

Friday, March 25, 1870

ABSTRACT OF THE PROCEEDINGS

COUNCIL OF THE GOVERNOR GENERAL OF INDIA

LAWS AND REGULATIONS.

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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 Friday, the 25th March 1870.

P R E S E N T :

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

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

The Hon'ble John Strachey.

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

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

The Hon'ble Gordon S. Forbes.

The Hon'ble D. Cowie.

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

The Hon'ble Francis Steuart Chapman.

The Hon'ble J. R. Bullen Smith.

The Hon'ble F. R. Cockerell.

PAPER CURRENCY BILL.

The Hon'ble SIR RICHARD TEMPLE, in moving for leave to introduce a Bill for the further amendment of Act No. XIX of 1861, said—

“The point of amendment will be found on reference to section X of the said Act, which runs thus—

‘The whole amount of the bullion and coin so received for notes shall be retained and secured to pay such notes, with the exception of such an amount not exceeding four crores of rupees such as the Governor General in Council shall fix. The amount so fixed shall be invested in Government Securities.’

“The limit of investment then is fixed by law at four crores of rupees, or four millions sterling. We now propose to increase that limit to six crores or six millions. Before explaining the grounds of this proposal, I should state that it has received the express sanction and approval of the Secretary of State.

“In order to make the above grounds clear, I must ask the Council to revert to the principles on which our Paper Currency was established. These principles will be seen from the following extracts.

“ In March 1860, the Secretary of State, addressing the Government of India, wrote :—

The sound principle for regulating the issue of a paper circulation is that which was enforced on the Bank of England by the Act of 1844, *i. e.*, that the amount of notes issued on Government Securities should be maintained at a fixed sum, within the limit of the smallest amount which experience has proved to be necessary for the monetary transactions of the country; and that any further amount of notes should be issued on coin or bullion, and should vary with the amount of the reserve of specie in the Bank, according to the wants and demands of the public.

‘ The important condition is thus realised, that the mixed currency of notes and coin should vary in quantity exactly as if it were wholly of coin.

‘ In this country the smallest amount of notes required had been ascertained by long experience; but what that quantity may be in India, can only be ascertained in like manner; and as it is impossible, at present, to say what the minimum amount of notes in India will be, the proceedings for determining this point must necessarily be tentative and experimental.’

* * * * *

‘ As the circulation of notes is extended beyond the immediate neighbourhood of Calcutta (and the advantages to be derived from the system will be very incomplete until this is done), a much larger amount of notes will be required; and under those circumstances, the limit of the fixed amount may be raised. But as this should only be done after full experience of the working of the system, I think it better that any change should be made, either by legislative enactment at the time, or by an order of Government, with the sanction of the Secretary of State in Council, to be published in the Gazette, power for doing this being contained in the Act which may be passed on the subject.’

“ Subsequently, in 1861, the following year, the Secretary of State addressed the Government of India further as follows—

‘ 4. The principle now adopted is that on which the currency of this country is based, namely, that a fixed amount of notes should be issued on Government security, and any amount beyond that should be issued on bullion or coin. The result will necessarily be, not that the quantity of paper in circulation is identical with the quantity of coin which would otherwise exist in the country, but that the variation in the quantity of paper and coin together corresponds with the variation which must have taken place if the circulation had been altogether of coin.’

“ Next, inasmuch as my predecessor, Mr. Laing, took special interest in the existing system of our Paper Currency,—indeed, it was under his auspices that the present law was framed—it is important to see what he recorded at the time. In 1861 he wrote thus :—

‘ This majority has, however, been divided into two sections, one who hold that, to the condition of convertibility must be added that of absolute identity with the metallic circu-

lation which it displaces; and that these two conditions can only be secured by making all Paper-issues the representatives of actual coin or bullion in the vaults of the Bank or Treasury, beyond a certain fixed issue, strictly limited within the bounds to which experience has shown that no conceivable contraction of the currency can approach.'

* * * * *

'I assume, therefore, that, in accordance with the opinion intimated by Sir C. Wood, the first consideration, in introducing a system of Paper Currency in India, must be to place its convertibility beyond question.

'For this purpose, I know of no other means than to adopt the principles of the English currency-laws, limiting the amount of fixed *minimum* issue for India to a figure which experience may show to be clearly within the mark to which the Paper circulation can be reduced under any conceivable circumstances.

'The present authorized issues of the three Chartered Banks of India are £5,000,000, *viz.*—

Bank of Bengal	...	...	... £ 2,000,000
" Bombay	...	...	... ,, 2,000,000
" Madras	...	...	... ,, 1,000,000

• The actual issues are—

Bengal	...	...	£ 1,964,000
Bombay	...	...	1,087,000
Madras	...	...	266,000
TOTAL	...	...	<u>£ 3,317,000</u>

'Against which, by the charters, one-fourth must be held in specie, leaving £3,750,000 as the amount which may be issued against securities* ; and the lowest amount to which the issues were ever reduced during the mutinies was, I am informed, about £2,000,000.†

† The lowest issue of Bank of Bengal was £1,030,000.

'I think it would be unsafe, with our present information, to assume a much larger amount than that of the present authorized Bank-circulation as the *minimum* limit which it was prudent to issue, against anything but actual coin or bullion; and even this limit should only be approached gradually and with due caution. No doubt this limit may be exceeded in course of time, as the Paper-circulation becomes generally adopted; but it will always be possible to amend the Act, and India has a right to know that the limit which has been fixed upon as safe under existing circumstances, shall not be exceeded on merely speculative grounds, or without a formal application to the Legislative Council for a fresh Act, giving time for reflection and opportunity for discussion.'

"Such then being the principles on which the present law was framed, I have to explain why the limit which it imposed, of four crores for the investments, ought to be extended to six, in accordance with those principles, it having been acknowledged, at the time, that the original limit was only experimental and might thereafter be raised according as circumstances might warrant.

"I have shown that the prescribed and established basis of our Paper Currency in India is this,—that the lowest amount be estimated to which, according to all reasonable experience, the Paper Currency might be expected to fall; tha' a

portion of the money paid in exchange for the notes be invested in Government Securities up to the above amount, and that all notes above that amount must be issued against cash and bullion alone. The question, therefore, now would be this,—what, under the circumstances of the currency, is the lowest amount to which our circulation could reasonably be expected to fall? Then, given that amount, are we not justified in investing up to that limit?

The four millions limit set forth in Act XIX of 1861 was necessarily assumed on the data of the known circulation of the three Presidency Banks in previous periods (the right of issuing currency-notes was transferred from 1st March 1862 from these Banks to the State). It was considered, in the circumstances of that day, that the circulation could not be reasonably expected to fall below four millions.

“Now, since 1861, what has been the circulation of the Government Paper Currency? I give the amounts of average circulation year by year in millions and fractions of millions:—

	Millions.						
	£						
1862-63	4.42
1863-64	5.23
1864-65	6.88
1865-66	7.73
1866-67	8.99
1867-68	9.29
1868-69	10.14
1869-70 to date	10.63

“For the current official year 1869-70, the amounts have been—

	Rs.						
7th April	9,74,25,840
“ May	9,83,96,380
“ June	10,72,97,130
“ July	10,72,53,300
“ August	10,41,63,350
“ September	10,07,65,210
“ October	10,39,10,060
“ November	10,97,12,600
“ December	11,33,83,900

“In round numbers our circulation has touched $11\frac{1}{2}$ millions. It has risen from $3\frac{1}{2}$ millions in March 1862 to $11\frac{1}{2}$ at the end of December 1869; in other words, it has increased by $7\frac{1}{2}$ millions in eight years. And though there have been, and are, fluctuations, still, on the whole, the increase has been steady and progressive.

“Within the same period, of course, the public revenue, the private wealth, the internal traffic, the external commerce, the monetary transactions of the country have proportionally increased. In fact, the increase of the note-circulation is only an index or consequence of the increase in all these other respects. When we remember that since the Paper Currency was set in motion, the external traffic of the country has increased by some forty millions sterling of annual value; that an internal traffic by rail of six millions of tons annually has arisen; that the public revenue and the public expenditure have increased each by ten millions; that some fifty millions sterling of British capital have been expended in India; that the banking-business of the country has increased beyond calculation—, we see that the development of the Paper Currency has only kept pace with the general improvement of the country.

“Against a circulation of upwards of eleven millions, we have a reserve in Government Securities of four millions, and a reserve in cash and bullion of more than seven millions. According to the experience of other countries possessing a Paper Currency, I should say that, in India, the reserve in Government Securities bears a somewhat unduly small proportion to the reserve in cash and bullion. In other words, the Government in this country is hardly deriving from its Paper Currency the full advantage to which it is entitled.

“Under these circumstances, what is the lowest amount to which our circulation could reasonably be expected to fall? It might readily be expected to decrease under certain contingencies by two or even three millions; say it might possibly decline to eight millions. But it is difficult to anticipate its declining to five or even to six millions. This would represent a fall of fifty per cent. There has never been an instance of any such fall since we have had a Paper Currency. And this, too, notwithstanding that we have passed through political convulsions. For instance, in the period of the mutiny and rebellion of 1857, the annual average of the circulation of Bank of Bengal notes was £1,524,000, against £1,471,000 in 1856; £1,443,000 in 1858; £1,400,000 in 1855; and £1,717,000 to £1,825,000 during May to August 1867; *i. e.*, it was highest in the worst months of the mutiny. After the fall of Delhi in September 1857, the circulation declined owing to a depression of trade, and it continued depressed up to February 1858, and fell again in June 1858.

“The statistics of the Currency Note circulation are still more encouraging, the fluctuations in any year having been generally within the amount of increase of that twelve-month over the previous year, as may be seen from

the Statement which I shall now read. The figures represent millions and fractions of millions.

Currency Note Circulation.

	At the end of the first month of the year.	DURING THE YEAR.	At the end of the last month of the year.	Monthly average for the year.
	£		£	£
1862-63	4.10	Progressive	5.13	4.43
1863-64	5.01	Stationary till 31st October, when it was... £ 5.63	5.68	5.23
		29th February 1864	5.08	
1864-65	6.04	Progressive	7.48	6.88
1865-66	7.46	Progressive till 30th September, when it was	7.02	7.73
		28th February 1866	6.87	
1866-67	7.87	Progressive to 30th November, when it was	8.09	8.99
		31st March 1867	8.09	
1867-68	7.84	Progressive till 31st December, when it was	9.07	9.29
		31st March 1868	9.07	
1868-69	8.92	Progressive till 31st October, when it was	9.96	10.14
		31st January 1869	10.20	
		28th February	10.63	
1869-70 to date.	9.80	Progressive till 30th June, when it was	11.31	10.53
		30th September 1869	10.18	
		31st October 1869	10.76	

"It is seen that, in 1866-67, there was a sudden fall of two millions, but it was the mere collapse after a casual inflation, the amount to which the circulation fell up to 30th April 1867 being still four-fifths of a million in excess of the circulation on 30th April 1866.

"In 1865-66, a fall of one million after the 30th September of that year did indeed reduce the circulation to an amount less by £600,000 than that of 30th April 1865, but coincidentally with this fall, the following amounts of silver-bullion were lying in the Currency Department, viz.—

(Millions and fractions of millions.)

	£
On 30th September 1865	1.26
" 31st October "	1.26
" 30th November " ... ..	.96
" 31st December "	1.54
" 31st January 1866	1.12
" 28th February "	1.08
" 31st March "	1.01
" 30th April " ... ..	.35

"The pressure on the occasion above alluded to occurred in December of 1865, in the Christmas season. But probably it would not have been felt had the bullion been available as coin.

“Moreover, the circulation of 31st December 1869 exceeds that of 30th April 1866 by four millions, while the amount of the invested reserve is the same as in the latter year.* The silver-bullion in the Currency Department on the last day of each month in 1869 has been as follows:—

January	...	...	...	...	1·49	July	...	...	...	...	1·58
February	...	...	...	...	2·10	August	...	...	...	...	·99
March	...	...	...	...	2·09	September	...	...	...	...	·98
April	...	...	...	...	2·42	October	...	...	...	...	1·51
May	...	...	...	...	2·37	November	...	...	...	...	1·58
June	...	...	...	...	2·07	December	...	...	...	...	1·45

This amount of bullion is unduly high, and we may have to issue orders for a portion of it being coined.

“If, then, we cannot reasonably apprehend the currency-note circulation falling to six millions, we might legitimately, under the fundamental principle of the Paper Currency, ask for power to invest up to that amount. But if we hesitate to invest up to that amount at present (as I should hesitate), we might at all events invest up to nearly five millions.

“Supposing the average circulation to be standing at not less than eleven millions with investments up to five millions; then, of the total reserve, there would be 46 per cent. in securities and 54 per cent. in cash and bullion. In that case the proportion of securities would be moderate, and the proportion of cash and bullion strong. In England the total reserve of securities represented, on 31st December 1865, 51 per cent.; on 31st December 1866, 46 per cent.; on 31st December 1867, 42 per cent.; while that of cash and bullion on those dates represented 49, 54 and 58 per cent., respectively, of the total circulation.

“As already stated, I would not exercise the power of investing, if it were given us, up to the full amount immediately. I would do so gradually. For some time to come it might not be desirable to go beyond five millions. But as it might be expedient that such application to the Legislature should be rare, I would ask that the limit be extended to six millions.

“In order to show how careful and tentative our practice has been in making these investments hitherto, and how fully we may be trusted to

* This is correct, notwithstanding the fact that we have recently invested more than half a million. In 1865-66 the invested reserve was four millions. Then half a million of that was gradually sold. We have since invested half a million, bringing up the amount again to four millions.

continue to proceed with equal caution, I would offer the following states of the fluctuations of the reserve in Government securities from 1862 to 1869 :—

April 1862	...	...	...	...	Rs.	40,00,779
May to October, inclusive, 1862	...	...	...	...	"	43,48,861
November 1862 to March 1863	...	...	...	...	"	68,48,861
April and May 1863	...	...	...	...	"	67,24,580
June 1863	...	...	...	...	"	89,24,580
July "	...	...	...	...	"	89,05,753
August and September 1863	...	...	...	...	"	95,44,078
October 1863	...	...	...	...	"	1,10,44,078
November "	...	...	...	...	"	1,92,15,729
December 1863 to February 1864	...	...	...	...	"	2,00,65,770
March 1864	...	...	...	...	"	2,48,72,787
April "	...	...	...	...	"	2,70,16,986
May to December 1864	...	...	...	...	"	3,03,95,011
January to March 1865	...	...	...	...	"	3,57,45,011
April to August "	...	...	...	...	"	3,98,01,961
September 1865 to May 1866	...	...	...	...	"	3,98,02,532
June 1866	...	...	...	...	"	3,89,55,182
July "	...	...	...	...	"	3,88,37,833
August "	...	...	...	...	"	3,71,32,135
September 1866	...	...	...	...	"	3,64,62,304
October to December 1866	...	...	...	...	"	3,64,29,410
January 1867	...	...	...	...	"	3,36,59,923
February "	...	...	...	...	"	3,36,07,229
March 1867 to May 1868	...	...	...	...	"	3,25,20,548
June to September "	...	...	...	...	"	3,25,84,956
October 1868	...	...	...	...	"	3,30,10,686
November "	...	...	...	...	"	3,72,80,061
December 1868 to February 1869	...	...	...	...	"	3,01,73,228
March and April 1869	...	...	...	...	"	3,91,30,061
May 1869	...	...	...	...	"	3,95,51,348
June "	...	...	...	...	"	3,97,61,992
July "	...	...	...	...	"	3,99,72,635

"It will hence be seen that the securities gradually rose in amount from half a million in 1862 to four millions in 1866. Then they fell gradually to 3½ millions in 1868. After October 1868, they gradually increased again to close on four millions, the legal limit.

"Such, then, are the reasons why I propose to raise the limit from four to six crores of rupees, or from four to six millions sterling.

"There is another proposed amendment in the Act which I may briefly explain; it is this: In certain sections of the Act, it is said that the Mint Master may be the Head Commissioner. Doubtless, it was not the intention

of the law that the Mint Master must always be the Head Commissioner. Still, while these words remain as they are, it may be often understood that the Mint Master generally ought to be the Head Commissioner. But in reality there is no necessary connexion between the Mint and the Paper Currency Department. The Mint Master may, and often does, make a good Paper Currency Commissioner; but he has no special qualifications for this work; and he has to perform it in addition to his proper duties. As the Currency work more properly pertains to officers who have received training in the Finance and Account Departments, it may often happen that the work can be best entrusted to those officers. I therefore propose to omit the words in question from the Act, and to leave the Government quite free to nominate whom it sees fit for the Head Commissionership.

“There is one more amendment which I may mention, which is this.

“Though there may be nothing in the Act to prevent the Commissioner holding the currency-reserve in the hands of any officers subordinate to him for that purpose, but sanction seems necessary to the deposit of bullion-reserve in the hands of the Mint Master for coinage purposes, and if it be determined to distribute a portion of the reserve in important Mofussil treasuries, in order to cash notes for the convenience of the public, it might be well to take advantage of this Bill to introduce a clause empowering the Head Commissioner or Commissioner to hold a certain portion of the reserve or unissued notes at any Government treasury fixed with the approval of Government, for the purpose of affording greater facilities to the public for the issue or encashment of notes, provided that all such notes or coin so deposited shall be held at the sole disposal of the Currency Commissioner, and shall never be used for any other purpose than those allowed by Act XIX of 1861, and shall be separately held from all other Government moneys, and shall be subject to such rules for custody and verification as the Head Commissioner, with the approval of Government, may from time to time appoint.”

The Motion was put and agreed to.

LAND ACQUISITION BILL.

The Hon'ble MR. STRACHEY presented the Report of the Select Committee on the Bill to consolidate and amend the law for the acquisition of land needed for works of public utility.

NATIVE PASSENGER SHIPS BILL.

The Hon'ble MR. CHAPMAN presented the Report of the Select Committee on the Bill to make further provision for the regulation of Native Passenger Ships.

ELPHINSTONE LAND AND PRESS COMPANY, LIMITED, BILL.

The Hon'ble MR. CHAPMAN, in moving for leave to introduce a Bill to enable the Elphinstone Land and Press Company, Limited, when in voluntary liquidation, to sell their property to Government, said that this property had been reclaimed by the Elphinstone Company from what was formerly a noisome portion of the foreshore of the harbour of Bombay. The Company was formed in 1858, and was called after the lamented Lord Elphinstone, than whom, he (MR. CHAPMAN) humbly ventured to think, a braver gentleman or a wiser Ruler never governed an Indian Presidency. In 1862, the Company entered into an agreement with the Government to provide upwards of one hundred acres of land for the terminus of the Great Indian Peninsula Railway and other purposes. In return they obtained the right to reclaim from the sea, for their own advantage, about two hundred and fifty acres. At first sight, and, in a simple business-point of view, the bargain was an exceedingly favourable one for Government. They conceded what to them, in its natural state, was quite valueless, and in return obtained property which they were bound to provide for the Railway, and which was estimated to have cost over three hundred thousand pounds to reclaim. He (MR. CHAPMAN) had said that the bargain was a good one, viewed in a purely commercial light; but, politically, it was unquestionably a mistake. By it the Company secured a monopoly of the harbour-frontage immediately opposite the Native town, and were in a position to subject a very considerable portion of the entire trade of the port to wharfage and other dues. He ought to mention that the Government had the foresight to reserve to themselves the right to regulate the rates at which these dues were to be levied. But the transaction was nevertheless one which should not have been entered upon; and for the sake of obtaining an immediate pecuniary advantage, however large, the Government should not, in the interest of the public, have allowed the foreshore to pass out of their possession, and have given the Company so dominant a position. Shortly after the contract had been entered upon, an unexampled tide of prosperity set in to Bombay, owing to the American war, and to the stimulus consequently given to the cotton-trade. The Company, the managers of which were the enterprising firm of Messrs. W. Nicol and Co., set to work with their able and energetic Engineer, Mr. Ormiston, to carry out

their contract. He (MR. CHAPMAN) supposed this country had never witnessed such extraordinary vigour in the prosecution of any public work as was then displayed. Gangs of stalwart Chinese labourers were imported, a fleet of barges was constructed on the most improved principles to bring earth from the other side of the harbour, and a regular service of trains was established to bring in material from Coorla on the main land. In short, everything that a combination of capital, skill and energy could do was done. In the meantime the speculation-mania rose to its height, shares in Companies of all kinds and descriptions commanded ridiculously high prices, and, in common with those of the wildest schemes, the shares of this solid *bona fide* Company reached quite a fabulous premium—at one time, he believed, as high as eighteen thousand pounds. As the Council were aware the era of prosperity was not of long duration, and a time of humiliation was at hand for Bombay. Consequent, mainly, on the cessation of the American war, and the extent to which insane speculation had been carried, the whole trade of the place collapsed, and the ruin became general. The property of the Company participated in the general depreciation; and the shares fell to fifty per cent. discount. In the meantime the Company had almost entirely completed their agreement with Government. Out of a subscribed capital of two millions one hundred and sixty thousand pounds, one million two hundred and eighty thousand had, at this time, been paid up, and had been nearly all expended. The Company felt it would be impossible in the then state of affairs to call in the remainder of their subscribed capital. There could be no doubt that, in the year 1866-67, the Company were in considerable difficulty. Government were applied to for assistance, which resulted, he (MR. CHAPMAN) believed, ultimately in a loan of one hundred thousand pounds. During the last two years the value of the stock had revived; and the Company had now agreed to sell their entire property to Government at the par value of the paid-up capital, such value to be paid in four per cent. stock at the price of ninety-three. He understood it would be necessary to issue stock to the amount of one million seven hundred thousand pounds, which, at ninety-three, would represent one million eight hundred and thirty thousand. In consideration of this outlay, Government would secure, he believed, a property of two hundred and fifty-nine acres that had already been reclaimed, inclusive of the one hundred and twelve acres agreed upon in the first instance to be reclaimed for the Railway Company. A further expenditure of about a million would be required to complete the project as originally designed. Looking to the vast commerce that was now certain to concentrate in Bombay, consequent on the opening of the Suez Canal and the completion of the Railway system, the advantage to the

public of this fine property, with its extensive water-frontage and facilities for the construction of docks, being in the hands of Government, was great. He understood the idea was that its management should be placed under a Trust, and he thought there was little fear of the State revenue suffering any eventual loss from this investment. He had mentioned these particulars, because he thought it would be interesting to do so. But in point of fact this Council had nothing to do with the past history of the property, or with the policy of the Executive Government in purchasing it. All they were asked to do was to formally ratify, by an enactment, the purchase that had been agreed upon. The Law Officers had expressed a doubt whether, in the absence of an express enactment, Voluntary Liquidators could carry out the sale in the manner proposed, and considered that dissentient shareholders might appeal to the interference of the Court. He wished to explain that there was nothing in this Bill to interfere with the volition of the shareholders. Dissentients, as the law now stood, could not prevent the majority from selling the property if they chose to do so; but they might perhaps prolong the proceedings by objecting to the manner in which payment had been arranged. Hence the necessity for the present Bill being brought under the consideration of the Council.

The Motion was put and agreed to.

The Hon'ble Mr. CHAPMAN having applied to His Excellency the President to suspend the Rules for the Conduct of Business,

The President declared the Rules suspended.

The Hon'ble Mr. CHAPMAN then introduced the Bill and moved that it be taken into consideration. He said that, as he had already endeavoured to explain, this Bill was of an entirely technical character. It had been drawn in consultation with, and with the concurrence of, the legal advisers of the Company, and it had for its object the formal ratification of a transfer of property which both parties were desirous to effect. They, as he had already said, had no concern whatever with the considerations which had induced the Government on the one hand, and the Company on the other, to enter upon this transaction. The Bill would authorize the Voluntary Liquidators to receive payment for the property in the form of Government paper, and would prevent dissentient shareholders taking exception to this procedure and appealing to the Court.

The Hon'ble Mr. STEPHEN said there was just one point which he wished to mention. It might appear rather remarkable that this Bill was not intro-

duced in the legislature at Bombay; but the reason of this was that the effect of the Bill would be to interfere to a certain extent with the jurisdiction of the High Court of Bombay, which interference was beyond the competency of the Council at Bombay. As the Hon'ble Mr. Chapman had pointed out, it would produce no difference if this Bill were passed by the local Council, except the delay which a single dissentient shareholder might cause (he would have no power to prevent it) by instituting proceedings in the High Court of the Presidency.

The Hon'ble SIE RICHARD TEMPLE said that the arrangement which the Hon'ble Mr. Chapman had described would not involve any annual charge on the general revenues of the country: the charge would be transferred to the Bombay Harbour Trust Fund.

His Excellency THE PRESIDENT said that the negotiations between the Supreme Government and the Government of Bombay, were conducted on the distinct basis that, if the purchase was effected, such measures would be taken by the Bombay Government as would be necessary to secure the payment of the interest of the loan and the creation of a Fund for the gradual extinction of the capital from the Port and Harbour Fund of Bombay, so that, in lending the money, the Government of India did not intend to throw any charge on the general revenues of the country.

The Motion was put and agreed to.

The Hon'ble MR. CHAPMAN also moved that the Bill be passed.

The Motion was put and agreed to.

LOCAL PUBLIC WORKS BILL.

Colonel the Hon'ble R. STRACHEY, in moving for leave to introduce a Bill to facilitate the construction of works of public utility from Local and Municipal Funds, said that, during the last few years, the Government of India had frequently been asked by the various Local Governments to make advances for works of local improvement. In many cases these proposals had been made for State money for carrying out works of local improvement in towns: in several cases the object to be effected had been the improvement of water-supply; in other cases, it had been to improve drainage. Occasions also had occurred in which the Local Governments had asked the assistance of the Government of India in carrying out other improvements. The Madras Government had asked and obtained assistance in carrying out the excavation of a canal called the East Coast Canal, which made a communication between Madras and the districts to the north and south of that city, and admitted of permanent naviga-

tion along the Coast during that time of the year when the sea coasting trade would be stopped. There had been other cases in which small demands had been made on the Government of India. In almost all, sufficient grounds had been shown for making such advances, and the Government of India had never hesitated in assisting the Local Governments when satisfactory reasons had been established. But it had been ascertained that, in almost every case, excepting those of the Municipalities established for managing the Presidency towns, the Municipal bodies had not the power of legally entering into obligations under which they could raise money by law. These bodies were administrative authorities appointed to manage Local Funds, and had no power to deal with anything but the revenue that came into their hands year by year. The consequence was that the Government of India, in making these advances, had in reality no security for the loans it made to such bodies. It was the desire of the Government of India to do everything in their power to facilitate the carrying out of works of local public improvement, and with this object it had been considered desirable to obtain by law proper power for enabling the local bodies in various parts of the country to enter into agreements with the Government of India for the purpose of obtaining loans for carrying out such works. The Bill was intended to provide for this object.

REGULATIONS AND ACTS LOCAL EXTENT BILL.

The Hon'ble MR. COCKERELL introduced the Bill to consolidate and amend the law relating to the local extent of the general Regulations and Acts and to the local limits of the jurisdictions of the High Courts and the Chief Controlling Revenue Authorities, and moved that it be referred to a Select Committee with instructions to report in six weeks. He said that the Bill purported to effect a complete consolidation of the existing law regarding the operation of the general Regulations and Acts, and the local limits of the jurisdictions of the highest Courts of Judicature and the Chief Revenue Authorities. That law at the present time was spread over upwards of fifty enactments. As from time to time it had been found necessary to extend the operation of the general Regulations to any fresh territory or to exclude from such operation some tract formerly subject thereto, the extension or exclusion had, in each case, been effected by special legislation. The result of this process was that the Statute-book had been greatly encumbered with enactments of this class, and the ascertainment of the fact of the legal application of a particular Regulation to any place involved the labour of a vast amount of research; whilst, in some cases—as for instance that of the Dehra Doon District, to which he made particular reference when asking leave to introduce this Bill—the ambiguity

engendered by repeated legislation in this direction regarding the same tract of country had caused the long-continued misapplication of the law by the judicial authorities. As regarded the territories subject to the control of the Lieutenant Governors of Bengal and the North-Western Provinces and the Madras Presidency, where the area within which the general Regulations were not in force was comparatively small and briefly definable, the object of the Bill was more conveniently and succinctly attained by a detailed specification of the portions of those territories to which the general Regulations did not apply. The first three schedules, consequently, were framed in accordance with this view. The circumstances of the Bombay Presidency, however, did not admit of the adoption of a similar course. In the case of the territories belonging to that Presidency, the application of the general Regulations had been of a very piece-meal character; in no district, apparently, had such application been universal. It had been confined to specified divisions of each district, and the detailed mention of these divisions, which formed the subject-matter of the fourth schedule, could not be avoided. It was to this clause alone that the Bill owed its somewhat cumbrous proportions. It might be objected, in reference to this circumstance, that the design of the Bill being to consolidate and condense the existing law, very little was gained where such lengthened recapitulations as were embraced in the fourth schedule were necessary. The answer to this was, that the scheme of the Bill being of general application, it would have been incomplete if its reference to any particular Presidency had been omitted; and although, on the score of brevity, the gain was far less than in the case of the other Presidencies, yet even in this respect some not inconsiderable advantage was secured by the proposed consolidation; for, as under the existing arrangement of the law there was a double reference to places to which the general Regulations were formerly extended, and which had been subsequently removed from their operation, the effect of the Bill would be to get rid of this double reference; and thus far at least to shorten the provisions of the law on this subject. It could with much reason be urged that a measure of this kind, so far as it related to the minor Presidencies, involving as it did purely local details, and consequently more fit to be dealt with by local experts, should be left to the Local Councils. That course would certainly, for many reasons, be more convenient, but there were legal difficulties in the way of its adoption which were insuperable. The first of these had already been alluded to by his hon'ble friend (Mr. Stephen), in reference to another Bill which had today been under consideration. It was that the Local Councils were not competent to vary or affect by their legislation the jurisdiction of the High Courts. Owing to the legal disability, from this cause, of the

Local Council, to legislate in a matter of this kind, it was found necessary, about two years ago, to pass in this Council an Act for removing certain places in the Bombay Presidency from the operation of the general Regulations. The other obstacle to local legislation in this direction was the want of power in the Local Council to set aside or alter any Act passed by the Imperial Legislature since 1861. The Act which he (MR. COCKERELL) had just referred to as passed by this Council in 1868, and which it was now proposed to repeal in this Bill, could not have been touched by the Local Council; hence the work of consolidation to be effected by this Bill, even if it could have been undertaken by the Local Council, must necessarily have remained incomplete. There were some other provisions of the Bill which, perhaps, called for explanation, as having apparently no connection with its general purport. He referred to sections 15, 16 and 17. The substance of these sections had been introduced into several Acts, from time to time enacted for the purpose of removing certain tracts of country from the operation of the general Regulations. For the purpose of consolidation, it was now proposed to repeal these several repetitions of the same subject-matter, substituting therefor the sections to which he had referred. The present measure was intended merely to affirm the results of past legislation in regard to the local limits of the general Regulations and the jurisdiction of the High Courts and Chief Revenue Authorities. He (MR. COCKERELL) was not prepared to say that the Bill now before the Council accurately fulfilled this intention. If it was referred to a Select Committee, the first step would be to consult the several Local Governments. The aid of local experience was essential to the correct adjustment of the details of the proposed enactment.

The Motion was put and agreed to.

GOVERNMENT RAILWAYS BILL.

Colonel the Hon'ble R. STRACHEY, in moving for leave to introduce a Bill to apply the provisions of Act No. XVIII of 1854 to Railways belonging to, or worked by, Government, said that it had been brought to the notice of the Government of India within the last few days, that the language of the Railway Act was such as to render it inapplicable to Railways belonging to, or worked by, the Government. There was no intention in this Bill to alter in any way the law relating to Railways: all that was proposed was so to modify the language of the Act as to make it applicable, in all cases, to Government Railways, precisely on the same principle as it now applied to Railways belonging to or worked by Companies. Under these circumstances he would give notice, now, that it was his intention at the next meeting to ask His Excellency

the President to suspend the Rules for the Conduct of Business, in order to admit of the Bill being then passed. At the present time he (COLONEL STRACHEY) might say that the Calcutta and South-Eastern Railway, leading to Port Canning, was practically, as he believed, under no law whatever, and it was evidently desirable that that condition of things should not be allowed to continue.

The Motion was put and agreed to.

INDIAN WEIGHTS AND MEASURES BILL.

Colonel the Hon'ble R. STRACHEY also presented the Report of the Select Committee on the Bill to regulate the Weights and Measures of British India.

The following Select Committee was named :—

On the Bill to consolidate and amend the law relating to the local extent of the general Regulations and Acts, and to the local limits of the jurisdictions of the High Courts and the Chief Controlling Revenue Authorities—The Hon'ble Messrs. Stephen, Gordon Forbes and Chapman and the Mover.

The Council adjourned to Friday, the 1st April 1870.

WHITLEY STOKES,

*Secy. to the Council of the Govr. Genl.
for making Laws and Regulations.*

CALCUTTA, }
The 25th March 1870.