put the whole of the law relating to the Courts in Oudh into one Act of an intelligible character. Much had been said on the subject of judicial reform in the Courts; it was far too wide a subject to say anything about at the present moment. It was, however, an absolutely necessary preliminary to any judicial reform whatever worthy of the character, that the law relating to the actual existing Courts should be got into an intelligible shape. We had Civil Courts' Acts for Bengal and Bombay; we had Acts for the Panjáb; an Act for the Central Provinces, and he hoped that they would very soon have an Act for Oudh. An Act of the same sort with regard to Madras had also been under consideration. He had heard that the Madras Government felt some reluctance to have that Act proceeded with, because improvements might be introduced which would make it necessary to have a new Act. He earnestly hoped that the Madras Government would help in passing that Act and provide the Government of India with the materials necessary to put it into proper shape. Because, until we had

the whole law on the subject in an intelligible form, it was impossible to discuss the subject on general grounds, or even to consider any specific or general improvement. He thought it would be extremely desirable to get the whole law on the subject into shape, and although it was necessary to pass the present Bill, he hoped to take the earliest opportunity to consolidate the law relating to the Courts in Oudh.

His Honour the LIEUTENANT GOVERNOR wished to say a few words with regard to what had fallen from the Hon'ble Mr. Stephen. No one could be more in favour than he was of a consolidation of the law in an intelligible form, and no one could appreciate more than he did the immense service that was likely to be done to India by the Hon'ble Member who had in so energetic and vigorous a manner undertaken those duties. We might expect that, during the time the Council would be absent from Calcutta, a very large amount of work would be done by that gentleman; we could not but appreciate what had been done up to the present, and we must appreciate what might be done in the future. But only this very morning a doubt had been suggested to His Honour, with respect to the consolidation of the law as it would affect the Local Government of Bengal, whose legislative powers might be more or less affected by these measures of consolidation. The result of consolidating all the old laws and bringing them into a new law was to deprive the local legislature of all power of dealing with them in any form, a power which the existing law gave with respect to old laws of the Indian legislature, but not with respect to new laws. To put a case in point. Before the Bengal Civil Courts' Bill was passed, it was competent to the local legislature to deal with the jurisdiction and powers of Munsifs as they thought proper; but, as the law now stood, though it had been put into a more intelligible form, the result had been that the Bengal Legislative Council was totally deprived of the power of entertaining any matter connected with the powers and jurisdiction of Munsifs, even in regard to the most minute particulars. And his opinion was that, if the work of consolidation should be carried on in the same manner with the rest of the existing law, the result would be virtually to deprive the local Council of all legislative power whatever, because nothing would be left for them to legislate about except in the matter of imposing new taxation, or making laws on subjects on which nobody ever made any laws before. He therefore ventured to suggest whether, in consolidating the law, it would not be possible to make some arrangement for saving the future power of the local legislature to deal with such matters as were within the legislative capacity of that body.

The Hon'ble MR. STEPHEN said that he could assure His Honour the Lieutenant Governor that there was not the least danger of the measures of consolidation

undertaken by this Council having the effect which he had mentioned. If the Bengal legislature would undertake any work of this kind which it could undertake, the Government of India would be very glad. With regard to the Bengal Civil Courts' Act recently passed, it had been very carefully considered by the late Lieutenant Governor and the local authorities, and the views which had been expressed by the Bengal Government were most carefully considered. With regard to such matters as the jurisdiction of the Courts, there were many points which the local legislatures would be incompetent to deal with, as, for instance, the relations between the High Courts and the Subordinate Courts. Moreover, by the Acts which had been passed, large powers were reserved to the Local Governments to regulate every matter which they could have a desire to regulate. Surely it was not desirable that these matters should be left in a state of vagueness, because the Local Governments could not deal with them, and because we would not do it for fear of interfering with the legislative powers of the Local Governments. If the Local Governments would favour us with any expression of their views, he was sure that there was no desire on the part of the Government of India to interfere in the smallest degree with their action. With regard to the Bill for Madras, he might mention that it was taken up by the Executive Government at the express desire of the Madras Government, because they had not the power to deal with the subject. If these matters were to be put into shape, the Government of India was the only authority that could do it, because they were subjects which interfered more or less with the functions and jurisdiction of the High Courts.

The Motion was put and agreed to.

The following Select Committees were named :—

On the Bill to provide for the levy of rates on land in Oudh—The Hon'ble Messrs. Stephen, Ellis, Cockerell and Inglis, and the Mover.

On the Bill for imposing a duty on certain trades and dealings in the North-Western Provinces and Oudh—The Hon'ble Messrs. Strachey, Stephen, Ellis, Chapman, Bullen Smith, Cockerell, Cowie and Robinson, and the Mover.

On the Bill to provide for the levy on land of rates to be applied to local purposes in the North-Western Provinces—The Hon'ble Messrs. Strachey, Stephen, Ellis, Chapman, Cockerell and Robinson, and the Mover.

The Council adjourned to Friday, the 24th March 1871.

CALCUTTA, }
The 18th March 1871. }

WHITLEY STOKES,
Secy. to the Govt. of India.