

Friday,
10th March, 1882

ABSTRACT OF THE PROCEEDINGS

OF THE

Council of the Governor General of India,

LAWS AND REGULATIONS

Vol. XXI

Jan.-Dec., 1882

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ASSEMBLED FOR THE PURPOSE OF MAKING

LAWS AND REGULATIONS.

1882.

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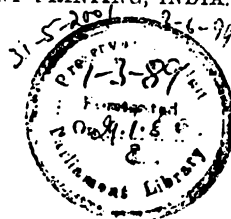
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Abstract of the Proceedings of the Council of the Governor General of India, assembled for the purpose of making Laws and Regulations under the provisions of the Act of Parliament 24 & 25 Vic., cap. 67.

The Council met at Government House on Friday, the 10th March, 1882.

PRESENT :

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

His Honour the Lieutenant-Governor of Bengal, K.C.S.I.

His Excellency the Commander-in-Chief, G.C.B., C.I.E.

The Hon'ble Whitley Stokes, C.S.I., C.I.E.

The Hon'ble Rivers Thompson, C.S.I., C.I.E.

The Hon'ble J. Gibbs, C.S.I., C.I.E.

Major the Hon'ble E. Baring, R.A., C.S.I., C.I.E.

Major-General the Hon'ble T. F. Wilson, C.B., C.I.E.

The Hon'ble Mahárájá Jotindra Mohan Tagore, C.S.I.

The Hon'ble L. Forbes.

The Hon'ble G. H. P. Evans.

The Hon'ble C. H. T. Crosthwaite.

The Hon'ble A. B. Inglis.

The Hon'ble Rájá Siva Prasád, C.S.I.

The Hon'ble W. C. Plowden.

The Hon'ble W. W. Hunter, C.I.E., LL.D.

The Hon'ble Sayyad Ahmad Khán Bahádúr, C.S.I.

The Hon'ble Durgá Charan Láhá.

The Hon'ble H. J. Reynolds.

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TARIFF BILL.

Major the Hon'ble E. BARING moved that the Bill to amend the law relating to Customs-duties and for other purposes be taken into consideration. He said that he desired, with the President's permission, to postpone what he wished to say on the Bill to a later stage of the discussion.

His Excellency THE PRESIDENT said that he just wished to say, reserving to himself the right to speak at the end of the discussion, that, although there were, technically speaking, three Bills before the Council, it would probably be more convenient for the conduct of the debate that the general discussion upon

the proposals should be taken up upon the first Bill. It might not be perfectly regular; but it would be certainly more convenient, and therefore he trusted that hon'ble members would consider the discussion as now open upon the general subject as a whole.

The Hon'ble MR. REYNOLDS said that he did not propose to attempt any detailed criticism of the Financial Statement which had been laid before the Council, but he should wish to be permitted to say a few words on some of the leading features of the scheme, and especially on those portions of it which more particularly affected that Province of the Empire with which he was personally connected. He thought he spoke the sentiments of every member of this Council when he ventured to congratulate His Excellency's Government on the satisfactory condition of public affairs which this Budget disclosed, on the sound financial principles on which it was generally based, and on the clear and perspicuous manner in which it had been presented to the Council.

The proposals for improving the condition of the Subordinate Executive Service were calculated to raise the status and to ameliorate the prospects of an extremely deserving class of public officers. But the scheme appeared to him in some measure incomplete, as it did not include the Subordinate Judicial Service. Munsifs of the lowest grade at present received in Bengal only Rs. 200 a month, and they remained in that grade for about three years. They were, in general, University graduates, and they were always gentlemen of good education and intellectual ability. If it was not possible at present to put the Judicial and Executive Services on the same footing in point of salary, he trusted the Government would take the earliest opportunity in its power of recognizing the claim of the Munsifs to the same advantages as it was now intended to confer on Deputy Collectors.

The terms of the provincial contract of 1877 were stated to have been exceptionally favourable to the Government of Bengal; but he did not think the successor of the Hon'ble Member would be able to make the same remark of the conditions on which it was now proposed to renew the contract. However, he for one was prepared loyally to accept the decision of the Government of India on this point. The limit to which the resources of Bengal could be expanded was still far from being reached, and it might reasonably be expected that the development of the scheme of local self-government would have the effect at once of increasing the receipts, and of curtailing unnecessary expenditure.

On the difficult question of opium, the practical conclusions of the Budget would, he believed, commend themselves to the approval of all those who were able to take a candid and reasonable view of the facts. In the posts which he

had held under the Government of Bengal, he had had good opportunities of acquainting himself with the working of the present system of Government manufacture; and he had no hesitation in saying that, so far as this country was concerned, the system was a good one both for the Government and for the people. But on the question of the policy pursued towards the Chinese Government in relation to the opium trade, he could not speak with the same confidence. It might be perfectly true, as the Hon'ble Member had told the Council, that the admission of opium was not forced upon China by the Treaty of Tientsin—that China drew from imported opium a large revenue, which she would be reluctant to sacrifice—and that the Chinese Government was at present unable, and possibly unwilling, to suppress the use of opium in that country. But if it was really the fact, as the promoters of the anti-opium agitation persistently declared it to be, that the Chinese Government, if it were left free to act as it pleased, would absolutely prohibit the admission of opium into the treaty-ports, on the ground that its introduction demoralized the Chinese people—if, he said, this was the fact, then he greatly doubted whether the Government, either here or in England, would very long be able to resist the claim that China should be permitted to act as she thought fit in the matter. And he might add that, looking on the question as one of international morality, he thought the claim was one which this Government would have no right to resist. Holding these views, he cordially approved of the policy indicated in the Financial Statement before the Council, that the Government monopoly should be maintained, and that this country should derive at present as large a revenue as possible from opium; but that the Government should keep in view the possibility of a reduction in the opium receipts, and should not rely on the opium-revenue as a means of dispensing with any taxes which could not easily be re-imposed.

With regard to salt, while he fully recognized the advantage of establishing an uniform rate of duty, he must confess he could have wished that the Hon'ble Member had explained somewhat more fully the grounds which led the Government to consider the re-adjustment of the salt-duties a matter of more pressing importance than other fiscal reforms, which might have been attained at no greater sacrifice of revenue. Speaking for Bengal, he was confident that the abolition of the export-duties and of the license-tax would have been a far greater boon to the province than a reduction of 30 per cent. in the salt-duty. He had not had time to refer to the latest figures, but he believed that the former reduction of the duty from Rs. 3-4 to Rs. 2-14 had absolutely had no effect either in increasing consumption or in lowering the retail price. The larger reduction now proposed would probably have the effect of lowering the

price to the consumer; but he did not think it would increase consumption in Bengal, for the simple reason that the consumption of salt in Bengal was already as great as it would probably be if there were no duty at all. The revenue abandoned by the Government would partly be absorbed by salt merchants and dealers; and would partly act as a remission of taxation to the mass of the people. The present salt-duty in Bengal was practically a capitation-tax of about 5 annas a year, and was almost the only contribution which the bulk of the population made to the public revenues. It was collected at very little cost, and with hardly any hardship, and neither the cost nor the hardship would be decreased by the reduction of the duty. If, therefore, the circumstances of Bengal alone were to be considered, he should look upon the decision of the Government as a matter for regret. A surplus should be utilized in taking off the worst taxes, and in Bengal there were several worse imposts than the salt-tax. But he was quite aware that it was impossible for the Supreme Government to shape its financial policy according to the needs of a single province, and he must assume that the whole question had been fully considered, and that the benefit of the relief which would be given in Bombay and Madras had been thought to outweigh the loss incurred by the uncalled-for sacrifice of revenue in Bengal.

On the question of the customs-duties, he would only say that, whatever might be thought of the wisdom of the policy adopted in 1878 and 1879, he was satisfied that the total abolition of the cotton-duties was now the best, and indeed the only possible, course to take. He was not sure that he fully accepted the remark of the Chamber of Commerce that "the duty on grey goods was dying a natural death." The death did not seem to him altogether natural. He should prefer to say that the duty had received its death-wound, and that the sooner it was put out of its misery the better. And, when it had once been determined to abolish the cotton-duties, he supposed no one would desire that the general import-duties should be retained. He could only have wished, as he had already intimated, that the export-duties had disappeared at the same time, and he hoped the day was not distant when the Government would be able to expunge this objectionable item from the tariff.

The evils of the present license-tax had been so fully acknowledged in the Financial Statement that it was perhaps unnecessary for him to touch upon the subject. The Hon'ble Member, however, had told the Council that the repeal of the license-tax would only relieve the small number of people who paid it. The tax was paid, to Government, by about one person in a thousand, and it yielded the Government a revenue of about 52 lákhs. But the license-tax was paid by a great many people from whom Government never received a

pice. It would probably be a moderate estimate to say that three times the amount received by Government was extracted from the people under colour of the tax. As an abstract question, no one would deny the justice of requiring the trading classes to contribute a fair share of the public burdens. And it must fairly be admitted that the evils of the tax were not attributable to any laxity of administration on the part of the Local Governments. But, in spite of all this, the tax was so unpopular, so demoralizing, and so wasteful, that he believed the public would receive with much gratification the assurance of the Hon'ble Member that the Government did not intend to incorporate the license-tax, in its present form, into the permanent fiscal system of the country. And he believed they would be still more gratified if they were told that it was the fixed intention of Government to abolish the tax as speedily as possible.

One of the reasons which the Hon'ble Member gave for postponing the question of the license-tax for another year was that the Government would perhaps be in a better position a year hence to judge of the future of silver than was at present possible. There was, he believed, a general impression that the question of the future of silver was likely to be materially affected by the events of the next few weeks, and that much would depend upon the attitude which the Government might take up when the Monetary Conference should re-assemble in April next. He observed that, in the calculation of loss by exchange, the rate for next year had been taken at 1s. 8d.; but the Statement did not explain the grounds upon which it had been thought probable that this rate might safely be assumed.

He would not detain the Council with any further remarks, except to express his tribute of acknowledgment to the Government for the various fiscal and administrative reforms which had already been established, and for others of which the introduction was promised in this Budget Statement. The improvement in the pay of Native officials; the development of local self-government; the institution of post-office savings-banks; the scheme for the issue of stock-notes; the reduction in the rates for telegrams and registered letters; the appointment of independent Financial Commissioners; the extension of railway communication; the encouragement of local industries in the supply of Government stores; the establishment of the Famine Insurance Fund on a substantial basis—these were all measures which would promote the prosperity of the country, and command the confidence of the people.

The Hon'ble DURGÁ CHARAN LÁHÁ said that, with reference to the Financial Statement which was laid before the hon'ble Council by the hon'ble

the Finance Member on Wednesday last, he desired in the first place to congratulate him and the Government on the flourishing state of the treasury, and on the sound principles which had generally guided the administration of the finances. He would, however, say a few words on one or two points discussed in the Budget Statement, which, he should remark, was a remarkably lucid statement. The first subject which he noticed was opium. The Hon'ble Major Baring, it seemed, had devoted much time and attention to the consideration of this subject in all its various phases, and it was very satisfactory to observe that he had exhaustively and conclusively shewn that it would neither be to the interests of the Chinese nor to those of the people of this country to sever the Government connection with this trade. There was a misapprehension in regard to this traffic which, he was sorry to see, the evidence of some of the most experienced and competent authorities had not proved successful in removing. It was a mistake to suppose that opium was injurious to health, on the contrary the people of this country knew from experience that when taken in moderate quantities it was conducive to health. It was the same in China: it was far from demoralising, and, when it was seen that the Chinese were themselves cultivating the poppy-plant and had other sources of supply, it would do no good to them if the opium-trade of India with China were put a stop to. On the other hand, the Government would lose a most productive source of revenue. By keeping the cultivation under Government control a most effective check was exercised on over-trading in opium.

The next question was salt. The manner in which the salt-duty was proposed to be reduced, that was to say, not by substitution of any fresh taxation, but from surplus revenue, disarmed to a certain extent adverse criticism; but the question was whether, considering the unobjectionable way in which the salt-tax was realized, causing no irritation and no oppression, and its incidence on the people hardly exceeding 8 annas per head per annum, it would not have been wiser to take advantage of the surplus to remit some of the direct taxes which were admittedly unsuited to the circumstances of this country, and which were attended with much hardship and oppression. He did not believe that the reduction of the duty would lead to much increased consumption, because the incidence, as he had already said, was so low that even the poorest man did not stint himself of this necessary condiment of food. It was observable that, should the future exigencies of the State require additional revenue, it would be most unfortunate if the Government should have recourse to direct taxation. Here was a most unobjectionable source at its disposal, and to abandon it, and on what he could not but consider sentimental grounds, appeared to him

to be a questionable policy. But if the reduction in salt-duty must be made, it ought to take effect from 1st June next, otherwise the loss to the traders who bought up to Wednesday, little expecting that any such serious change was contemplated, would be most heavy. One of the largest dealers in salt called upon him on Wednesday night, bitterly complaining of the action of Government in thus lowering the duty without any previous intimation. He said that he himself held about 35,000 maunds between what he had on the river and in his golás in the interior, and the loss on this quantity would amount to Rs. 30,000; and many other persons were similarly situated. BĀBŪ DURGĀ CHARAN LĀHĀ thought, therefore, that some consideration ought to be shewn to the dealers in salt, who were thus doomed to serious loss from no fault of their own. He would, therefore, earnestly ask the hon'ble the Finance Member to consider the matter.

Then, as for the import-duties, when a large portion of these duties had been already remitted, he thought the total abolition of these duties was a necessary corollary of the past policy of the Government, and the step taken by the present Government was, therefore, inevitable.

He felt bound to say that if the Government had seen its way to abolish the heavy rice-duty which now formed the only objectionable item in our customs-tariff, the advantage to the masses, in his humble opinion, by enabling them to find a better market, and better prices for their produce, would have been far greater than what they might derive from the reduction of the salt-duty.

The Hon'ble MR. HUNTER said that the hon'ble the Finance Member quoted in his Statement on Wednesday a passage from the Famine Commissioners' Report which had a very significant bearing upon the Customs Bill—the first Bill before the Council to-day, and the one to which he should confine his remarks:—"At the root of much of the poverty of the people of India, and of the risks to which they were exposed in seasons of scarcity, lay the unfortunate circumstance that agriculture formed almost the sole occupation of the mass of the population." The truth of these words forcibly presented itself to MR. HUNTER while conducting the recent inquiries into the economic condition of India. On the one hand was seen a dense and an increasing population struggling to earn a subsistence from the soil. On the other hand, it was perceived that many local industries which once gave employment to the non-agricultural classes had now disappeared. He believed that this Bill, which formed in reality the charter of Free Trade for India, would tend to remedy the latter evil. For it completed an economic change, of which the decline of the Native

manufactures was the transition stage. Those manufactures were conducted under an industrial system, in which labour was isolated from capital—a system rooted in protection and monopoly, and ignorant of the first principles of Free Trade. When such a system came into competition with manufactures produced in a country like England, which had accepted free trade in its fullest consequences, and in which the co-operation of capital and labour had been organized with singular success, there could be but one result. The old industrial centres of India decayed, and, in some districts, the weaving castes had been forced to give up their hereditary employment, and become tillers of the soil. The growth of capital in India, and, of late years, its co-operation with labour in manufactures on a large scale, had already done something to ameliorate this state of things. The present Budget carried that process of amelioration to its logical conclusion. Indirectly, it would stimulate the application of capital to every kind of Indian enterprise, while its direct result would be to place the manufactures of the competing countries—England and India—on the same basis of Free Trade.

The new era of industry which this Bill represented had been reached only by slow stages. He passed over the long period when the Indian trade was a monopoly in the hands of the East India Company, and afterwards of a few powerful firms. But as lately as 1867, almost every article of merchandise was taxed before it could either enter or leave an Indian harbour. The rule, as the Council would remember, was that all exports and imports paid duty unless specifically exempted. In 1867 this rule was technically reversed; a long list of dutiable articles was drawn up, and non-specified articles went free. The past fourteen years had seen the gradual reduction of that list; and to-day would, he trusted, witness its final abolition, except on intoxicating liquors. Some of the most important of those reductions were associated with the name of one whose voice was for long powerful in this Council. The hon'ble the Financial Member had more than once referred in generous terms to the labours of Sir John Strachey. That name was closely associated with the history of the tariff reform, as indeed it was with the progress of good government in every branch of the Indian administration; and it was a name which MR. HUNTER could never mention without sentiments of personal gratitude and respect. During recent years, the question of the Indian tariff, as the hon'ble the Financial Member pointed out, had been complicated by the special claims of the English manufacturers of piece-goods. However much this might be a subject for regret at the time, he thought the present Bill would remove that regret. For this Bill declared that, while India must be governed by the great principles of political economy which had been deliberately accepted by England, those

principles would be interpreted by the Indian Government, not in favour of one nation or the other, but in the interests of both. The question of the Indian import-duties had now happily ended, as many great historical questions ended, by consent, and not by controversy; not by the violent action of any one of the parties concerned, but by the common agreement of all.

If Free Trade did for industry in India what it had accomplished for industry in England, this Bill would confer a lasting benefit on the people. But it would render the problem of administration more complex. A period of industrial development was a period of administrative exigencies unknown in less progressive eras. For it was easier to maintain the banks of a stagnant tank, than those of a rushing stream. The administrative improvements which His Lordship's Government had announced simultaneously with the introduction of this Bill, seemed therefore to be specially well timed. Those improvements would stimulate the zeal and public spirit of the whole body of the Native administration. All who had really studied the question were now of one mind as to the necessity of incorporating the Native element more closely into the texture of Anglo-Indian rule. That incorporation had been effected, partly by throwing open the doors of the Covenanted Civil Service to all Natives who could win their way into it by their own talents, and also to selected Natives of high rank or of hereditary distinction. It had likewise to some extent been effected by improving the position of the lower grades of Native employés. The changes which the hon'ble the Financial Member announced on Wednesday marked an important advance in the latter direction. They would better the condition and dignify the career of the vast multitude of Native public servants, who were the best intermediaries between ourselves and the people, and on whom the burden of local administration heavily fell. Taken by itself, this measure would have been a welcome one. But it had a special value when it was remembered that His Lordship, in putting the corner-stone to the freedom of Indian trade, had by the same public act strengthened the fundamental structure of the Indian administration.

This was an improvement which Mr. HUNTER believed would well repay its cost. For, beneath the conspicuous features of this truly great Budget, lay the unattractive problem of direct taxation. The Statement which the Council heard on Wednesday recalled, in its treatment of indirect taxation, the memorable early Budgets of the master of finance who now presided over Her Majesty's Government. This Bill, and the Bill for Regulating the Duty on Salt, which also came before the Council to-day, represented in a special manner that aspect of the question. The fiscal history of England during the past thirty years

was the narrative of the transition from indirect to direct taxation. The abolition of indirect taxes, such as this and the Salt Bill would effect, had in England and in other countries proved the precursor of direct taxation. It might be that the wise economy of His Lordship's government, the peaceful development of India's internal resources, and the bounty of the seasons, would indefinitely postpone that necessity. But in the midst of the present good fortune he could not help remembering that India was not always prosperous. In accepting the boon which this Bill conferred, the country should be prepared, sooner or later, to face the questions of direct taxation, which arose out of the abolition of indirect taxes.

But the present Budget, while leaving, as all previous Budgets had left, the problem of direct taxation unsolved, simplified the conditions under which that problem would have to be worked out. It was one thing to lay direct taxation on the shoulders of a people already burdened with indirect taxation; it was another thing to take advantage, for the purposes of direct taxation, of the national prosperity which the previous removal of indirect taxation had developed. There was also another respect in which the present measures simplified the problem. The hon'ble the Finance Member had drawn a most instructive picture of the difficulties attending direct taxation in India, and had referred to the great number of devices by which the Government had sought to obviate them. He told the Council that, in the last twenty-two years, no fewer than twenty-three Acts of the legislature had been passed, ringing all the possible changes on the various expedients for imposing direct taxes. But one great and special difficulty of direct taxation in India had been the difficulty of administering it. The peculiar unpopularity of such taxes in this country had arisen from the fresh inquisition which preceded them, and from the manner in which they were levied. The special difficulties of direct taxation in India were, therefore, in a special measure, difficulties of administration. Every measure which improved the rural governing body would lessen those difficulties. The present Budget would, he thought, form a landmark in the progress of India, not only by its fiscal reforms, but by enlisting the Natives more fully and more zealously in the administration of the country.

The Hon'ble RÁJÁ SIVA PRASÁD said :—“ My Lord,—We Indians have become so much accustomed to the cry of deficits, introduction of new taxes and reduction of pay and useful works, not by ‘cheese-paring,’ but by wholesale, that we somewhat feel puzzled, or rather bewildered, though with utmost joy, to hear of surpluses, reduction of taxes, grants to Local Governments for useful works, and increase in the pay of the under-paid Indians in the subordinate

service. Had India possessed a mouth, she would have been loud in congratulating Your Excellency for this new era to be written in golden characters in the financial history of India. I would not feel surprised to hear complaints against even such an unexceptionally excellent Budget Statement from many a highly educated or rich fellow-countryman, because, as everything has its penalty to pay, the high English education instils so many English ideas, English theories and English party-feelings into the brains of the educated, that little room is left there for any knowledge of the wants and wishes of our dear country; and the rich cannot, of course, be expected to part even with a penny without a murmur.

“The excellence of the Budget is not so much in showing a surplus as in its disposal. Let us see how it has been disposed of. The trade has been relieved of customs-duties, the chief of which was that on cotton. It takes off, no doubt, a large item from the public revenue, but the revenue can afford to lose it, and, after what was done in 1878 in exempting certain descriptions of grey goods, it could not be retained. I think it will do good. It will lower the price, and be of great help to the poor in dressing. Reduction in duties on salt will be held by the poor as a great boon. They will be able to use better salt, and in more adequate quantities, to preserve health and life. If a poor man saves half a rupee every year, it is a great thing to him. It enables him to purchase an iron pan, a brass *lota*, or a piece of waist-cloth. I hear it is said that the duty on salt is not felt and the license-tax is much felt; but it is simply preposterous. Conceive a man, whose financial budget does not go beyond Rs. 40 or 50 per annum, not feel a saving of a rupee or two; and those who are rolling in wealth, and count their income by thousands, feel to pay two per cent. in the shape of license-tax. (The fact is, that these rich men, whether they feel it or not, know well how to make their cry felt by the Government, whereas (the poor masses are perfectly dumb.) Had it been possible for them, what a long address of thanks they would have sent to the Government with millions of signatures. In my humble opinion, the license-tax does not require so much abolition as re-casting, and I am almost sure that the next year, if it is not abolished, the Hon'ble Member of Finance will re-cast it in such a manner that the unpopularity will be reduced to its minimum—not a whit more than any tax in the world is doomed to have. The other item is the patwári's cess in the North-Western Provinces and Oudh. How happy hundreds of my tenants will be when I return to Benares and tell them that Rs. 3-2 per cent. per annum on their rental, which they have been paying me all along for the patwári, is now kindly remitted by the Government, and they shall

not have to pay anything in future on that account. I am sure there will be a general rejoicing in my villages.

“Municipalities have been relieved of the police-charges, which must go now to their improvement so urgently required. The increase of pay of the Tahsildárs, Deputy Collectors and Post Masters is a measure which the Government has very rightly taken into consideration. We want only improvement in the Uncovenanted Service. I am not in favour of any interference with the Covenanted Civilians. The only announcement in the Statement which I have to deplore is the reduction of the Covenanted Civil Servants by 133, and a forecast of a further and further reduction in future. India cannot afford to lose the services of such officers. The only inexplicable thing to a Native mind is why bonus is given for an old officer to retire. It would have been far better to give bonus to retain his services. Beautifully has a Persian poet said—

کاش از بهر این همه حکام * گشتی هندوستان همیشه مقام
تا شدی هند خطه لندن * رشک خوردی برو بهشت عدن

‘Had it been possible for all these officers to settle permanently in India, India would have become like England, and even paradise would have become jealous of her.’ Any measure which may discourage English gentlemen of high merits to come out to India or remain here, will be most detrimental to the interests of the country, till, at least, a railway-line joins India to Europe, and orthodox Hindús have the same facility to go there as the Europeans have to come here. The Hon’ble Finance Member has mentioned the Northbrook Club in his Statement; but, except the Muhammadans, Pársis, Brahmos and others like them cannot take any advantage of that admirable institution, to the greatest discontentment of the orthodox Hindús, who form the main body of the Indian population. The hon’ble member’s calculations of ‘the influence of breaking down of social and religious obstacles’ are far distant to be realized, and no genuine orthodox Hindú would ever like to set a premium on the breaking up of his society or religion.

“I see in the Budget a Native newspaper’s opinion quoted that ‘there must be some selfish motive at the bottom of the movement made in England for the suppression of the Indian opium-trade,’ and remarked that ‘no doubt an opinion of this sort is very foolish. The high motives which guide the action of the society for the suppression of the opium-trade cannot for a moment be doubted;’ but, granting that, may I be allowed to ask whether the society’s wisdom also cannot be doubted? The poor Native newspaper, out of sheer respect, could not doubt it. It is simply an oriental mode of

expression. The newspaper-writer simply means to say that, if there is no selfish motive at the bottom of the movement, there must be folly. To prevent the Chinese from smoking opium is, in the same way, impossible for the pious English gentlemen as to prevent the Persians from drinking wine for the pious Muhammadans, or to prevent the English from eating beef for the pious Hindús. If India does not supply opium to China, China must find it somewhere else, and India will lose five crores of rupees for nothing.

“As famine is mentioned in the Statement, I take this opportunity to express the opinion of the majority of the Natives, which is very strong in favour of checking the export of food-grain beyond the seas in the time of severe famine and extreme dearth. It is quite useless to argue with them with the questions of English free trade and English political economy. They cannot discover the wisdom of allowing a crore and half rupee's worth of grain to be exported from Bombay when people are dying in the Dekkhan by hundreds and thousands for a handful of grain, and when the astute King of Siam had sent back the ships, which had gone to bring rice from Bangkok, telling that his people were in greater want of food than the foreigners. In my humble opinion, much can be done in the way of allaying the distress by properly arranging a graduated scale of railway-fares from the grain-supplying districts to the famine-stricken ones, and beyond the famine-stricken districts to the ports of exportation.

“I need not take more time in saying how highly the Indians appreciate the substitution of the stores of Indian origin or manufacture for imported goods, and what an amount of good will the stock-notes do to the labouring classes, whose number is legion.

“The only little thing which seems to me incongruous with the spirit of the Statement is the export-duty on rice; but, as the hon'ble member professes to have freed the trade, I have full hope that the next year will see that also swept away.”

The Hon'ble MR. INGLIS said that he desired to congratulate the Government on the flourishing state of the Indian finances. The Budget Statement, to which the Council listened on Wednesday, would, he hoped, dispel the fears of those persons who had from time to time taken a pessimist view of the position of this country. They would no longer be able to say that the Indian revenues were inelastic. Indeed, he was not sure that it would not have been better for the country if the surplus had been smaller than it was. The magnitude of the surplus had induced the Government of India to propose some very

bold measures, which, it was hoped, events would justify, but as to the wisdom of which doubts were expressed in some quarters.

He would first refer to the abolition of the import-duties. It was undoubtedly a matter for sincere congratulation that the vexed question of the cotton-duties had been set at rest in a way which was open to the least amount of criticism. To have abolished the import-duty on cotton-goods while retaining it on other articles would have been wholly indefensible, and he therefore thought that, when Government decided to abolish a part, they had no option but to make a clean sweep of the whole. Nevertheless, it might be doubted whether this bold measure of free trade had not come somewhat too soon for the permanent good of the country. There were many industries at the present moment struggling for existence which it was to be feared would be most seriously affected by the removal of the duties. To these the effect would be much the same as that produced on a child unable to swim, who was thrown suddenly into the water, and left to sink or swim as best he might. It was hoped these children might learn to swim, but the fear was many of them would sink in the process. He had received a letter regarding one of these industries, that of sugar-refining, from which, with the permission of the Council, he would read an extract :

“There is scarcely a district in India which is not eminently suited by nature for the production in perfection of the great sugar-yielding plants—cane, the date-tree, and maize or *sorghum*.

“Notwithstanding, so faulty is the cultivation and the methods of extraction of juice and its treatment, that India exports scarcely any sugar, and, of what she does ship, the greater bulk is of the most wretched quality. Of refineries on the European system I know of but six. I don't think that any of the sugar-concerns—as distinguished from the rum—are doing particularly well. Raw sugar is dear, and generally bad, whilst the Natives do not so far buy enough English-refined sugar to keep a mill in full work. Raw sugar is dear, because the Natives make it so badly that they only get 1 ton 3 cwt. to 1 ton 8 cwt. per acre against 3 tons 4 cwt. down about Singapore.

“Hitherto we have struggled on because we have had partial protection in the shape of the customs-duty, which is eight annas per maund, and because we have been supported by the hope that Native sugar would improve and that Natives themselves would presently take to using our produce.

“If, however, this duty be removed, I feel grave doubts how far we can go on. The imports into Bombay of Mauritius sugar are already enormous. When I first came here, in 1862, I used occasionally to sell 800 tons per month for Bombay; now we don't sell an ounce. The same process is apparent here. We are having our market taken from us by Penang, Singapore and Mauritius, though hitherto much more gradually than has been the case at Bombay.

“Free trade is all very well, and at the right time and place an excellent thing. But babes can't digest strong meat, and for India, in her half-developed, semi-dormant state, some of the theories of political economists are very stringy salt junk.

“I don't think it can be good for the cultivators, landowners, bankers, middlemen, brokers, dealers and others interested in raw sugar, that the indigenous article by which they live should be elbowed out of its own market by the foreign stuff.

“Nor do I think it good for Government to do that which must tend to reduce the value of the land (in many districts sugar pays the rent of the entire holding), to injure local industries, and to depreciate exchange by necessitating large remittance to pay for sugar.”

Another point had to be considered. The intentions of Government had been so well kept that the sudden abolition of these duties had come as a surprise. It came, too, at a very inopportune time for many persons. The trade in imports was depressed, prices were low, and heavy stocks were held. The effect of the announcement made on Wednesday had been to depreciate prices to the extent of the duty it was proposed to abolish. From the point of view of the consumer, this might be a matter for congratulation, and he did not deny that, in the long run, the country would probably benefit. Still, the change ought to be made with the least amount of inconvenience and loss to holders of duty-paid stocks. Some of the latter stood to lose very heavily, and had represented to MR. INGLIS that, if the date fixed for the new Tariff Bill coming into operation were delayed for six months, it would give them time to work off their stocks with a smaller loss than they were likely to suffer if the abolition took immediate effect. If he thought the result of postponing the operation of the measure would have that effect, he would strongly urge that the interests of holders of stocks should be considered as paramount in this matter. He, however, questioned very much if any postponement would now lessen the inevitable loss. The abolition had been already discounted by buyers, and, he feared, nothing the Council could do could restore prices to Tuesday's level. The holders of large duty-paid stocks were very much to be sympathised with in view of the losses they would sustain; and he was sure, if Government could see their way to afford them any relief, such relief would be ungrudgingly given. It was always the drawback to fiscal changes of this nature that individuals suffered in the process; but experience, he thought, proved that this loss was not lessened, but rather increased, by lengthening out the period for making the change.

The measure now submitted to the Council was the logical outcome of the tampering with the cotton-duties in 1878. He had always considered that a great mistake was then made, as by common consent the duties were not pro-

tective in the proper sense of the word, and they hurt nobody. If Sir John Strachey had at that period reduced the duties on piece-goods all round, instead of wholly remitting them in some special classes, and had intimated that the aim of Government was to abolish all import-duties whenever the state of the finances permitted, traders would have had time to prepare for the change, and no one would have been injured. As it was, by a sudden remission, such as was now proposed, which no one expected, the cases of individual hardship were very numerous and of a serious kind. He did not overlook the difficult position Government were placed in by the action of their predecessors, but he thought if they had decided to make the change more gradual in its nature, it would have been better for the country.

Before leaving this part of the subject he would suggest to the Finance Member the advisability of remitting the duties on light wines so as to encourage the consumption of these in preference to spirits. If a substitute were required, he thought an additional duty might, without any harm arising, be put on spirits to the extent to which it was taken off light wines. He thought it was advisable to encourage the use of such wines rather than spirits, if for no other reason than to promote temperance. They were much better suited for use in this country than spirits, and to assistants on tea and indigo estates, and the European community in the towns, he should think it would be a real boon to cheapen the price of these light wines by removing the present duty.

It would, no doubt, sound well that Indian markets should be absolutely free to the productions of all the world; but if, when throwing these markets open, foreign markets were voluntarily closed to the products of this country, it could not be said that full effect was given to free trade principles.

This brought him to speak of the rice-duties. So far as he had been able to gather the opinion in mercantile circles during the short time which had elapsed since the Budget Statement was delivered, he thought it was felt that the further retention of the duty on rice, now that all import-duties were to be practically abolished, was indefensible. He would here read an extract from a letter he had this morning received on this point:—

“It seems to me that, being in the position to forego £1,400,000 of revenue, one of the best possible ways of doing so would have been to have given up the £700,000 which accrues from the export-duty on rice, and taken the remainder from salt.

“The argument in favour of abolishing the export-duty on rice to me seems to be overpowering; but I am aware that the Lieutenant-Governor holds strongly just the opposite view.

It is, I believe, a fact that Bengal is now choked with rice, worth Re. 1-12; the people are really impoverished by reason of the low value. At present value, the export-duty is from 10 per cent. to 12 per cent.

“It is difficult, and perhaps unsafe, to hazard an opinion as to the precise uses to which Bengal rice could be put in Europe if present prices were permanent, but it is generally believed that half-cleaned Bengal rice is really very suitable for brewers' purposes and distillers, and if once introduced would become a staple, like Indian wheat, which is now wanted on its merits.

“The export-duty kills it. Rice, therefore, is not wanted in Bengal except for home consumption, and one result is, that a succession of fine harvests becomes a curse instead of a blessing. An abnormal low price like the present might almost tend to check production.

“If rice could once be got to circulate out of Bengal, the advantages all round are enormous. Hitherto, the evil of an export-duty has not been felt in Burma; but it will be felt, and perhaps more quickly than we at present suspect. The removal of the export-duty would, to say the least of it, give Bengal a chance of establishing itself in foreign markets, and that is all we require.

“That end once accomplished, and Bengal made a rice-exporting country, a new and probably most productive source of employment is afforded to shipping. Ships must then come here to carry away the increasing volume of export; and as the people get coin and goods in exchange for their rice, they are likely to become better customers for salt.”

This, Mr. INGLIS thought, expressed a view very generally entertained, and he hoped the Government would justify to the public the retention of the solitary export-duty on rice which now remained when they had decided to sweep away import-duties. As confirming the opinion of the correspondent from whose letter he had read, he might mention that a gentleman largely interested in the rice-trade told him this morning that he had been unable to execute orders for 5,000 tons of rice this season because of the difference the existing duty made in its price to the exporter. The same gentleman mentioned that the zamíndárs of Noakháli and Comilla were at present unable to collect their rent, because the raiyats on their properties were unable to find a market for their rice. No doubt, this was partly due to the absence of good communications in these districts, but the removal of the duty would help such people very greatly. In other countries, it had always been customary to take off export-duties in preference to those on imports, and he knew of nothing in the circumstances of India or of the Indian rice-trade which could justify a different mode of procedure in this case.

He now turned to the salt-duties. It was this portion of the Budget which was being most freely criticised out of doors. It looked to many people as if the large sacrifice of salt-duties were wholly unnecessary. The incidence of the

duties at present was so light as to be practically unfelt. (In Bengal and Bombay it was five annas per head, and in Madras it approached six annas.) No one would contend that this incidence was in the smallest degree oppressive. He was aware there were people at home who, in this matter, as in that of the opium question, preferred sentimental considerations to hard facts, and no doubt such persons would hail the reduction as a wonderful boon to the people of India. Many persons ventured to doubt, however, if the food of the people of India would be cheapened by one single pice because of this reduction, nor was it thought merchants would benefit further than they would have done if the Government stopped short at simple equalization. Up to that point—the necessity for equalizing the duties—he thought, all were agreed. To go beyond that was to take a “leap in the dark.”

What people did ask for was the removal of the license-tax; and, with all deference to the opinion of members of the Government, he believed the verdict of the country upon the Budget would be that the Government had missed their opportunity in sacrificing such a large sum of revenue in reducing the salt-duties, which were unobjectionable and unoppressive, rather than applying the money at their disposal to the abolition of the license-tax and the rice-duty. Instead of taking £1,400,000 off salt, he thought the wiser course would have been to apply it as follows:—

				£
To abolishing license-tax	...	...	...	500,000
„ rice-duty	...	...	...	700,000
To equalizing salt-duties	...	...	...	200,000
				1,400,000

leaving the rest of the Budget as it stood. He had no hope that Government would agree to this proposal, and he did not wish to make any definite motion on the subject; but he believed he gave expression to the opinion of a great many people in the best position to judge as to the merits of the Government proposals, when he said that this mode of distributing the surplus would be not only more popular but more beneficial to the country. Government in this matter had proceeded on the principle of thinking that the people of India did not know what was good for them, and, therefore, they did not give them what they asked for, but what the Government thought was best for them. MR. INGLIS thought himself it would have been better to have yielded more to the popular sentiment in the matter.

The Government did not attempt to defend the license-tax as it was at present levied. It was a mass of inequalities, and utterly indefensible in its

selection of particular sections of the community for the bearing of burdens which should be borne equally by all classes. The non-official community, in their desire not to embarrass Government in the weighty task of restoring the finances of the country, had hitherto not complained much about these inequalities, but he feared that this reticence would not continue, and that, in declining either to remove the tax or to remedy its glaring inequalities, Government had opened the door to an agitation which a different policy would have prevented.

To prevent any misconception, he wished to say that, so far as he understood the feelings of the mercantile community, they did not at all object to the license-tax *per se*. So far as they were concerned, its incidence was extremely light, and they would willingly pay the amount demanded, or more, if they felt the money was really required, if it was levied equally from all classes, and if a bold attempt were made to grapple with the exaction and oppression of which it was the innocent instrument. A systematic assessment by officials so liberally paid as to place them above any temptation to accept bribes or act corruptly was a *sine qua non* to the success of any system of direct taxation in this country. When, however, he had said this, he had virtually said that direct taxation was unsuitable to this country in its present condition, as the mere expense of such an assessment would absorb the whole proceeds of any tax that could be imposed. He sympathised with the desire to see some system of direct taxation made applicable to India, but nothing that had yet been devised avoided the difficulty incidental to the circumstances of the country, and it was foolish to ignore this.

In thus freely criticising the proposals made in the Budget, he wished only to add that he did so more to elicit a free expression of opinion than from any desire to adopt a hostile attitude towards it.

The Hon'ble MAHÁRÁJÁ JOTÍNDRA MOHAN TAGORE said that His Lordship's Government, and especially the hon'ble member in charge of the Budget, were to be congratulated on the prosperous state of the finances; he confessed it had seldom been his lot to hear a more able and lucid statement than that which was submitted to this Council at its last sitting. He could not, however, help expressing his regret that, with a substantial surplus, the Government should have come to the resolution to apply a part of it to the abolition of almost all import-duties, including the remaining portion of the impost on cotton-goods, and to the reduction of the salt-duties, while the direct famine-taxes—he meant the license-tax and the land-cesses, which latter affected even the lowest class of agriculturists—had been left untouched.

He admitted, to a certain extent, the force of the argument used by the hon'ble member for remitting indirect, in preference to direct, taxes, and also that, after the partial repeal of the cotton-duties, it was difficult to continue the remaining portion for any length of time; but almost all right-thinking men had admitted that, in the first instance, it was a mistake to have allowed any partial remission of the cotton-duties so long as they were not protective in their tendency. The right course for the Government under the circumstances, in his humble opinion, would have been to have retraced its steps; but this, it was said, was impossible. The Natives, however, failed to see any cogent reason why it was considered impossible, for they maintained that, with the Government here, justice to the many millions entrusted to its care ought to carry greater weight than the interested cry of Manchester, whatever influence it might have with the Ministry in England. Lord Northbrook, when Viceroy of India, in dwelling on this question, remarked:—"The interests of the millions of India ought to have our first consideration." He must take the liberty to observe that, although the proposed reduction of the salt-duties and the almost total repeal of the import-duties would entail a loss of revenue which was estimated at a little over two millions sterling, it would bring no measureable relief to the people for whose benefit the remission would be made. For it had been found by experience that the remission of duties on certain kinds of cotton-goods did not cheapen the price of cloth to any appreciable extent, but perhaps contributed to fill the pockets of the manufacturers only; and the same might be predicated of the reduction of the salt-duties, and, for aught they knew, Cheshire might benefit in the same way as Lancashire had done in the other case. Besides, the payment of these indirect taxes was never felt as a hardship by the people, and none ever complained of these imposts, for the best of reasons, namely, that they paid them without knowing that they did so; whereas the proposed remissions, although in the aggregate they came to a large amount, being spread over a population numerically vast, the incidence of relief per head would be infinitesimally small. For instance, an agriculturist family consisting of, say, four salt-consuming members, and earning one hundred rupees annually, would, by the proposed remission of the salt-duty, make a saving of about three annas, or ten pies, per head in the year, while they should continue to pay one rupee and nine annas on account of the public works cess. The relief under such circumstances on account of the salt-duty could well be imagined. Moreover, it was well known that direct taxation was not at all suited to the condition and circumstances of the people, and that they themselves were entirely averse to it. Then, as to free trade, it might be all very well in theory, but it must be borne in mind that England, with her advanced notions in commercial matters, had not yet been able to introduce it in practice. In the trade of this country

with Great Britain, while Indian goods should continue to pay duties to swell the large revenue of the latter, that this poor country should sacrifice any portion of her limited resources for the sake of a theory, was what, he must frankly confess, did not commend itself to Native thoughts and ideas. When other nations with whom India had commercial relations would be prepared to have free ports in their countries, it would then be time for the Government of this country to think how far they could adopt such a course, and not before. The Government, however, after mature deliberation, had determined upon a fiscal measure, and it was not for him at this stage to hamper their proceedings by proposing any amendment; he had ventured to offer these few remarks simply with the object of laying before this Council the views which a majority of his countrymen entertained on some points of the Budget.

The Financial Statement was replete with many points of interest and importance, but he would not take up the time of the Council by dwelling upon them. He could not, however, conclude without expressing his grateful appreciation of the broad and statesmanlike views enunciated in it regarding several matters of administrative policy; and his fervent hope was that the prosperous condition of the finances would admit of the execution of many healthy reforms under the auspices of His Lordship's liberal rule.

Major-General the Hon'ble T. F. WILSON said that the estimated net cost of the military expenditure of this country for the coming financial year was calculated at £11,239,500, a sum which compared favourably with the amount which was expended in 1877-78, which, as being the last year of normal expenditure before the war, was the one with which he desired to compare the present cost of the army in India. In 1877-78, the cost of the army in India was £11,548,444, and, therefore, the military charge as calculated at present for the coming financial year, would be very close upon £259,000 lower than they proved to be in 1877-78, and this notwithstanding some permanent necessary additions which had been made to military expenditure in India; he said "necessary additions" for he might observe that, whilst, on the one hand, the Government of India fully recognized the importance, in the interests of the tax-payers of this country, of carefully keeping down the military estimates, and whilst every fresh item of military expenditure was carefully scrutinized and watched, on the other hand the Government did not lose sight of the even greater importance of keeping the army complete and thoroughly efficient and capable, at all times and on all occasions, of ensuring the safety, peace and tranquillity of this vast Empire; and, therefore, when any new and well ascertained and approved improvements were introduced into other armies, they usually,

very quickly, followed and were introduced into the army of India. As an instance of this kind, he would advert to the recent establishment of the Intelligence Department, which, under the sanction of the Government of India, had been established, and was now in full working order. This was a Department which could not fail to be of great value in the future. But, of course, its value had to be paid for, and for this the modest sum of 86,000 rupees had been added to the military estimates, and this would be, of course, a permanent yearly addition; but, on the other hand, there were some small sets-off which had been made by reductions ordered by the Commander-in-Chief in other establishments. Then there was another permanent addition which had been made—an addition which had not, however, been introduced by the Government of India. The Royal Warrant of June 25th, 1881, revised the pay, promotion and non-effective pay of the British army. This had undoubtedly improved the positions of the various officers and soldiers serving in that army in this country. The Government did not grudge these benefits to deserving officers and soldiers, but he must observe that these benefits had increased expenses by nearly nine lakhs of rupees annually. The volunteer movement in India was one which had the hearty goodwill of the Government, who fully recognized its great value, and who were anxious to give it every reasonable encouragement. For his own part, he had a very high opinion of the value of the volunteers, and he was very glad to say that their numbers now closely approximated 10,000 men. But this great and rapid expansion of strength had necessitated the provision of more rupees, and, during the last five years, nearly three lakhs had been added to the year's accounts upon this head.

Turning to the Native army, of whose loyalty and efficiency the Government during the past few years had abundant proofs, the rates of pension for commissioned officers had been increased, and the qualifying period of service for pension reduced from 40 to 32 years. These measures were introduced in 1878, and were, as he thought, well calculated not only to improve the condition of those to whom they were applied, but also that they were well calculated to increase the general contentment of the Native army. But these, together with the invaliding which had resulted from the late war, had increased the expenditure since 1878 by seven lakhs of rupees. As he had said before, he had taken the year 1877-78 with which to compare the present cost of the army, because it was the last financial year which was undisturbed by wars. The accounts showed an increase of some ten lakhs of rupees for expenses in India, on account of Indian-brewed beer; but this would be counterbalanced by a corresponding reduction in the home charges. The estimates, he believed, made full and ample provision for all the requirements of the

army, and, besides this, a not inconsiderable sum had been set aside for any special charges which might even yet result from the late war. These special charges would probably take the form of further compensation to camel-owners and others on account of losses they might have sustained. For several months past two able officers were employed upon this duty, and their work was nearly finished. So that it could, he thought, reasonably be hoped that the full sum which had been provided on this account would not be required.

The estimates also provided for a temporary increase of numbers to the two Pioneer and five Ghoorkha regiments, which had been kept at a temporary increased strength pending the settlement of the question of the strength of the regiments of the Native army.

The declared policy of the Government of India to purchase, as far as possible, local stores and to substitute them for English manufacture, had been very largely carried out. These had added to the expenditure in India, but the home accounts would show a corresponding diminution; and, whilst upon this particular point, he might say that the home charges for military stores were, at the present moment, lower than they had been at any time during the past fifteen years.

On the side of economy some very important savings had been effected, which would very much more than counterbalance the permanent expenditure to which he had alluded. The most important of these was the reduction which had been recently sanctioned and carried out in the Royal Artillery serving in India. The establishment in this country recently was 86 batteries; namely, 15 batteries of horse artillery, 48 of field, 2 of mountain, and 4 of heavy, and 22 garrison batteries, the latter having a complement of 80 rank and file each. Under the revised establishment, the strength would be as follows:—77 batteries; namely, 10 horse, 40 field, 6 mountain, 4 heavy and 17 garrison; the latter having an increased strength of 108 rank and file. Thus, there had been a reduction in the artillery of nine batteries, which would reduce expenditure by about eleven lakhs of rupees per annum. In making the recommendations for these reductions in the artillery, the Government had been largely influenced by the fact that, as the extension of the railway-system was rapidly increasing, the mobility of the army would be increased in the same measure; and Government considered that, with the experience gained in the recent war, for general purposes field-batteries were found usually as efficient as horse artillery for warfare in India.

Under the head of Stud and Remounts, there would, consequent upon the above reductions, be a not inconsiderable saving. Recently, the establishment of horses in regiments of British cavalry had been reduced from 436 to 397,

and the Haupper Depot had been abolished ; the Government had, therefore, at this time a considerable number of surplus horses, and, during the coming year, a very limited number of remounts would be required.

Another important measure which had been introduced recently into the Bengal army, and which had been found to work admirably, and which would, in consequence, be very shortly—almost immediately—extended to the other Presidencies, was a station hospital system. The plan was one by which one British hospital took the place of several in a cantonment. It had admitted of very large reductions, not only in the number of medical officers and establishments, but also in the equipment of the hospitals, whether stationary or on the line of march. There was already, as compared with 1861-62, a reduction of 35 medical officers in the Bengal Command alone, and, when the system became further developed and was fully established in the two minor Presidencies, it was quite certain that still larger economies would follow ; nor must it be forgotten that economy would certainly result from the maintenance and repair of the hospitals, and other buildings. These changes in the organizations of army hospitals, however, must not be considered as entirely and wholly in the financial interests of the Government. The highest medical authority in India had recently made a somewhat extended tour in the Upper Provinces, and, having inspected most of the hospitals there, he had made the following observations. He said he “ was satisfied that the changes which had been effected were more in the interest “ of the sick soldier than in that of the State, and that the efficiency of military “ hospitals—which it must never be forgotten was the main object of their exist- “ ence at all—had been much increased.” Therefore, the new arrangements would not only produce economy, but would also materially promote the comfort and welfare of the soldier in hospital.

As regarded the home charges, he had little to say. The net budget-estimate showed the figures at £3,970,050. This showed a slight decrease on the budget-estimates of last year. He was not in a position to say why there should be so small a decrease in these charges ; but there was one explanation to be found in the fact that the charges for retired pay of officers of the Indian army had for many years past yearly increased, and would, it was believed, continue to increase yearly ; but, when the charge for the pensions of Staff Corps officers reached its maximum, which it would do in 1897, the expenditure would then decrease until the Staff Corps reached its normal condition.

He had alluded to the Royal Warrant of 25th June, 1881, as having cast upon the revenues of India some increased charges. It was, therefore, right for him to show what it was expected it would ultimately save to India. But

upon this point, he regretted to say, he had nothing very hopeful to relate; for, if the War Minister was rightly reported by Hansard, he said on the 21st June last, in the House of Commons, that "it would not be before the year 1893 that the heavy dead-weight, which was due to the terms of short service, would begin to diminish, and meanwhile, as he had stated previously, it must considerably increase, and the automatic increase of pensions would continue, whatever economies might be made elsewhere." And, after referring to details, the War Minister further said—"The aggregate figures show an economy of £680,000 to us and £220,000 a year to India—the whole amounting to £900,000. I am sorry to say this will not be effected till a far distant day. But the slowness of the gain ought not to dishearten us." GENERAL WILSON, therefore, desired it to be understood that, although it was calculated that the new Warrant would at a "far distant day" result in a yearly saving to this country of £220,000 sterling, yet its only immediate effect had been to increase the military charges by nearly £90,000 per annum.

There were, however, very important changes to be made in the Native army, which would result in further large economies, and, as the Government believed, in increased efficiency; and, although these changes had been very recently sanctioned by the Secretary of State for India, they had considered it prudent to avoid taking any credit for them in the military estimates for the ensuing year, for reasons which he would presently explain.

The Council would have in their recollection, that, in the year 1879, under the authority of the Secretary of State for India, an Army Commission was assembled in Simla. That Commission was composed of some of the most distinguished officers—civil and military—which India could furnish. Some of these were officers who had earned high distinction in the military service, and they were brought together from different parts of India,—from Madras, Bengal and Bombay,—and these distinguished officers were presided over by the present Lieutenant-Governor of Bengal. That Commission was directed to make an exhaustive enquiry into the whole military system of India, in view to an important reduction being effected in military expenditure; and, after assembly, that Commission placed themselves in communication with Local Governments and the several Commanders-in-Chief, and they also sought out the opinions of very many officers of reputation in the several armies, and they made a very large, exhaustive and comprehensive and, GENERAL WILSON ventured to say, a very valuable report. In due course that report was sent home to the Secretary of State for India, and it was at the close of the year 1880 sent back to the present Government of India, with orders to carefully examine its proposals, in view of making such suggestions and recommendations as they might deem

desirable. This extremely important duty, which necessitated the exercise of very great care and caution, and needing very full and prolonged consideration, could not be taken up immediately at Calcutta, for reasons into which he need not enter. When Government, however, returned to Simla, in the early part of last year, the Army Commission Report came under its immediate consideration, and, he was bound to say, had received all the attention which the magnitude of the question demanded. These protracted discussions and investigations had resulted in the Government agreeing with the views which were entertained by the Army Commission, that the existing strength of Native regiments in India was insufficient, and that, while the present aggregate strength of the Native armies of India ought to be maintained undiminished, the several armies might with advantage be organised into a smaller number of regiments; and the experience gained in the recent war strengthened this view. Consequently, the Secretary of State for India had recently sanctioned a reduction in the number of Native corps to be retained for the future. Under this arrangement, there would be an immediate reduction of 22 regiments, namely, 4 of cavalry and 18 of infantry. This reduction was considerable, but it fell short of what was recommended by the Army Commission, who proposed a reduction of 40 regiments—10 of cavalry and 30 of infantry. The reduction would fall upon the three Armies of India as follows—in the Bengal Army, 3 regiments of Native cavalry, 6 of Native infantry; in the Bombay Army, 1 regiment of Native cavalry and 4 of Native infantry; and, in the Madras Army, there would be no change made in the number of Native cavalry regiments, but there would be a reduction of 8 regiments of Native infantry. These reductions in the number of Native regiments would not reduce the aggregate strength of the Native army. The cavalry regiments in Bengal and Bombay would be raised from 457 and 487 respectively to 550 Natives of all ranks, while the strength of the Madras cavalry would remain unchanged. The strength of the infantry regiments would be raised from 712 to 832 of all ranks. The effect of these changes would be that the total strength of the three Native armies in India would be increased by 31 men. Its present strength was 110,961, and, after the changes to be made, its future strength would be 110,995. There would be a small increase in the Bengal and a small decrease in the Bombay cavalry, that of Madras remaining as at present. While there would be an increase of 1,362 infantry in Bengal and of 272 in Bombay, there would be a decrease of 1,896 infantry in the Madras army. These, he thought, were the chief changes to be made which would affect the Native officers, non-commissioned officers and sepoy of the army. With regard to the European officers, it was not intended that their strength should be diminished; they would remain, as nearly as possible, on

the same strength as now, and this would be done by adding an officer to each regiment of Native cavalry and infantry in addition to those already maintained. The position of these officers would be that of "squadron" and "wing" officers, and they would receive the rates of pay and allowances now allowed to those holding similar appointments.

Of course, extensive reductions and reforms in a large army could not be carried out without causing a certain amount of inconvenience and disadvantage to some of those immediately concerned, but it was the anxious desire of this Government, and it was also the anxious desire of the Secretary of State, that these disadvantages should, as far as possible, be mitigated and relieved; and to this end extremely liberal concessions had been granted to all who might be disadvantageously affected by the reductions which were now about to be brought into force. Indeed, in the face of these very liberal concessions, the Government had not considered it desirable to make any reductions in the army budget estimates for the ensuing year; and in this determination the Military Department had been considerably guided by what took place in the year 1869, when it was found that the reductions ordered in that year were not fully realized till the following year.

Another change which had taken place during the past financial year was the transfer, on 1st January last, under the sanction of the Secretary of State, of the Military Works Branch of the Public Works Department to the Military Department. He was unable to say that there would be any direct saving from this measure. But, as it not only expedited business, but enabled the Department immediately concerned to adjudge and carefully determine upon the best and most economic measures, and the means for utilising yearly the grants for military works throughout India, he was by no means devoid of hope that economy would eventually result.

There were, at the present moment, several large questions connected with army reform which were before the Secretary of State for India, and on which it would not be right for him to invite any discussion in this assembly. He had; therefore, purposely confined himself to the financial bearings and aspects of subjects which had already received the sanction of the Secretary of State for India, and which had therefore passed beyond official criticism.

Hitherto he had spoken only as to the economies which would result from the changes which were about to be made in organization; but if he believed that nothing beyond economy would result from these great changes, he for one would have certainly hesitated to advocate as earnestly as he had the alterations which were about to take place; but he held a strong opinion that those changes would give strength and efficiency to, and add to the power of, the Indian army.

These were not new ideas—these were not views manufactured by him to suit this particular occasion. He had had an exceptionally long experience in the ranks of the Indian army, and held many positions in it; and these were the results of convictions which had been absolutely forced upon him by the experience gained by him in the course of his long service. He believed it had been his fate to see the army under as many extraordinary circumstances as almost any one in this country. If there was in any one's mind—in any quarter—any lurking suspicions that he had in any way shifted his opinions or changed his views since he had the honour done him of being appointed a Member of His Excellency's Government, then he took this opportunity of emphatically denying that such was the case. He had not shifted his ground an iota, in proof of which he invited attention to the fact that he held in his hand two articles which he contributed to a London magazine twelve years ago, and which were published to the world; in fact, the dates of these two articles were, one in January, 1870, and the other in the following February. And, in writing on the subject of army reform, he then said that there were three things which were essential to complete efficiency in the Indian army. The first was, that there should be more British officers; the second, that there should be a reduction in the number of regiments; and thirdly, that the strength of regiments to be maintained should be materially increased.

The Hon'ble Mr. RIVERS THOMPSON said that he did not think that Hon'ble Members could complain of the want of variety in the addresses which had been delivered that morning in Council. Indeed, the wide scope of the subject, relating to the financial administration of an Empire like India, justified a variety of treatment; and he was sure, speaking as a Member of the Government of India, that the fullest expression of opinion upon all questions connected with the Budget would be cordially welcomed. Apart from the advantages of freedom of debate in eliciting facts they had in the statement of the Hon'ble Rájá Siva Prasád, in his remarks in connection with the license-tax, and in the influential opinions expressed by the Hon'ble Mr. Inglis as regarded the abolition of export-duty, statements which he (the speaker) was sure would be valuable guides to the Government of India in its deliberations upon the financial administration of the next year. Before they proceeded to consider the separate Bills which would be presented to them shortly, he (Mr. THOMPSON) wished to offer a few observations upon one subject to which Hon'ble Members opposite had made frequent allusions. Though the Government might, as he thought it might, accept the tender of congratulations which several speakers had offered upon the generally satisfactory financial position of the country during the past year,

observations had fallen from several speakers who had preceded him, which took exception to certain portions of the Financial Administration. The objections formulated themselves somewhat in this way:—that, given a surplus which Government had found itself in a position to distribute, the distribution of that surplus had not been a judicious one. It had not been pretended—certainly no attempt had been made to show—that the administration of the Hon'ble the Finance Minister during the last twelve months had been unsatisfactory; but the issue was raised, that, having $1\frac{1}{2}$ millions to dispose of, the proposals now submitted for their consideration did not dispose of that amount in a satisfactory manner. MR. THOMPSON would confine his remarks, in a very few words, to the objection which had been taken to the reduction of the duty upon salt, and the uniform rate which it was now proposed to adopt everywhere except in Burma and the trans-Indus districts of the Panjāb Province. It would be in the knowledge of most of the Members of Council that large questions connected with the incidence of taxation in different Provinces of India had been the subject of very detailed enquiries, under the auspices of the Financial Department of the Government of India, by an officer eminently qualified to undertake that duty—he referred to Mr. Barbour. The work of investigation occupied a greater portion of the Simla season last year, and the result of it, after careful scrutiny and examination by those who were responsible, had been accepted in some part as the basis of certain of the proposals which the Government had now put forward in the Financial Statement. It would be impossible, upon such an occasion as the present, to give any summary of the final conclusions of such enquiry; but this much might be asserted, that, in stating the incidence of taxation per head of the population in different Provinces, the inequality of the burden upon the people had been very clearly demonstrated. While there might arise no very pressing need for a reduction of taxation in some places, it had been clearly manifested in particular Provinces that a decrease of taxation was desirable. Two Provinces stood out as exceptionally favoured in this respect. First, the Lower Provinces of Bengal, where it was asserted the wealthier classes were too lightly taxed in comparison with the poorer classes, and the Central Provinces, which were under the administration of the Chief Commissioner of Nāgpur, where a result from a comparison with other parts of India showed a very lenient incidence of taxation. But whatever the conclusion might be as to inter-provincial comparison—and upon this subject he would say in passing that the proposals which had been made would tend to relieve the pressure upon land in the North-Western Provinces in a Bill to be introduced—the general conclusions brought out most conclusively that the severity of taxation in India fell upon the poorer classes,

and that the poverty of these classes was extremely great. It did not require, indeed, the researches of experts in statistical enquiries to show this as a matter of fact. It was patent to all who had any knowledge of the condition of rural life in India, and they had the authority of a very high evidence that the extreme poverty of by far the larger portion of the bulk of the population of India was seldom properly appreciated except by ocular evidence. Here was the "cause of justice to the millions" to which the Hon'ble Jotindra Mohan Tagore alluded, and it was in the course of the dispensation of justice to the millions, that the Government proposal for a reduction of the duty on salt was made. He did not believe that any one had ever questioned that salt was a proper and legitimate subject for taxation. As an article of universal consumption, it not only must reach the great bulk of the population, but it enabled the Government to raise from the population their contribution for the necessities of the State. In its indirect form it presented not only probably the cheapest mode of collection of a tax, but one which was the least harassing to the people. The Government did not contest any one of these conclusions on which some of the speakers had laid stress. But its present action in establishing an uniformity of rate and a reduction of the duty, was taken with the object of so adjusting the payment of the tax as to remove all charges of unfairness or of oppression in the application of that tax.

Two arguments had been used against this, first, that no complaints were made by the people, and second, that a remission of duty would not benefit the people for whose benefit it was intended. As regarded the first point, the answer was that no complaints were made, because the people whom the Government wished to relieve had no means of raising their voice. Generally, this was the case, though he held in his hands a Native paper which very strongly advocated the urgent claims of the poor in the reduction of the duty on salt. He would not read any extracts from this paper now, because it would occupy too much of the time of the Council; but he could say that the article was written with an earnest expression of the hope that some benefit would be done to the people of India in any legislation which might be undertaken now. When it was said that a remission of taxation would not benefit the poorer classes, MR. RIVERS THOMPSON could only say that, if that was the case in India, then the laws of supply and demand and of political economy were very different in India from those in any other part of the world. If that was the fact, and if figures established—although he believed that anything could be established by figures—that a large reduction in the duty on salt had not shown either a fall in price or an increased consumption, the answer might be that the time which had elapsed since the reduction took place was very short,

and that the reduction itself was so small that possibly it would take a long time before the effects of it could be felt. But, practically, what was now proposed was to reduce the rate of duty in Bengal by 30 per cent. and in other parts of India by 20 per cent.; and it was impossible to argue that the benefits of this reduction would not extend to those for whose benefit the reduction was to be made. He believed that, in taking this step for the reduction of the duty on salt, the Government was incontestably right, not only because it would afford relief to the poorer classes in India, but because it secured the prospect of a large increase in the consumption of an article which was a necessary of life, and thus promised a return of some of the revenue which was temporarily sacrificed; and, above all, because, in the form which the Bill took, giving power to the Government in any emergency to raise the rate up to a maximum of Rs. 3 per maund, it established, in a way in which no other form of taxation did, a most valuable financial reserve.

His Excellency THE COMMANDER-IN-CHIEF said that, as the arrangements for giving effect to the changes in the organization of the Native Army, to which General Wilson had just referred, required careful elaboration before they could be published; it might be convenient to those concerned if he stated here somewhat in detail the precise character of the changes which the Government had been authorised by the Secretary of State to carry out.

It was obvious that these changes could not be carried out without touching the interests of individuals, but the liberal compensation which was to be allowed to the officers and non-commissioned officers who would be displaced left very little room for complaint in that direction.

In order that the men of the regiments to be broken up might suffer as little inconvenience as was possible under the circumstances, the Government proposed to transfer them by troops and companies intact; the regiments so strengthened being required to break up and distribute throughout the regiment the men of the troops and companies which must make way for the men of the reduced regiments.

It would be seen that, under this scheme, none of the rank and file of the army would be required to take their discharge.

When the process of distribution had taken place, the supernumerary commissioned and non-commissioned officers would remain to be disposed of.

He apprehended, however, that there would be no difficulty in dealing with these classes, as there were at all times in every regiment some officers and non-commissioned officers hanging on for pension.

To these, and to men whose strength had begun to fail, though they were able to do their duty in ordinary times, the liberal terms of retirement sanctioned by the Secretary of State would be hailed as a boon.

The conditions of retirement were as follows :—

I. The superior rates of pensions to officers, non-commissioned officers and men who had completed 25 years and upwards.

II. The ordinary rates of pensions to all officers, non-commissioned officers and men who had completed 14 years' service and who had less than 25 years' service, with a bonus of one month's pay for every two years of service.

III. To officers, non-commissioned officers and men of more than 10 and less than 14 years' service, two-thirds of the ordinary rate of pension and a bonus of three months' pay.

IV. To non-commissioned officers and men of 5 years' service and less than 10, a gratuity of one month's pay for each year of service and a bonus of three months' pay.

V. For non-commissioned officers and men of less than 5 years' service, a gratuity of six months' pay.

The Secretary of State had also sanctioned the issue of good-conduct pay to uncovenanted officers throughout the Native Army to the following extent :—

To duffadárs and havildárs, one rupee a month for every two years of good service in that grade up to a maximum of Rs. 4; to naiks, one rupee a month for every two years of good service in that grade up to a maximum of Rs. 2.

The Secretary of State had also sanctioned the following terms to officers of the reduced regiments, who might retire from the service within three months of their regiment being broken up :—

To officers of over 32 years' service, the pension to which they might be entitled, not in excess of £456-5 a year, with the value of their Colonel's allowances on the scale allowed by G. G. O. No. 1 of 1881, together with a bonus of 18 months' staff salary of their regimental appointments and free passages to England for themselves and their families.

To officers from 20 to 32 years' service, a bonus equal to 18 months' staff salary of their regimental appointments, in addition to any pension to which they might be entitled, with free passages as above.

It was not pretended that these reductions would be in any sense popular, but it would be seen that every possible care had been taken to safeguard the interests of all concerned, and that the position of that very important class, the non-commissioned officer, had been materially improved.

He had only one word more to say on this subject, and that was, that he entirely concurred in the policy of the measures now to be carried, not only because they produced economical results, but because he thought they would really increase the efficiency of the army as a fighting-machine.

His Honour the LIEUTENANT-GOVERNOR said he did not propose to take up the time of the Council with many remarks, but he could not allow this opportunity to pass by without joining with his colleagues in congratulating the Hon'ble Major Baring upon the very satisfactory account which he had been able to give of the financial condition of the country, and upon the very interesting and able statement which he had made on the subject; dealing fully, as it did, with all the most important problems of the financial policy of India. The favourable results of the year would, he was sure, surprise no one who had given real attention to the subject and watched the extraordinary growth and elasticity of the revenues of the country, though they must surprise very much those who had so energetically promulgated the theory of the bankruptcy of India. He observed with pleasure the generous terms in which credit was given by Major Baring to his predecessor in office for the flourishing condition of the finances, so far as they were attributable to financial administration. There was no doubt that there was much in the present condition of the finances which was due to Sir J. Strachey, and it was painful to observe how, because, during his tenure of office, one serious error of account had occurred, the whole of his able, zealous and wise administration of the finances had been ignored by the public. It was HIS HONOUR'S misfortune to differ from Sir J. Strachey on several of the main questions of finance, but this could not affect his appreciation and recognition of the great services which he had rendered to the financial administration of this country. One of the points regarding which he most differed from him was the abolition of the cotton-duties, and as he had always taken an active part in opposing the partial repeals of these duties, which had from time to time taken place in the last few years, he would explain in a very few words why he considered that he could, without any inconsistency, support his hon'ble friend's proposal to abolish them now. His objection until now to the abolition of the duties on cotton-goods had been founded upon one consideration only, and that was, that the country could not afford to make such a sacrifice. A great deal had been

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said from time to time of the necessity of repealing the cotton-duties in consequence of the Resolution of the House of Commons; but the Resolution of the House of Commons simply declared, not that the duties should be repealed whether the country could bear the cost or not, but that they ought to be "repealed without delay, so soon as the financial condition of India will permit." What he had always denied, and what he denied still, was that at any time previous to the present date the financial condition of India did permit of such a measure. Now that it had been shown that the financial condition of the country was such that the duties could be abolished without any fresh burthen of taxation being thrown upon the people, and, indeed, that the abolition could be accompanied by a large simultaneous reduction of taxation on the Natives of this country, his objection disappeared.

HIS HONOUR deplored, as he always had done, the manner in which the partial reduction of the duties on cotton-goods had been carried out with the avowed intention of causing such a confusion in trade as to make their entire repeal a matter of necessity. He had always felt and maintained that the proper course was to wait till the country could afford it, and then repeal the duties if these goods were considered to be more deserving of relief than any other goods or than any other branch of taxation. He quite admitted, and had stated on other occasions, that the state of things produced by those partial reductions was such that it could not possibly be maintained; and now that Government could do it without substituting for the customs-duties any form of direct tax, he was glad that trade generally should receive such relief as that afforded it by the Customs Bill introduced into Council on Wednesday by his hon'ble friend. It was for many and obvious reasons better that the repeal of the cotton-duties should take place at the same time as the general repeal of all duties on imports, than that they should be picked out for special consideration.

As regarded the question of the repeal of the rice-duties, with reference to which an allusion had been made to him, he must admit that his views were entirely opposed to those who had advocated their repeal. He would remind the Council that the question came before them in 1875, and was very fully discussed. He, on that occasion, had stated very fully his reasons for thinking that there were no grounds for repealing those duties. It must be recollected that the condition of the rice-market in Bengal was just now purely exceptional; the price of rice now was lower probably than it had ever been for 30 years; it could not be relied upon to continue, and, therefore, there was no ground for hoping that the price of rice was permanently so low that it could be imported into Europe for manufacturing purposes, as the rice of Burma was. The rice of Bengal was

exported for human food, a little of it to Europe, but the bulk of it to the Colonies, to feed Indian labourers working there; the Burma rice, which was a soft, cheap rice, with which Bengal rice could never compete, was exported for manufacture and distillery purposes and never for food. We knew, as a fact, that every available maund of rice was now exported from Burma in spite of the duty, and no reduction of duty would increase the export. When the late Lord Mayo visited Burma, he expected to hear strong objections to the duty, and was much surprised to find that rice-merchants were the most energetic supporters of the duty. A reduction of the duty would not enable Bengal rice at all to compete for manufacturing purposes with the soft grains of Burma, and there was no ground for believing that this would lead to a more extended use of rice as an article of food in Europe.

The reduction of salt-duties, though not, in His HONOUR'S opinion, called for by the circumstances of the country, or by any pressure of that tax upon the public, was part of a policy determined upon by Government for equalising the duties throughout India; and he was glad to find that his hon'ble friend distinctly expressed his reliance upon this tax as a mode of meeting any future difficulties which might arise. He was quite sure that there was in Bengal certainly no form of taxation less unpopular, more productive and more easy of collection than the salt-duty. It fell very lightly upon the people, and its existence, indeed, was hardly known to them, and it fell rateably upon the rich and poor owing to the peculiar conditions of Native life. He hoped that the reserve of taxation which the Government now possessed in its power on an emergency again to increase the salt-duty now so largely reduced would render any discussion of measures of direct taxation unnecessary for the future.

There was only one further remark which he desired to make, and that was as to the charge for *Military Ordinary*. He could not help feeling some considerable disappointment that so little had actually been done, for reasons which had been just explained, to give effect to the reduction in the cost of the army proposed by the Army Commission of 1879. The Army Commission did not make any proposals for economy at the sacrifice of the efficiency of the army. He believed that they stated the case correctly and moderately when they said "that their proposals, while they undoubtedly effect a very material saving, will also render more efficient in time of war the armies of India and the great Departments of Military Administration, on which they depend for much of their efficiency," and again, when they said "in the general organisation and administration of the army we have proposed changes which substitute a simple and more powerful system for one which in the growth of years has become somewhat antiquated and cumbrous." If this was true,—and it had

certainly never yet been shown to be untrue,—it could not be right to go on paying the enormous sums we did for our military organisation, when a much more efficient organisation could be secured at a considerably less cost.

He was in hopes that we should be told that, in the face of the financial prosperity of the country, the limit on the expenditure on Productive Public Works had been withdrawn. No one could now doubt that money expended on carefully selected projects for improved communications would yield a large return, and there was no question but that the present improvement in the financial and general condition of the country was mainly due to the railways already constructed. Private enterprise should, he quite agreed, receive every encouragement compatible with the interests of the tax-payers of the country; but certainly private enterprise would not do all that was wanted for India, and probably would do very little except on terms unfavourable to the revenues of the country. If private enterprise could be induced to take up certain new projects on fair terms, thus enabling Government to expend more money on projects less attractive to the public, it would be a good thing done; but nothing, it seemed to him, was gained by making over to private companies works already completed and yielding a fair return. This really amounted to giving to private companies a portion of the revenue of the country, while it in no way hastened on the development of communication.

Major the Hon'ble E. BARING said that, in the Financial Statement which he made to the Council the other day, he expressed the firm and confident belief that the proposals of the Government would receive fair and impartial consideration from this Council and from the public. That prediction had been amply verified. But they were under this disadvantage, that, owing to the necessity for hurrying these Bills through the Council, they had not as yet had the advantage of learning the opinion of the public in other portions of India on the proposals of the Government. They had, however, had a very interesting debate in this Council, and they had also had the advantage of learning such opinions on the Government proposals as could be pronounced by the local Press after a consideration of 48 hours, which, he admitted, was not very much time to give them. He was not far from the mark in saying that the general verdict on the proposals of the Government was one of approval, but it was impossible that, in proposing such important measures of reform as those now under consideration, there should be unanimity of opinion. There must be some differences of opinion; but, on the whole, he thought he was not going too far in saying that the proposals of the Government had not been the subject of any very acute criticism.

He now turned from these general observations to deal with one or two of the more prominent points which had been raised in the course of the discussion. The first subject to which he would refer was the question of the salt-duty. The reduction proposed in the salt-duty had been criticised by one or two members of the Council, and his hon'ble friend Mr. Inglis said that he did not think that by taking off the duty they would lower the price of salt by one pice to the consumer. That opinion, and some of the other opinions which had been expressed by his hon'ble friends, constituted a class of argument which it was very difficult for MAJOR BARING to answer in a satisfactory manner; because they spoke with a much greater and longer experience of the country than any to which he could pretend. He understood the case to be this, that, in England, there were certain laws, which he would not dignify by the name of political economy, but which were rather laws of common sense, and which regulated ordinary commercial proceedings. (In England, competition brought down prices; again, it was considered unadvisable in England to tax the necessary articles of consumption used by the poorest classes.) He was told that these were excellent commercial principles for the county of Middlesex, but that they did not apply to the 24-Parganas; for that the moment one passed the Isthmus of Suez, the ordinary principles of commerce and trade became inapplicable. These local arguments placed him in a very difficult situation. For, although he was quite certain that, on the banks of the Thames, two and two made four, he could not be certain that, owing to his ignorance of local customs, they did not make $5\frac{1}{2}$ on the banks of the Hugli; he could not be certain that black was black, or white was white, in India. No doubt some extraordinary things did happen in India. He was reading recently in a local paper that a gentleman in Calcutta had been able, by means of some spiritualistic agency,—he thought it must have been a local spirit,—to extract a sheet of writing-paper from a table in London and deposit it in Calcutta. If he had been in London and that paper had been removed from Calcutta and produced in London, he should have received the statement with a certain amount of scepticism; but he had heard so much here of local phenomena and local peculiarities, that he was unable to say whether Calcutta sheets of note-paper obeyed the same laws of time and space as those in England. It was, no doubt, owing to some local peculiarity, which he could not explain, that the Indian consumer resolutely persisted in paying one rupee for an article which could be obtained for 14 annas. It must also be owing to some local peculiarity that the Indian merchants did not endeavour to undersell one another. But he would ask his hon'ble friends whether they did not attach somewhat too great importance to these local peculiarities. When his hon'ble friend said that it was very universally held that the reduction in the salt-duties would not benefit the poorest

class, some qualification must be made. Only this morning he took up an Anglo-Vernacular paper, in which he found it stated—"This reduction of price in so necessary an article is a very great blessing indeed to the poorest classes." He also found that, elsewhere in India, the opinion which had been expressed by his hon'ble friend was not entertained. He wished to remind the Council what took place when the customs-line was abolished. The price of salt was raised in Southern India and decreased in Upper India. His hon'ble friend thought it would have been sufficient to have reduced the duty in Bengal from Rs. 2-14 to Rs. 2-8, and he also thought that the differential duty against Bengal was very unjust, and he was glad to see it disappear. They who sat here had the advantage of hearing a good deal of Bengal interests; but it should be remembered that the Legislative Council of the Government of India had to legislate for Provinces beyond Bengal, and must take into consideration the different circumstances and interests of every part of India; and in Bombay and Madras there was not that universality of opinion against the reduction of the salt-duties which, according to his hon'ble friend, existed here. He always read the *Times of India* and the *Bombay Gazette* with particular attention, because these papers discussed questions of finance with marked ability. The *Bombay Gazette*—which he received this morning—said "Salt at the present moment is dirty and dear in India, and the tax is a hardship on the poorest inhabitants of the land." He might quote abundance of evidence to show that public opinion in Bombay was not such as his hon'ble friend represented the public opinion of Calcutta to be. He might also adduce some evidence to show the state of public opinion in Madras. He was much struck a short time ago in reading an article in the *Madras Mail*, which must have been written wholly in ignorance of what the Government was going to do, but which really foreshadowed the policy of the Government with regard to opium and salt. It was argued, with considerable ability, that the proper use to which to apply a large opium surplus was to effect a reduction of the salt-duty. That was exactly what the Government had done. It was also argued that the duty pressed hardly on the poorest classes. If it was true that the salt-duty did not press very hardly and it made no difference what the tax were, he should like to know what became of those three lakhs of rupees which, his hon'ble friend said, certain salt-merchants were going to lose by the reduction of the duty? Where did it go to? Did it all go into the hands of the middlemen, between the wholesale merchant and the consumer? He very much doubted it. There appeared to be some contradiction in terms. If the salt-duty did not press hardly on the consumer and a reduction of the duty had no effect, he wondered why the consumption in Madras had never yet reached the figure at which it stood in 1868-69? He wondered why cheap salt invariably pushed dear salt out of the market, and

the territorial frontier between the two descriptions of salt had been shown by experience to be reached where the two rates of duty were equalized? He wondered why the consumption of salt steadily went on increasing where the duty was reduced, and also why, in Rájputána and in Central India, when the salt-duty was raised, the price of salt immediately increased very largely. He held in his hands extracts from reports of the Political Officers in Rájputána, which showed that, when the duty was increased, the price became enhanced; and it was evident, therefore, that, when the duty was lowered, the price would be decreased. He would give a few instances in which prices had thus increased. Writing from Jodhpur, the Political Officer said:—"In September, 1878, the "selling price of salt was 40 sers; in November it was 29½; in December it was "24; in January, 1879, it was 20; and now it was 16 sers." That is to say, that, on the abolition of the customs-line, the price rose from 40 sers to 16. That appeared a rather remarkable difference. In Bikanr, the effect of the change on the poorer classes had been to cause them to lessen their daily consumption so as to avoid having to buy the new salt. Then, in Meywár, the "poorer classes no "longer received *gratis* from the village *baniyá* the customary pinch of salt with "his daily meal of flour, but they had now to pay one anna a month for about one "pound of salt. Each hide cured now costs one anna more than formerly, and, ("though the people have not curtailed their own consumption of salt, they had "begun to give less to their cattle.") In Kota, again, "salt was now selling at "nine sers per rupee, more than double its price a short time ago. The mass of "the people are passively resigned, and look on the change as unavoidable." Now, he (MAJOR BARING) had a good deal of sympathy for people who were passively resigned and looked on a change as unavoidable, and he wished his hon'ble friends had reserved some of their sympathy for these men: when they had to pay a heavy duty, it fell hardly on them.

Perhaps hon'ble members hardly realised the effect of the remark which had been made by his friend Mr. Rivers Thompson about the poverty of India. A calculation had been made which showed what the annual income was per head of the population, and the result was arrived at that it was Rs. 27 per annum. He was not prepared to say that that estimate was absolutely correct, but he thought it was quite sufficient to show the extreme poverty of the mass of the people. In England, the average income per head of population was £33 per head; in France, it was £23; in Turkey, which was the poorest country in Europe, it was £4 per head. He would ask hon'ble members to think what Rs. 27 per annum was to support a person, and then he would ask whether a few annas was nothing to such poor people.

Now, there was another point of view of this question as to which he should like to say something. Allusion had been made by his hon'ble friend Mr. Rivers Thompson, as well as by His Honour the Lieutenant-Governor of Bengal, about a reduction of the salt-duty very much strengthening the financial position of the country. Several times during the last 20 years, direct taxation had been used as the financial reserve for India. Now, that was not a very satisfactory financial reserve to fall back upon in times of emergency. Whatever might be said for or against direct taxation, his own view was, that direct taxation was singularly unsuited to be made the means of rectifying budget inequalities in India in times of financial pressure. If there was to be direct taxation, let it be a permanent tax, and not subject to constant changes; for, if any measure of direct taxation was subjected to frequent changes, it would serve as a powerful instrument of oppression in the hands of the tax-gatherer and also keep alive political friction. If, however, a direct tax was not to be used for that purpose, MAJOR BARING knew of no other form of taxation that was more suitable for the purpose than the salt-duty. But, in order to utilise it as a reserve, the rate of duty must be reduced to as low a point as was feasible. His only regret was that the Government had not been able to reduce it to a lower point. Not only, therefore, did the reduction of this tax relieve the poorer classes, but it strengthened the financial position very much.

There was one other point of view to which he wished to refer. His hon'ble friend said that the Government might have taken off some other tax instead of reducing the salt-duty. MAJOR BARING thought his hon'ble friend could hardly have sufficiently perceived the force of the remark in the Financial Statement as to the manner in which it was proposed to effect a reduction of the salt-duty. To explain this more fully he must refer to the question of opium. Last year an income of £6,500,000 net was estimated under this head. That estimate was a good deal criticised both in England and here. It was said that too low an estimate had been taken. He fully admitted that the taking of too low an estimate was, as a matter of technical finance, objectionable. But the real question was, to what extent could the Government, in reliance upon opium, either take off taxation or incur additional expenditure. The answer to that question depended upon the nature of the tax which was taken off. He should never have recommended that the license-tax or the import-duties, or any form of taxation which involved a permanent loss of revenue, should be taken off in reliance upon a source of revenue which was precarious. But when the Government came to deal with a duty like the salt-duty, which, when the necessity arose, could easily be put on again, and when, moreover, it was considered that the loss would be recouped in time by increased consump-

tion, then the financial danger of relying upon the revenue from opium became very much less. He wished, therefore, to point out that a reduction to Rs. 2 a maund on salt was only possible by taking a higher estimate of the receipts from opium than last year. That was all he had to say on the subject of the salt-duties.

The next question to which he would refer was an extremely difficult one. He did not mind confessing that the criticism of his hon'ble friend Mr. Inglis, as to the export-duty on rice not being taken off, was the most formidable criticism which might be brought against the financial arrangements of the year. He need hardly say that he was no friend of export, any more than of import, duties; indeed, he should rather say that he was generally less a friend of the former than of the latter. The question, however, was not whether the export-duty was good or bad, but whether it could be taken off this year. He need hardly also say that the text-books on political economy laid down certain dicta with respect to export-duties, and this was one of the few subjects upon which the text-books were unanimous, and upon which everybody agreed. It was laid down that the export-duty was not justifiable unless the country which levied it had a monopoly of the article on which the duty was levied. His distinguished friend the Lieutenant-Governor had called to mind the fact that this subject was very carefully considered in 1875, and MAJOR BARING remembered that, in 1873, when Lord Northbrook issued his circular with reference to taxation generally, the subject received very careful consideration at the hands of Sir Ashley Eden, who was then the Chief Commissioner of British Burma. The opinion which was then adopted by the highest authorities was that, although India and British Burma had not the entire monopoly of the rice-trade, they had a practical monopoly, and that the tax could not be considered an objectionable one. The Government recently considered the subject afresh, and MAJOR BARING had talked the question over with many intelligent gentlemen in Rangoon, who were much interested in the trade, when he accompanied His Excellency the Viceroy in his recent visit to British Burma. The conclusion he came to was, that the question was not one of great urgency, and that there was no great need to take off the export-duty at the present time. He did not say that the state of things now was exactly the same as it was in 1873 or in 1875, because the production of rice had very much increased; prices had, therefore, gone down, and very probably producers received smaller profits. If the whole question of the customs-duties had been intact and no changes had been made, it might have been a fair question for argument whether it would not have been wiser to begin with some diminution of the export-duty before touching the import-duties. But it should be remembered that the import-

duties had got into such a state of confusion that it was absolutely necessary to deal with the subject. He need not repeat what he had said on this subject in his Financial Statement; his remarks under this head had not been challenged. That being the case, the Government considered it was wiser to deal comprehensively with one great branch of the customs-duties than to deal in detail with two separate branches of it, and that, for all practical purposes, the export-duty on rice might for the present be left alone. If the duty could have been taken off, he would have rejoiced to have done so.

The next question he had to allude to was the license-tax. He need say but little upon this subject. His hon'ble friend Mr. Inglis had said that the non-official community had remained perfectly silent upon this subject up to the present time, but he warned the Government that, if the tax was kept on, they could allow their voice to be heard. The question had never struck MAJOR BARING from that point of view before. MAJOR BARING had always thought that the non-official community had already allowed their voices to be heard. In fact, he did not remember any question upon which they had allowed themselves to be heard more distinctly. We often heard a good deal of India having no representative institutions, but he did not know of any body of persons in or out of India who were so well represented as these 228,000 people who paid the license-tax: the Government had always heard of their grievance both in and out of this Council. And, when his friend Mahárájá Jotíndrá Mohan Tagore talked of benefiting the suffering millions, MAJOR BARING supposed he alluded to these 228,000 people. There were, however, not millions who paid the tax, but a few hundred thousand. If the Government, in preference to taking off the import-duties and the reduction of the salt-duty, had taken off the license-tax, and therefore benefited this small but wealthy community, it might with justice have been said that they had sacrificed the interests of India and had legislated for class-interests. But that, he was glad to say, had not been done.

He thought he had now dealt with the larger questions which had been raised in the course of this discussion. He would now refer to one or two of the minor points. His hon'ble friend Mr. Reynolds, in his instructive and interesting speech, said that something should have been done to improve the position of the subordinate judicial service in the same manner as for the subordinate executive service. MAJOR BARING had omitted to say, in alluding to the subordinate executive service, that he had intended to include the judicial branch of the service, for the improvement of whose status Rs. 70,000 per annum had been allotted. Then, another point, to which his hon'ble friend Mr. Inglis referred, was the taking off of the duty on light wines. MAJOR

BARING had no hesitation in saying that the subject would be considered, but it was one of considerable difficulty; because the Government was under certain treaty-obligations with respect to wines of this class. He would only add that he was convinced that the measures which the Government had proposed for the acceptance of this Council were for the best interests of India, and, on the whole, he thought the Government might congratulate itself upon the way in which their proposals had been received.

His Excellency THE PRESIDENT said,—“The discussion which has taken place in this Council to-day has been on the whole, I think I may fairly say, so satisfactory to the Government as indicating the judgment pronounced by the Members of this Council upon their financial proposals, that I might almost have dispensed myself from the necessity of occupying the time of this Council with any remarks of my own; but, considering the important nature and the large scope of the proposals contained in the Budget of my hon'ble friend Major Baring, it would not, I think, be altogether right that I should permit this discussion to be brought to a conclusion without giving briefly the reasons which have induced me to accord my cordial concurrence to the proposals which have been submitted to the Government by my hon'ble friend; and, therefore, I will ask the permission of my hon'ble colleagues to occupy their attention for a short time while I make a few observations upon the principal points with which this Budget deals.

“I will begin by speaking of the proposed repeal of the customs duties. I need not recapitulate the convincing evidence, brought before this Council in the statement of Major Baring, to show that the existing state of things in respect to our customs revenue is one which it was impossible to continue longer than was absolutely necessary. That that is the case, I think I may fairly say, is admitted on all hands, and no one appears to contest that the steps which were taken with respect to our customs tariff under the Government of my predecessor, Lord Lytton, left that tariff in a condition in which it was impossible that it could permanently remain. And, in making that statement, I am not saying anything of which my hon'ble friend, Lord Lytton, would complain; because, in a recent speech which he has made in England, he distinctly admitted,—and he took credit to himself for the fact,—that the partial measures of customs repeal adopted by his Government were intended to bring about that result which they have undoubtedly now produced, and to render the continuance of the chief customs duties in this country altogether impossible.

“It was, therefore, as it seems to me, absolutely imperative that the Government should take the earliest opportunity of dealing with this question of

the customs duties, and I must say for myself that it was a strong motive with me to seize that opportunity as soon as it arrived ; because, by dealing with this subject in a permanent and final manner, we may cherish the hope that we shall thus put an end to those differences of opinion upon the questions which have unhappily now for several years existed between the people of England and the people of India, and in which I must frankly say that I think neither party to the controversy has been just to the other.

“ I think that, in India, men have been apt to overlook the feelings which must naturally be entertained upon this subject by those who have all their lives been the earnest and conscientious advocates of the principles of free trade. No doubt it is perfectly true that, when Manchester manufacturers ask for the repeal of the cotton duties, they are asking for something which will confer benefit upon themselves ; but I venture to say that it is almost impossible for those who stood beside my friends the late Mr. Cobden and Mr. Bright in the great free trade controversies of the past, to understand how men can possibly accuse them of selfishness because they desire to confer upon the people of India those benefits from which they and the people of England had derived so many blessings. And, again, I think that in England men have not understood that strong—I had almost said that vehement—dread which exists in this country in connection with the imposition of direct taxation. Neither, I think, have they adverted to the fact of the limited extent to which economic principles are either studied or understood here, and, therefore, this controversy might have continued and might have been made the subject of more and more misunderstanding between two great branches of the subjects of our Queen-Empress who ought to feel that they form but one people under the shadow of her august throne. But I should mislead my hon’ble colleagues and the public if, in consequence of my allusion to the present condition of this question of the customs tariff and the impossibility of continuing the existing state of things, they were to suppose that I was attempting to shelter myself behind the special circumstances in which we are now placed, and was attempting to represent that, in adopting the policy of repealing the customs duties, I have been only brought to that conclusion by the mere necessities of the particular situation in which we are placed. I desire upon all occasions to be frank both with my hon’ble colleagues in this Council and with the public of India, and, therefore, I am bound to say that it has been with great satisfaction that I have seized the present opportunity of repealing these customs duties ; because I earnestly believe that that repeal will be found beneficial to the general interests of India. My hon’ble friend Mahārājā Jotíndrā Mohan Tagore dropped some words about neglect

of justice to India in consideration of the interests of Manchester manufacturers. I am quite sure that my hon'ble friend did not mean those remarks to apply to me, and, indeed, if my hon'ble friend has done me the honour of paying any attention to the course which I have pursued during a public life which has extended now over more than thirty years, he will know that, from the earliest period of that public life, I have been an earnest and consistent advocate of the fiscal principles of the free trade party; and I have been so because I believed that those principles were principles of general application, calculated to confer the largest benefits upon the great mass of the community of any nation to which they might be applied. And, therefore, no man can be surprised that, holding those opinions strongly and firmly, and having advocated them throughout the whole course of my political career, I should be desirous, when a fitting opportunity occurred, of having a hand in conferring upon the people of India the benefit of the application of principles which I believe to be calculated to conduce to their permanent advantage and prosperity. And I can say that, if I did not entertain that opinion,—if I thought that the course which the Government is about to take with respect to these customs duties was a course which would benefit England at the expense of India, I would not have been induced by any consideration to be a party to such a proceeding. I desire, so long as I may hold the position which I have now the honour to fill, to govern India in the interests of India and for the benefit of her people; and I would not consent to be a party to any measures which I did not honestly believe would conduce to that great end.

“The policy of the Government in this respect is a policy which has been pursued, as we all know, at home now for a long series of years, and which can quote in its support the names of the most illustrious financial statesmen of England, from the time of Mr. Huskinson, or the days of Sir Robert Peel, down to the long and eminent financial administration of my right hon'ble friend Mr. Gladstone. That policy has been founded upon a belief—I should rather have said, an absolute conviction—that anything in the nature of protective duties is highly injurious to the country in which they exist, and also upon the belief that small customs duties, which hamper trade and produce very little revenue, are highly mischievous and objectionable; and I am bound to say, especially with respect to the last of these objections—the objection, namely, to small unproductive duties, which interfere greatly with trade and fetter its operation—that it applies more strongly to India than to other countries; because, I believe, there is scarcely anything of more importance to the future prosperity of this great peninsula than that we should do all in our power to promote and to increase commercial progress and industrial advance, and that

everything which tends to check or fetter the commerce or industry of this country has an especially baneful influence upon the general interests of the population.

“It must be borne in mind that this customs revenue, speaking broadly, was not an increasing revenue. It had not those elements of growth which exist in many of the great sources of revenue in England, and from its very nature it was not calculated to possess those growing elements; whereas it may fairly be hoped that, by thus removing the trammels which press upon the springs of trade, we may stimulate enterprise and may derive direct financial benefit from increased railway receipts, which are a growing element—and which, I believe, will prove in the future to be a very growing element—in the revenue of the country. But while I say this, and while I express my strong opinion that the course which the Government is taking now is opportune and calculated to be highly beneficial to the country, I am yet bound to say that I should not have been a party to the repeal of the cotton duties, or to the repeal of the other customs duties, if it had been proposed to repeal them in the face of a deficit, or if it had been necessary, in order to repeal them, to impose other taxation upon the country. I am not at all unaware of the great examples which might be quoted in favour of carrying out an important customs reform under the shelter of the imposition of a direct tax. We have all heard of the famous Budget of Sir Robert Peel, in which he made a large reform of our complicated, antiquated and troublesome English customs system and recouped himself by means of the imposition of an income tax; but I do not think that that would have been a wise course to pursue in India. I am very well aware, as I have just said, of the strong feelings entertained in this country with respect to direct taxation. I am not going to enter now upon that thorny question; but it would have been, in my judgment, highly unwise, for the purpose even of so large a benefit as the repeal of these customs duties, to have shown that want of consideration for a large and strongly expressed public opinion which would have been involved in such a proposition as one by which fresh taxation would have been imposed upon the people for the purpose of repealing these customs duties. It was on that very account that, in spite of all the anomalies of some portions of our present customs system—in spite of the exceeding absurdity of the results which followed from some of the arrangements made in regard to grey goods by previous alterations, the Government of India abstained from touching this question last year. We were then not completely free from the expenditure and the trammels of the Afghan War, and we determined that no consideration, even of public convenience, should induce us to deal with this question except at

a time when we could take it up and could proceed to settle it on a general and permanent footing, and in a condition of the finances which, as has been recognised by my hon'ble friend the Lieutenant-Governor of Bengal, would justify the large remission of the customs duties proposed this year.

“And now I will pass on to a consideration of the arrangements proposed with respect to the salt tax. I can really add very little to what has fallen from my hon'ble friend Major Baring with respect to that matter. I confess that I am a very strong advocate of this portion of the Budget. I think that the large (reduction) we propose (in the salt tax is very desirable, both upon general grounds and upon financial grounds.) My hon'ble friend Major Baring has dealt with the financial portion of the question, and I can add nothing to what he has said in that respect; but I desire to express the difficulty which I feel in adopting the view, which has been put forward by some of my hon'ble friends in the course of this discussion, that this tax upon salt, which is a tax upon a necessary of life—which is a tax of many hundred per cent. upon the natural price of the article—which is paid, as I believe I am justified in saying, for or on behalf of every person in this country—of all the many millions gathered under the sceptre of our Queen-Empress, is not a tax which is felt by those who pay it—is not a tax which it is desirable to reduce apart from the financial considerations which lead to its reduction, in order to confer a benefit upon the great mass of the population of this country.) My hon'ble friend Rájá Siva Prasád has stated his opinion that this salt duty is felt by the people, that it does press upon them, and that they will obtain considerable relief by the reduction now proposed. I confess that I find it very difficult to suppose that that is not the case, and that a tax of this kind, paid by men whose annual income is as low, or nearly as low, as the figure mentioned by my hon'ble friend Major Baring, does not press heavily upon those who are least able to contribute to the necessities of the Government.

“I know that it has been sometimes argued, in favour of the reduction of this tax, that no man can consume more than a certain amount of salt, and that, therefore, the tax presses most unequally upon the poor as well as the rich. That is an argument which in India may, I admit, be pressed too far, because, as we all know from the habits and the charity of the people of this country, the wealthier classes have always a very large number of persons depending upon them, and the salt tax they pay is not a tax upon what they consume themselves only, but also upon the salt consumed by the large number of human beings dependent upon them for their existence. Nevertheless, when every allowance is made for that consideration, I am at a loss to

understand how it can be argued that this tax is a peculiarly equable tax ; because, however great the number of dependents a rich man may have, it is quite impossible that the amount of salt duty he pays can bear to his revenue anything like the same proportion which the amount of duty paid by one of those poor raiyats, described by my hon'ble friend, bears to his small and miserable income.

“My hon'ble friend Mr. Inglis remarked that we should not repeal the salt duty but equalise it. ‘Take off,’ he said, ‘the differential duty in Bengal.’ That would have been in many respects a good thing to do, if we had done nothing else. If, however, we had taken off the differential duty on sea-borne salt in Bengal, and left the salt duty as it was in other parts of India, there would have been plenty of people to tell us that we had taken off the duty for the benefit of the Cheshire manufacturers. That is exactly the style of argument which would have been used, and it would undoubtedly have been true as regards the effect, of the repeal of the duty on sea-borne salt, though not as regards the intention of the Government.

“Then there is another point which presses with me very much in respect to this salt tax, and that is the effect it has on agriculture. We all know that the consumption of salt is very necessary for cattle, and in the papers to which my hon'ble friend Major Baring referred—and very remarkable papers they are—in connection with this subject, namely, the reports from Rájputána with respect to the result of the recent salt arrangements in that part of the world, particular attention is drawn to the fact that, in many cases, while the consumption of salt by the people themselves is not diminished, the amount of salt given to the cattle has diminished greatly. It is, no doubt, contrary to public policy to maintain at a high rate a tax which has a practical tendency to discourage and interfere with the progress and advancement of agriculture. Then, again, it must be borne in mind that, as my hon'ble friend Major Baring said, this tax, when lowered in other parts of India a few years ago, was raised in Bombay and Madras, and the quotation he has made from a very able newspaper on the Bombay side shows that the people of that part of the world have not forgotten that fact, and that they are of opinion that the tax raised against them has pressed upon them heavily, and that they will undoubtedly rejoice in a reduction which will bring down the tax nearly to what it was before it was raised a few years ago.

“Now, it seems to me that, with respect to this salt tax, we are in this position. If the salt tax does not press upon the people—if it is a tax which they do not feel at all and do not object to pay, then it does form, without doubt,

the best possible financial resource you can have, and the lower you can bring it down the greater is the security to the people of India against other forms of taxation. If, on the other hand, the salt tax does press upon the poorer classes of the country, then surely it is only right and just that the Government should give those—the poorest classes—a share of the prosperity which the country is enjoying at the present time, even although it may at some future period of financial difficulty and disaster be necessary to re-impose the duty temporarily in order that we may recoup ourselves for the loss which such a condition of affairs would impose upon us. But, then, my hon'ble friend says that all experience shows that this reduction does not reach the people. I can really add nothing to what my hon'ble friend Major Bearing said upon that subject. I cannot say what may be the experience of this country. I can only say that the experience of all other countries is precisely the other way, and I am altogether unconvinced that large reductions of taxation will not ultimately reach the consumer, and will not be found here, as everywhere, to benefit the consumer at large. With respect to that, I may say that it is the intention of the Government to use every effort in their power to make known as widely as possible this reduction of the salt duty. We propose to address Local Governments on the subject, with a view to their taking measures to make the reduction everywhere known to the actual masses of the people themselves; and I would also ask the aid of the Vernacular Press in regard to that matter, and beg them to make the reduction as widely known as possible among their readers in every part of the land.

“I pass now from the salt duty to the question of the license tax. My hon'ble friend Major Baring has stated very distinctly and unmistakeably in his Financial Statement the policy of the Government upon that subject, and the position which we take up. He has told to this Council and to the public that we reserve to ourselves entire freedom to deal with the license tax hereafter as we may think right. It is perfectly open to us, as he explained, to repeal it, re-cast it or leave it for a time in its present position, although undoubtedly we acknowledge and admit that in its present form it is open to just and important objections. But, when the choice is put to me as a choice between getting rid of the license tax and of the salt duty, I personally must honestly say that I can have no hesitation as to the choice which I would make. I prefer the salt duty, because, in the first place, as I have said, it presses upon—at all events, it cannot be disputed that it is paid by—all the poorest people in this country; whereas, as shown in the Budget Statement, the license tax is paid by only between 200,000 and 300,000 persons. Therefore, in respect to numbers, I cannot for a moment doubt that the course the

Government is taking in this respect will afford relief from taxation to a far larger number of people in the country than would have resulted from the repeal of the license tax. And it must be recollected that there is in this Council very little representation, if any, of those poorest classes—indeed, no representation at all, except such as may be found in those who take an interest in their situation and are prompted to speak on their behalf. Those classes, as my hon'ble friend Rájá Siva Prasád remarked, are in this country practically dumb; their voices do not go to swell the chorus of public opinion; they are little heard even in the echoes of the Press; and, therefore, it is the bounden duty of the Government to guard their interests and to provide for their benefit. But there is another reason why I prefer on this occasion to deal with the salt duty rather than with the license tax, and that is because I certainly hope and believe that it will be found that, when this salt duty is reduced as largely as we propose to reduce it, the loss of revenue will be in the course of time recouped, and that that recoupment will enable us hereafter to proceed to further reductions of taxation; whereas, if we had dealt with the license tax and simply abolished it, there would have been no opening for recoupment—no prospect of a revenue growing up again from that source.

“Then it may be said—‘You are going to take off something like £1,400,000 of salt duty. Why do not you take off a less amount of salt duty and repeal the license tax—or’ (as my hon'ble friend Mr. Inglis suggested) ‘take off the export duty on rice?’ I will tell you why. Because we are convinced that, with respect to this question of the salt duty, a bold policy is the only sound policy for the Government to adopt. If you make a small reduction of the salt duty, it is very possible it will not reach the people. It is extremely possible that they will derive little or no benefit from it, and then the revenue will not be recouped. You can only hope to obtain all the benefits we desire from this reduction of the salt duty by making a large and bold reduction in it, which will afford a fair prospect—and, I venture to hope, a great deal more than a fair prospect—that the great mass of the people will benefit by it; that, benefiting by it, they will increase their consumption of salt, and that, from that increased consumption, our revenue will gradually recover from the loss first accruing to it from the partial remission of this duty. That would not have been the case if we had made a small reduction. We should never have obtained the object we had in view, and it would have practically resulted in a dead loss of revenue without the advantages which, under present circumstances, we may hope to obtain from it.

“Then, again, with respect to the license tax, my hon'ble friend Major Baring, in his Budget Statement, has set out a variety of considerations which

introduce elements of uncertainty into our financial position in regard to the future. I hope and believe that they are all those elements of uncertainty which will turn out for our benefit, and which will be ultimately solved in a manner calculated to confer financial advantages upon the country. But it is very necessary that, under such circumstances, we should proceed cautiously, and that we should wait, while those grounds for uncertainty exist, until we can see our way more clearly in regard to them, before making any larger remissions of taxation than those very considerable ones which this Budget proposes. I think nothing could be more unwise than that we should propose to repeal a tax which is undoubtedly, and I may at once admit it, an unpopular tax, unless we had been perfectly certain we should not be obliged to have recourse to it again within the space of a few years. The history of direct taxation in this country, as explained by my hon'ble friend Major Baring, gives most striking proofs, as it seems to me, of the unwisdom of dealing rashly with this question—of making constant changes and proceeding without those elements of certainty which, as I say, are at the present moment in some respects wanting to us.

“With respect to opium, I have really nothing to add to the very able statement made upon that subject in the Budget speech of my hon'ble friend Major Baring. That statement has, I think I may say, been received with general satisfaction by all who have heard it. My view on the subject of opium is a very simple one. I do not deny that there are objections of various kinds to the opium revenue. I do not deny that it is not a satisfactory branch of our revenue in many ways; but I say distinctly that I will be no party to abandoning that revenue unless I can clearly see my way to replace it by some other form of taxation which would be neither oppressive to the people nor strongly repugnant to public opinion. Well, I can see nothing of the kind. I have considered the question very carefully. I have considered it with the utmost respect for the opinion of those excellent men who take a different view of this subject from that which I take, and who are moving at home in the matter; and I have been totally unable to discover the taxation by which our opium revenue could be replaced, and by which, without oppression, without incurring a great, and, I may say, a just, unpopularity, we should have the slightest chance of recouping ourselves if we were to abandon that revenue in whole or in part. As I said before, it is, in my judgment, the first duty of the Government of India to consider the interests of the people of India; and it is from that point of view that I look at this question; and, looking at it from that point of view, I can have no doubt that the course which the Government of India

have determined to take, namely, that of maintaining our position with respect to the opium revenue, is a just and right one.

“ But, then, I have heard it said, ‘ If you cannot make up for the loss of this revenue by fresh taxes, you can make up for it by reduction of expenditure.’ Well, there is no one more anxious for reduction of unnecessary expenditure than I am. There is no person who desires to see every item of expenditure which is not needed in the interests of the country got rid of than I am. That is the view of the Government, and we are most anxious to reduce expenditure wherever it is possible. Some reductions of military expenditure we have already made, as has been explained to you, and we hope that yet further steps in that direction may hereafter be taken. As you know, the whole of this subject was very carefully considered a year or two ago by an Army Commission, composed of very able men, who examined this question with the greatest care and made an admirable report. That Commission was presided over by my hon’ble friend Sir Ashley Eden; and, as I have mentioned his name, I cannot help availing myself of this occasion to say how strongly I recognise that, by his services on that Commission, he has added to the many great claims he has established by his long and distinguished career in India to the gratitude alike of the Government and of the people of the country; and I cannot but express the regret which I feel, and which I know will be heartily shared by all here, that it will not now be many months before we shall lose him from amongst us. But this I have to say in respect to this matter of expenditure, that it seems to me that every rupee of that expenditure which may be saved from unnecessary or unproductive objects is urgently needed for purposes of the highest importance to the people,—public works, education, sanitary questions,—questions that I can scarcely number, but all of which make most urgent demands upon the Government for money, and I can hold out no hope that, by any reduction of aggregate expenditure, we can save, not seven or eight millions, but one or two millions, out of the necessary expenditure of this country for great objects of public importance.

“ The opium estimate for the coming year has been framed, as you are aware, upon a somewhat different principle from that upon which the estimate of last year was framed, and I am bound to say that, for myself, I prefer the course taken upon this occasion. I believe that estimate to be a very cautious one. It would be extremely unwise, I entirely admit, that our opium estimate should be anything but very cautious. All estimates of revenue should be low; all estimates of expenditure should be high; and I go further in regard to opium, and say that our estimate of the opium revenue should always be, on account of the peculiar circumstances connected with that branch of the revenue, a

specially cautious and low one; but I believe that we have fulfilled that condition in the present year, and, as far as I myself can judge, I am of opinion that the amount placed by my hon'ble friend in the Budget is one which, saving unforeseen accidents of the season or circumstances of trade, is likely to be realised.

“ I do not know that there are any other points connected with this Budget upon which I need express my opinion now. I have touched upon the principal matters with which it deals, and I have laid before my hon'ble colleagues in this Council some, at least, of the reasons which induce me heartily to concur in the proposals of my hon'ble friend. But I cannot conclude the remarks I have made on this occasion without tendering my warm thanks to Major Baring for the great care and labour which he has bestowed upon this Budget. No one who has not had the advantage I have had of watching him at work upon this subject for the last twelve months can know how hard he has worked; what wide and varied consideration of the whole field of past and present taxation—what close and careful examination of our whole fiscal system and of the resources of the country—he has gone through in order to produce in this final form the proposals now before us. Whatever any man may think of those proposals, they are, I venture to say, so far as my hon'ble friend is concerned, the outcome of deep thought, of minute care and of honest conviction; and I must say that to me they seem well worthy of the high reputation as a financier which he had already procured for himself before he came to India.

“ I must also express my best thanks to Mr. Hope. It is needless for me to speak of his ability, or of his really wonderful industry. They are known to all, but they have, I venture to say, never been more conspicuously displayed than in connection with the preparation of the present Budget.

“ Allusion has been made once or twice in the course of this discussion to certain inquiries made last year by Mr. Barbour, and I should be very ungrateful if I failed to notice the great assistance the Government has received from him; the manner in which he has conducted those inquiries has been marked by much ability and skill.

“ It only remains now for me, in conclusion, to say that it is my earnest hope that this present Budget, while it will unfetter trade and lighten the burden of taxation that presses upon the poorest in the land, will be found, when it has passed through the test of experience, to have dealt with our financial arrangements in a manner consistent alike with sound economical

principles and calculated to confer large and increasing benefits upon all classes of the people."

The Motion was put and agreed to.

Major the Hon'ble E. BARING applied to His Excellency the President to suspend the Rules for the Conduct of Business.

The PRESIDENT declared the Rules suspended.

Major the Hon'ble E. BARING then moved that the Bill be passed.

The Motion was put and agreed to.

SALT BILL.

Major the Hon'ble E. BARING also moved that the Bill for regulating the duty on Salt and for other purposes be taken into consideration. .

The Motion was put and agreed to.

Major the Hon'ble E. BARING also applied to His Excellency the President to suspend the Rules for the Conduct of Business.

The PRESIDENT declared the Rules suspended.

Major the Hon'ble E. BARING then moved that the Bill be passed.

The Motion was put and agreed to.

KÁNÚNGOS AND PATWÁRÍS (N.-W. P. AND OUDH) BILL.

Major the Hon'ble E. BARING also moved that the Bill to amend the law relating to Kánúngos and Patwáris in the North-Western Provinces and Oudh be taken into consideration.

The Motion was put and agreed to.

The Hon'ble MR. CROSTHWAITE moved that, in section eleven, line one, for the words "section one" the words "sections one, ten" be substituted; and that, in the same section, line eight, for the word "nine" the word "ten" be substituted; and, in doing so, he asked leave to say a few words on the principle of the Bill. The object of the amendment was to secure that the intention of the Government in relieving cultivators of the soil as well as owners should be carried out as far as possible. He believed that no measure in this Budget would be productive of greater good than the measure to which this Bill re-

ferred, and, therefore, the remarks he was about to make would be directed merely to the form in which it was proposed to afford this relief. The relief was put in a form which would, perhaps, be considered to embrace other Provinces as well. The payment which the zamíndárs in the North-Western Provinces made on account of patwárís was not in the nature of a tax, but for services done to them by the village-accountant, who kept the accounts of the agricultural classes. It had always been the fundamental principle of the revenue-administration that the owners of land should render true and accurate accounts of their dealings with the agricultural classes, and that they should pay for the services of the village-accountant. He only wished to secure an expression of opinion from the hon'ble mover of the Bill, that, in putting the relief to be given to the zamíndárs in the present form, it was not the intention of the Government to abandon the principle to which he had referred, or to undertake to bear for the future the cost of providing the services of patwárís in all the Provinces. It might not embarrass the Government of the North-Western Provinces to take upon itself this burden; but, speaking for the Central Provinces, he believed the Administration had been looking forward to putting into force the measure passed into law last year, which gave the Local Government power to raise the sum now paid by zamíndárs in some districts of those Provinces for their patwárís, and to levy a cess in those districts in which it did not at present exist. He was afraid that the present Bill, if allowed to pass without an expression of opinion that it was merely a measure of relief to the zamíndárs in the North-Western Provinces and Oudh, on the ground that their taxation was heavier than it ought to be, might be taken to be an expression of the intention of Government to bear everywhere the cost of patwárís, and might tend to embarrass the Governments of other Provinces. That was the only ground on account of which he took objection to the present Bill. He gathered that the reason why relief had been given in this way, rather than by reducing the amount of the other rates paid by the zamíndárs, was the expectation that it would reach the cultivators and the actual occupiers of the soil more in this form than in any other way. That was an expectation which might be partially true, but he was afraid that over a very great part of the North-Western Provinces the hope was futile. These rates had been for a long time amalgamated with the rent, and the rent was now collected by the zamíndárs from their tenants in a way which made it impossible to separate the amount of cess payable by tenants on account of patwárís from the proper rent. In Oudh and the permanently-settled parts of the North-Western Provinces that was not the case. But it was so over the greater part of the North-Western Provinces; and, therefore, he was afraid that the expectation that the relief would reach the cultivators and actual occupants

of the soil was not founded on fact. At the same time, in order to secure, as far as possible, that the intentions of the Government might be put into effect, he moved the amendment which he had just read.

Major the Hon'ble E. BARING said that, as regarded his hon'ble friend's objections to the principle of the Bill, he could answer him in a very few words. This proposal originated, not in a special desire to relieve the zamíndars who paid the patwáris, but merely because the Government of India thought the North-Western Provinces should have some remission of taxation, and it was a question for the local Government to decide what form that remission should take. That was clearly a point as to which the Government of India must be led by the opinion of the local authorities. He must confess that his own first impression was that the best thing to do was to take off what was generally known as the famine-cess; but Sir George Couper, who was intimately acquainted with the circumstances of the North-Western Provinces and Oudh, thought that the best form of relief would be to take off the patwári-cess; and, as regarded the amount of relief, it was certainly much larger than the amount levied under the famine-cess. He had not the figures before him, but he thought he was correct when he said that the famine-cess in the North-Western Provinces and Oudh yielded £170,000, and the relief now proposed to be given in one form or another amounted to £316,000. He had, however, no hesitation in saying that, because the patwári-cess would not hereafter be levied in the North-Western Provinces and Oudh, that was no reason why it should not be levied in some form or other in other Provinces. He quite agreed with his hon'ble friend that it would be very difficult, by any measure of relief, to reach tenants, especially tenants-at-will, but Sir George Couper thought this was the best form the relief should take.

As regarded the amendment itself, it quite agreed with the scope of the intention and object of the original measure, and the Government would therefore accept it.

The Motion was put and agreed to.

Major the Hon'ble E. BARING applied to His Excellency the President to suspend the Rules for the Conduct of Business.

The PRESIDENT declared the Rules suspended.

Major the Hon'ble E. BARING then moved that the Bill as amended be passed.

The Motion was put and agreed to.

The Council adjourned to Thursday, the 16th March, 1882.

CALCUTTA ;
The 10th March, 1882.

R. J. CROSTHWAITE,
Offg. Secy. to the Govt. of India,
Legislative Department.