

*Thursday,  
26th March, 1896*

**ABSTRACT OF THE PROCEEDINGS**

**OF THE**

**Council of the Governor General of India,**

**LAWS AND REGULATIONS**

**Vol. XXXV**

**Jan.-Dec., 1896**

ABSTRACT OF THE PROCEEDINGS  
OF  
THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA,  
ASSEMBLED FOR THE PURPOSE OF MAKING  
LAWS AND REGULATIONS,

1896

VOLUME XXXV



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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 Indian Councils Acts, 1861 and 1892 (24 & 25 Vict., cap. 67, and 55 & 56 Vict., cap. 14).*

The Council met at Government House on Thursday, the 26th March, 1896.

PRESENT :

His Excellency the Viceroy and Governor General of India, P.C., G.M.S.I.,  
G.M.I.E., LL.D., *presiding*.

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

The Hon'ble Sir A. E. Miller, K.T., C.S.I., Q.C.

The Hon'ble Lieutenant-General Sir H. Brackenbury, K.C.B., K.C.S.I., R.A.

The Hon'ble Sir J. Westland, K.C.S.I.

The Hon'ble J. Woodburn, C.S.I.

The Hon'ble Alan Cadell, C.S.I.

The Hon'ble M. R. Ry. P. Ananda Charū, Rai Bahādur.

The Hon'ble J. D. Rees, C.I.E.

The Hon'ble G. P. Glendinning.

The Hon'ble Nawab Amir-ud-Din Ahmad Khan, C.I.E., Bahādur,  
Fakharuddoulah, Chief of Loharu.

The Hon'ble Rao Sabib Balwant Rao Bhuskute.

The Hon'ble P. Playfair, C.I.E.

QUESTIONS AND ANSWERS.

The Hon'ble NAWAB AMIR-UD-DIN AHMAD KHAN, BAHĀDUR, in the absence of the Hon'ble PRINCE SIR JAHAN KADR MEERZA MUHAMMAD WAHID ALI BAHĀDUR, asked :—“ With reference to Sir Charles Pritchard's replies to my questions (1), (3), (4) and (5) on the 7th February, 1895, regarding conveniences for railway passengers, will the Government please state the result of its enquiries and consideration ?”

The Hon'ble MR. CADELL replied :—“ The attention of Local Governments and Administrations was drawn, in July, 1895, to the importance of the subject, and the various railway administrations were invited to co-operate in the removal of all reasonable causes of complaint. Amongst others, particular attention was invited to the following points :—

- (1) the reduction during the hot weather of the number of passengers carried in each compartment or carriage ;

[*Mr. Cadell; Nawab Amir-ud-Din Ahmad Khan, Bahádur; [26TH MARCH, Sir James Westland.]*

- (2) the removal of delays and difficulties in obtaining third class tickets by the opening of ticket offices for a more prolonged period before the arrival of trains, or, where necessary, for the whole day; the establishment, where the demands of traffic call for it, of agencies for the issue of tickets in the bazars or other convenient places; and the provision at large booking centres of additional tickets-issuing windows, and of additional staff for the issue, checking and collection of tickets, and the employment of female ticket collectors, when possible, for dealing with female passengers;
- (3) the improvement, where necessary, of existing latrines by the addition of screens or other means of securing privacy;
- (4) the distribution of pure drinking water, especially in the hot weather and during fairs or other large gatherings, with proper precautions to protect it from pollution.

“Having regard to the extreme importance of the matter, no less from the standpoint of the Government and of the railway administrations than from that of the great mass of the travelling public, the Governor General in Council desired that the authorities of the several railways should give their constant attention to the subject by enforcing the rigid observance of the rules already in force and by the introduction from time to time of such further reforms as experience may show to be necessary or desirable.

“Government Inspectors for Railways have also been instructed that in the course of all periodical and other inspections made by them attention should be paid to any improved arrangements that have been found possible for the comfort and convenience of passengers, and that these arrangements, or the necessity for improved arrangements, should be made the subject of report.”

The Hon'ble NAWAB AMIR-UD-DIN AHMAD KHAN, BAHÁDUR, in the absence of the Hon'le PRINCE SIR JAHAN KADR MEERZA MUHAMMAD WAHID ALI BAHÁDUR, asked:—“Will the Government please state whether any, and if so what, communication has been received from the Secretary of State as to the result of the Opium Commission?”

The Hon'ble SIR JAMES WESTLAND replied:—“The Government of India communicated its views to Her Majesty's Secretary of State in a despatch dated the 19th October, 1895, to which the Secretary of State replied on

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[*Sir James Westland.*]

December 12th. Both despatches were published in full in the Official-Papers Supplement to the Gazette of India of the 18th January last, and are available also in pamphlet form."

FINANCIAL STATEMENT.

The Hon'ble SIR JAMES WESTLAND, in moving that the Financial Statement be taken into consideration, said:—"There are one or two subjects which are of some public interest and which were not referred to in that statement, but in regard to which I should like to take the opportunity of giving some explanation now. The first question to which I wish to allude is the reference which we made in the course of the past year to Commercial and Banking Institutions on the subject of the investment of the currency reserve. The proposal that we laid before them was that, whereas the currency reserve is now invested to the extent of eight crores, we should take legal powers to invest it up to the limit of ten crores. We furnished these bodies with statistics relating to the circulation, and we asked them their opinion as to the measure, and whether, in their opinion, it in any way diminished or endangered the perfect convertibility of the currency note. We have received answers from all the Chambers of Commerce and Presidency Banks, and I may say that there is not one of these bodies which calls in question the proposal to make this investment on the ground that it diminishes the security for the convertibility of the currency note. I may mention that since these papers were circulated to the Banks and to the Chambers of Commerce we have received even additional evidence of the security with which the proposed transactions can be carried out. It will perhaps be remembered that we drew up two statements shewing the variation in the circulation. One of these statements was a statement, month by month, for some time past, of what we call the gross circulation of the currency notes. The other was a statement of what we call the net circulation. The difference between the gross and the net circulations in this case is that the gross circulation includes the currency notes which lie in our Reserve Treasury and also the currency notes held by the Presidency Banks. These notes are certain to come to us for encashment sooner or later; we do not regard them as a permanent part of the currency circulation, and we ought not to regard them as such in discussing any question of the currency reserve. The net circulation is the balance which remains in the hands of the public generally.

"Now, since these papers were sent out this gross circulation has very much diminished. It stood, if I remember rightly, at about 31½ crores when

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we sent out the statistics, but now the gross circulation has been reduced to something like 25 crores. That is to say, the demand for money which springs up every cold weather, and which sprang up this cold weather also, has so greatly reduced the amount held in the balance of the Reserve Treasury and in the Presidency Banks, that they have brought forward their notes for encashment, and by that means have reduced very largely—by something like 20 per cent.—what I have been defining as the gross circulation. But notwithstanding this great change in the gross circulation, the net circulation, that is to say, the amount of notes which remains in the hands of the public, and which can be depended upon to a large extent to remain in the hands of the public, has increased by a small amount. When we consulted these bodies whom I have named, we based our proposals entirely upon the statistics of the net circulation, and rightly so, so far as I can see. The evidence that this circumstance has given to us—the circumstance, namely, of the great diminution of the gross circulation, entirely unaccompanied by any diminution in the net circulation—adds considerable strength to the argument that we can increase our currency investment from eight to ten crores without the slightest danger to the convertibility of the note.

“The only objection that has been raised to the proposal which we made was that we might to some extent endanger our currency policy, that is to say, our rupee currency policy, by throwing on the market two crores of rupees. These two crores of rupees would hardly be thrown upon the market in the sense of being suddenly put upon the market, but ultimately and after a long series of intermediate transactions the circulation of rupees in the country would be two crores more than it would otherwise be. Now, this is obviously a theoretical objection, and it is based upon theoretical grounds. I am not prepared to discuss these theoretical grounds now, because it is very difficult indeed to say how far the total amount of the rupee currency in circulation affects the exchange value of the rupee, and I do not wish to discuss a difficult and dangerous question of that kind. But I am a little doubtful whether in discussing the question of the investment of the currency reserve we are at liberty to look at outside considerations of that kind. Of this I am confident that we are not entitled to use the currency reserve for any purpose of producing a certain effect upon the exchange value of the rupee. No person would for a moment allow that if we did that we would be acting within our duty. It is for the same reason arguable that when a measure affecting the currency reserve is proposed, from the point of view of the currency reserve pure and simple, we ought not perhaps to allow

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ourselves to be influenced by the possible effect which a measure desirable from a currency-reserve point of view, may have upon the exchange value of the rupee. However, these are all questions which will no doubt be argued out before the measure which we propose takes any actual form. What I wish to state at present for the information of the Council is what the Government intend to do with regard to the proposal generally. In the first place, we shall publish in the Government Gazettee for general information the opinions that we have received upon the subject. We shall also communicate them to the Secretary of State for his information, with a view to any suggestions or orders that he may desire to give. If he sanctions our proposals, it is possible that we may bring forward a legislative measure for carrying them out, but that will not be done until next cold weather; that is to say, that we shall not make any proposals of this kind during the session at Simla, where we do not receive the assistance of our commercial colleagues.

“The other matter to which I desire to make reference was a communication made to me by merchants at Rangoon during my visit to that place. It is a matter which I considered partly at that time and afterwards in Calcutta. The merchants of Rangoon had two requests to make – first, that the Secretary of State might draw his Council Bills upon Rangoon as well as upon Calcutta and Bombay. This is a question which has been before the Government at various times during the past few years, but the Government has never seen its way to allow any drawings of Council Bills on Rangoon. There is more than one reason for this. The drafts of the Secretary of State come at present, for example, to about sixty lakhs a month. If we were to allow the Secretary of State to draw upon Rangoon, it is obvious that we ought to be prepared at any moment to pay sixty lakhs at Rangoon. It is easy for us, at centres like Bombay and Calcutta, to provide ourselves with as large an amount of money as may at any time be necessary to meet the Council Bills of the Secretary of State; but, if we were obliged to provide money for that purpose at Rangoon also, it would make far too serious an inroad upon our cash balances, and we would be able only with great difficulty, and not even so at some times of the year, to provide the necessary funds to meet such Council Bills as might be drawn on Rangoon. I may also point out that the Exchange Banks, through whom most of these Council Bills are passed, are exactly in the same position and circumstances as ourselves. It does not pay them to keep money lying at Rangoon waiting the demands of the merchants. They prefer financing Rangoon entirely from Calcutta. Even if we were to allow Council Bills to be drawn upon Rangoon, the chances are that the Banks through whom they almost entirely

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pass would prefer drawing upon Calcutta and holding their funds there ; because in that case the same amount of reserve held in their hands would be available both for the demands made upon them at Calcutta and those made at Rangoon. We have an exact example of this in the Secretary of State's drawings at Madras. The Secretary of State may draw on Madras—and he does so to a small extent—but as a matter of fact the Commerce of Madras is financed almost entirely through Calcutta and Bombay. The Banks prefer having their money at these big centres, and sending it thence, from time to time, to where it is actually wanted. I do not think, therefore, in the first place that it would be possible, or desirable, that the Secretary of State should draw upon Rangoon, nor should he determine to draw upon Rangoon, that much advantage would be taken of the permission by the Exchange Banks.

“The other matter which was brought forward by the same merchants at Rangoon was their demand that the large sums of money, which through currency and commercial operations become available in our hands at Rangoon at the beginning of every cold weather, should be made available for the rice trade at Burma, not only, as at present through the Bank of Bengal, but to the merchants directly. Our present practice is to make an arrangement with the Bank of Bengal that we should hold this money at their disposal and make it available to them at a premium of four annas per cent. The Exchange Banks, I believe, pay another anna per cent. to the Bank of Bengal, and by this means and by any necessary cash remittances made by the Bank of Bengal the whole of the Burma rice trade is financed. The desire of the merchants was that, instead of making this money available through the Bank of Bengal only we should throw it open to tender in the same way as the Secretary of State throws open his Council Bills to tender ; and the merchants think that by this means they will get rid of part of the present banking charges which they consider fall very heavily upon them. Now it may be impertinent in me to pretend to know more about the business of the merchants of Rangoon than they do themselves, but I confess I have some doubts that when bills are made available in this way the merchants will be able in any way either to reduce their banking and remitting charges or to compete with the Banks for these remittances. However, I perfectly admit that my opinion on this subject is not sufficient to warrant me in withholding from them the permission they ask for to tender for the Bills in competition with the Bank of Bengal.

“ I have therefore made an arrangement, and I have communicated it to the Rangoon merchants, that next season we shall advertise at the proper time the amount of funds that we have available at Rangoon, and we shall call for

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tenders for the available amount of money. These tenders can be made either by the Bank of Bengal or by the Exchange Banks or by the merchants direct. That is what the merchants have asked for, and it remains to be seen whether the plan will suit the circumstances of the trade. I myself feel a little doubtful as to whether the merchants will in the end find it profitable to take all this Banking transactions upon their own shoulders, but that is a matter for them to consider for themselves. At present even Exchange Banks are unwilling to take upon themselves this burden of keeping money lying idle at Rangoon. They prefer to keep the money here till it is actually wanted at Rangoon, and when it is wanted they can depend upon its being made available through the present system. That is in my opinion the cheapest and most practical system: but, as I have said, I have not the slightest objection to allowing the merchants of Rangoon to attempt the system of direct tender if they find that it suits them better.

“I thought it desirable to give a public explanation on these two matters because they are matters in which the commercial public have generally some interest. I did not think it worth while to enter upon these subjects in the Financial Statement, and therefore I have taken this opportunity of making the explanations which I have to give the public on the matter.”

The Hon'ble MR. PLAYFAIR said:—“My Lord, the Financial Statement before your Excellency's Council again testifies to the buoyancy and elasticity of the Indian revenue, and it does more, for it manifests in a most satisfactory manner the result of the perseverance in economy which has distinguished your Excellency's administration.

“My Lord, I have little to add to my congratulations to the Hon'ble Member for Finance, that under his guidance the country has emerged from the transition period he was forced to proclaim two years ago and that he is able to state in paragraph 10 of the Financial Statement that he has paid for the Chitral Expedition, restored the Famine Insurance Grant, recouped the contributions levied in 1894-95 from the Provincial Governments, and has a surplus over and above, approximating to a crore of rupee. Unless the value of the rupee again and suddenly alters for the worse and the country is called upon to meet some unforeseen calamity, it is apparent that the surplus of the current year should be considerably larger than the estimate of Rx. 463,000 taken in the Budget. I therefore look forward with most concern to ‘*l'embarrass des richesses*’ as likely to invite demands upon the Member for Finance from many directions as the year advances and as the surplus accumulates. I have

lately expressed the hope in this Council and elsewhere that the Government of India will take into earnest consideration those commercial wants of the Empire to attend fully to which it has not had either leisure or opportunity during the recent periods of war and poverty. I would specially refer to the competition from other countries with which the produce and trade of India is now beset, and to the effect which existing inland transport charges, and specially railway rates, tend to restrict traffic. I hope that these important questions will not be forgotten when Government comes to deal with the surplus balances of the year. I do not propose to enlarge upon this question on the present occasion. I hope it may be presented by the commercial community more fully for the deliberate consideration of your Excellency's Government than time at present would permit. In this connection it is encouraging to learn that the Budget contains provision for a more extensive railway programme than India has known for many years. And while I heartily congratulate the Government on his advance, I would express the hope that more liberal encouragement may attract the private resources of the country and of investors in Europe to the development of the system of communication by the construction of feeder railways and tramways throughout the country.

“ Another most satisfactory feature in this Budget is the savings that have been effected under the ordinary army expenditure, amounting to Rx. 462,000. Two years ago the Council listened with keen interest to a carefully prepared and business-like explanation given by the Hon'ble and gallant Military Member of Council with regard to the army expenditure. I may venture to assure the Hon'ble Member that any additional information he can give the public, especially as to whether the Chitral outpost may create a demand for special defence works, will be received with lively interest. Such an explanation, made on the eve of his retirement,—an event which is regarded with general regret,—would be at this juncture of very great importance.

“ Turning to the question of income, it is a matter of anxiety, which I am glad to find the Government of India share with the public, that the opium crop continues to yield very much below the quantity gathered during previous years. The total income from this source has fallen from Rx. 8,451,185 in 1880-81 to Rx. 4,979,800 in 1894-95. The decline has been attributed to unfavourable seasons, but it has not been shown that the same influence has affected other crops in like manner. I would invite the Member for Finance to say whether experience satisfies him that the rise in price paid

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to the cultivators he announced a year ago has been sufficient to secure the more general cultivation of the crop, and whether it would not be advisable to offer a still further advance to the cultivator to ensure a supply to replenish stocks and bring them up to the requirements of the demand. I would also like to enquire whether the attention of the Government of India has been directed to the remarks appearing in the reports of the British Consuls in China upon the increased adulteration by the Chinese of Indian opium with Tientsin cake, Sesamum seed cake, and other compounds, to the prejudice of the reputation of the Indian drug, before it reaches the consumer, and whether the Government will endeavour to induce the officials in China to protect the Indian trade against this pernicious practice.

“It would also be of interest should the Minister for Finance find himself able to state at what rate of interest he intends raising the new rupee loan of Rx. 4,000,000, contemplated in paragraph 178 of the statement. With regard to the remark that the minimum cash balance required by the Government of India over all the Treasuries in India is between 8 and 9 crores, I desire to enquire whether in view of the increased balances of the Savings Banks—estimated in the Budget of 1896-97 to amount to Rx. 11,862,518—it is not necessary, in the opinion of the Government of India, to retain rather a higher balance in cash than formerly.

“A reply to this question, in view of the remarks that have fallen from the Hon'ble Member in connection with the proposed increase of the Paper Currency Reserve would, I think, be of interest to many. Without entering upon the question raised by the Hon'ble Member, I would desire to say that the mercantile community have every appreciation for the seven lakhs saving in interest that his scheme is designed to afford. When the reserve was raised in 1889-90 from 6 to 8 crores of Government paper, the Savings Bank balances were, if my memory serves me right, about 7 crores. These balances will stand according to the estimate in the Budget of 1896-97 at something like Rs. 11½ crores, and, as I have remarked, it will be of interest if the Hon'ble Member is able to give a reply to the question I have put.”

The Hon'ble RAO SAHIB BALWANT RAO BHUSKUTE said:—“My Lord, the Financial Statement is certainly an unmixed gratification for which we were not altogether unprepared. Yet our anticipations were mere conjectures. They have been agreeably realised and the Government of India must be warmly congratulated on the prosperity budget which the Hon'ble Sir James Westland has been able to place before the Council for their consideration. Two years ago,

when our troubles seemed to be at the worst, no body could have ventured to hope that the Government of India would have been able to tide over their difficulties so successfully as they have done, and your Excellency's Government will receive the congratulations of the country on this happy result. Both the actuals of 1894 and the revised estimates of 1895 have turned out better than were anticipated, and we can now count upon a surplus in the past year's accounts as also in those of the opening year with great confidence. The public will now have their anxieties allayed. A surplus means an implied pledge that public burdens will at least not be augmented if not lightened.

"It is in this connection that the Hon'ble Member for Finance deserves especial felicitations. He took office under the most unfavourable circumstances. An evil star seemed to haunt him. Some nine years ago, when he was in temporary charge of the Finance Department, he was forced to have recourse to the extreme necessities of taxation. It was necessitated by the annexation of Northern Burma, the increase of the army expenditure, the military expenditure on the North-Western frontier, and by the rapid fall of exchange. Some three years ago, when the portfolio of finance was made over to him, the circumstances were equally unfavourable. Talents, which could pre-eminently have relieved the public at large of onerous duties by an inborn mastery over financial problems, were thus employed in struggling with a crisis threatening bankruptcy. Better days appear to smile on him and on your Excellency's Government.

"But to what are we to attribute the present occasion for rejoicing? When this question comes to our mind we find ourselves again left to mere chance and frailty. The opium revenue and the rise in exchange underlie this prosperous outlook.

"The great Roman jurist Paulus had laid down that 'money circulates with a power which it derives not from its substance but from the quantity.' This view has not been contradicted to the present day. This is the principle of the Barbour scheme and it has admirably succeeded. Other circumstances too contributed to its success. Chitral has probably caused a large amount of money to be directed towards itself. Payments on account of railways under construction must have likewise caused a great absorption. The closing of the mints successfully operated on raising the market value of the rupee. Thus a rise in the exchange is due to exceptional circumstances.

"The Chitral expedition is probably, at least we all pray, the last of the projects of our Supreme Government for pushing their conquests in the North.

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West. Further circulation of money is therefore retarded. Crops in the North-Western Provinces and in some part of the Central Provinces are fearfully bad. There will be less advances made than in the preceding year. Doubtless the whole basis of the Budget is the state of exchange. The Finance Member is aware of the difficulties and hence the caution which characterises his Budget (paragraph 31 at Part I of the Statement).

“The vagaries of exchange are almost certain in future. The present triumph is by no means final. To prevent importations of silver a further augmentation of the duty will be necessary. During the last week the exchange was as low as  $14\frac{1}{2}d.$  And even while the Hon'ble Member was speaking a further fall had taken place.

“The exchange, therefore, my Lord, is not an unfailing indication of the improvement of our financial situation. Our surplus or deficit or equilibrium is solely guided by it. Suppose the rupee had fallen to  $13d.$ , what would our position have been? With public works stopped and progress starved it would have been a paramount necessity to find out some means of escape. Whatever it be there are chances enough that exchange may rise, and we all wish it would.

“The other main advantage accruing to the Government during the past year and contributing enormously to the present situation comes from opium. During the past ten years, as I shall show later on, the opium revenue has gone far lower than what it was during the ten years immediately preceding. This item of revenue, though conspicuous some particular year, is as frail as the exchange. A due allowance has even in this case been made for this unstable nature of the revenue. Here we find another proof of the cautiousness of the Finance Minister.

“There are, however, reasons to hope for a time when budgets can be taken for a true forecast of the year. The financial administration will be free from that anxiety which has harassed it during the last decade of years, if an effective control were exercised on it. Without it we cannot be said to have made any progress.

“In adverting to the means of control, I wish to make it clear that I am duly aware of the heavy work of this day. I shall therefore abridge my remarks as much as possible. A non-official Native member is said to be waiting

[ *Rao Sahib Balwant Rao Blusku(e).* ] [ 26TH MARCH, ]

for this one day in a year to expend his ire. This is a gross injustice to him. Ire he has none, and if he has it he has other times and places to expend it. This is in my opinion a sacred place where we are bound in duty to place before your Excellency such arguments as may conduce to the best interests of the millions whose destinies your Excellency has been called upon to rule. Making light therefore of the insinuations of others, I hasten to offer my remarks. But before proceeding to my task I must state I am no expert in statistics, and the figures I shall quote are taken from an authority at least satisfactory to me.

“The Budget is very reticent with regard to the means of economy either actual or prospective. The Government has during these twelve years endeavoured to meet its extra demands with peculiar indifference to expenditure and revenue. Among the financial expedients resorted to by Government the principal ones are—the frequent curtailment or even suspensions of the Famine Insurance Fund; absorption of the provincial resources and balances; suspensions of useful administrative reforms and expenditure; and taxation. I shall speak of each of these and say how the Budget deals with it.

“(1) *The Famine Insurance Fund, otherwise called the Famine Insurance Grant.*—During the past twelve years the grant appears to have been five times suspended and twice curtailed. The Government could not have done a better thing than taking advantage of the present prosperity to reconstitute the Famine Grant on its own basis. That grant was a sacred trust which ought never to have been diverted to other purposes. It is no use complaining of the past, and in view of the uncertain character of the present season, after the long spent impunity we have enjoyed, the country will breathe more freely when it learns authoritatively that your Excellency's Government is prepared to accept the pledges so solemnly given when the fund was first constituted. The Hon'ble Sir James Westland gives reasons to justify the resolutions of the Government of India to reduce this provision for famine from a crore and a half rupees to one crore. The propriety of the policy which is now announced of reducing this grant by one-third of the amount fixed by Sir John Strachey and Lord Lytton may be questioned, considering that during the last fifteen years the total sums spent on various accounts under this head represent an average expenditure representing one crore and sixteen lakhs. Even if the reasons assigned by Sir James Westland be as cogent as they are represented to be, the further question arises whether this reduction of the grant does not require the Government of India that they should remit those special taxes which were

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imposed for this special purpose when famine insurance was accepted as a State obligation by the Government of India. Sir James Westland's remarks throw no light on this head, although it is a matter on which the provinces affected by this special taxation will naturally claim immediate consideration at the hands of the Government of India.

“(2) *The provincial resources and balances.*—Besides reconstituting the Famine Insurance Fund on partial footing the Government of India has been able, chiefly by reason of rise in exchange, out of its realised surplus of nearly three and a half crores in the revised estimates of the present year, to pay off the whole of the Chitral expenditure of nearly two crores and to return back to the Provincial Government forty lakhs of the balances withdrawn from them two years ago. This latter feature will not fail to inspire greater confidence in the binding force of the Provincial contracts—an arrangement entered into from time to time by the Government of India with the various Local Governments. The appropriation of these balances, during the term of the contracts, has always a very prejudicial effect, and as it now turns out there was no necessity for such interference with existing arrangements. It is to be hoped that, when the next five years' contracts are entered into, guarantees may be given that recourse will not be had to such interference. It necessarily tends to unsettle Provincial arrangements.

“Towards the conclusion of the first part of his statement, the Hon'ble Finance Minister, with his usual ability and clearness, discusses the question how far Provincial revenues are appropriated to Provincial purposes and how far they are diverted to supplement Imperial revenues appropriated mainly to Imperial charges. His position is that, taking the distributable and non-distributable items of revenue and expenditure, the claims of the Provincial administration are not unduly sacrificed to subserve Imperial purposes. He estimates that the non-distributable items of revenue, including Opium, Salt, Customs, Post, Telegraph, Mint, Miscellaneous and Railways, come to about 28 crores, and the contributions by the provinces from their net receipts come to about 21 crores, making about 50 crores, which represent the non-provincial items of expenditure on the Central Administration, the Army interest and Famine Insurance charges spent in India, making a total of 22 crores, and the English charges, Army interest, Superannuation allowances and other items, which with exchange come to about 28 crores. In other words, the Imperial charges are about 50 crores and the receipts about 28 crores.

The deficit is made up by 22 crores contributed out of their surplus revenues by the provinces. While the Imperial revenues are thus short of Imperial charges by 22 crores, the Provincial revenues under distributive heads are 48 crores and the Provincial charges are 26. The representation is perfectly correct as far as it goes, though it does not cover the whole field of Indian finances. It moreover fails to take account of the main grounds on which the complaint made by the provinces really rests.

“ This complaint is not, as the Hon’ble Member puts it, that each province thinks the richer provinces have a surplus which they are made to disgorge for the poorer provinces, but that under the present arrangements the poorer provinces are made to contribute more than their proper shares in order that the richer provinces might not be taxed their full share of the Imperial contribution. On the basis of the figures furnished in the Financial Statement I have tried to prepare statements which bring out this fact more clearly than what I could actually describe :—

PREPARED FROM THE FINANCE REVENUE ACCOUNT, PAGE 24, AND FROM THE FINANCIAL STATEMENT.

*Table showing the incidence of taxation per head in the different provinces.*

Provinces.	Total.	Land.	Salt.	Excise.	Customs.	Other heads.
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
Central Provinces	1 5 4	0 9 9	0 2 6	0 4 1½	...	0 3 9
Burma . . .	6 0 4	3 3 9	0 3 6	0 7 10	0 10 9	0 15 7
Assam . . .	2 2 3	1 1 9	0 2 4	0 7 10		0 4 1
Bengal . . .	1 5 5	0 8 9	0 3 9	0 2 9	0 0 6	0 3 6
North-Western Provinces and Oudh.	2 0 7	1 3 6	0 2 4	3 1 11	...	0 4 5
Punjab . . .	2 3 3	1 2 3	0 3 0	0 1 7	...	0 5 4
Madras . . .	2 11 1	1 7 0	0 3 6	0 6 1	0 0 3	0 5 9
Bombay . . .	4 3 5	2 5 10	0 4 11	0 9 4	0 0 5	0 9 6

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REVENUES.

	Imperial in crores.		Provincial in crores.
	Rs.		Rs.
Opium . . . . .	7	Land . . . . .	26
Salt . . . . .	8½	Stamp . . . . .	4·5
Customs . . . . .	5	Excise . . . . .	5·5
Tributes from Native States . . . . .	·8	Provincial Rates . . . . .	3·5
Interest . . . . .	·8	Assessed Taxes . . . . .	1 75
Post Office . . . . .	1 6	Forest . . . . .	1·5
Telegraph . . . . .	1·3	Registration . . . . .	·5
Mint . . . . .	0	Civil receipts . . . . .	1·5
Miscellaneous . . . . .	·5	Miscellaneous . . . . .	5
Railways . . . . .	20	Railways . . . . .	1
Irrigation . . . . .	1 75	Irrigation . . . . .	·75
Military Department . . . . .	·8	Buildings . . . . .	·5
TOTAL	<u>48·15</u>		<u>48·5</u>

“ It appears from these statements that while in the rich Gangetic province of Bengal the land-revenue charged is only eight annas per head, it is as high as Rs. 2-6 in Bombay and even in my poor province the charge is nearly ten annas per head. Under Excise the same story is repeated. The total charged per head of distributive revenue in Bengal is Rs.1-5-5, the same as in Central Provinces, while in Bombay it is as high as Rs. 4-3-5. It is this unequal distribution of burden involved in the present arrangement which is really the subject of complaint. The poorer provinces are taxed more than their capacities, while the richer provinces pay less than their shares. The charge of net revenue contributions made to the Imperial Government per head of population is ten annas in Bengal, while it is Re. 1-6 in Bombay and Madras, Re. 1-3 annas in North-Western Provinces and Ondh, and 14 annas in the Punjab.

“ If the calculations partially made by the Hon'ble Sir James Westland in his statement be extended on the same principles so as to cover all the expenditure and receipt, it would be found that roughly speaking out of 96 crores of rupees raised as revenue in India the purely Imperial receipts (Opium, Salt, Customs, Tribute, Interest, Post, Telegraph, Mint, Irrigation and Railway Works, Miscellaneous) represent a total nearly of 48 crores, which is realised for the Imperial Government through the Local Governments or directly through its own agencies, while lands, Stamps, Excise, Rates and Taxes,

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Forest, Registration, Civil and Miscellaneous Receipts, which may be regarded more or less Provincial, amount to another 48 crores. Out of these 48 crores the Local Governments are permitted to spend about 24 crores on their own responsibility under the system of Provincial contracts, and the remaining 24 crores are paid over to the Imperial Government which spends 33 crores in England, 37 crores in India, making in all nearly 70 crores. The remaining 26 crores are all that are really spent on Provincial purposes. If, instead of Imperial Government assigning at its own sweet will what it thinks a fair share in Provincial charges, the Local Governments were required to pay their fixed proportion on the principle of population or income, to supplement the Imperial receipts, a more healthy state of things would spring up than the present centralising arrangement permits and all cause for local complaints will be removed.

“ My Lord, I have only ventured to press these points upon the attention of the Council. The expected fall in exchange and the rise in the rupee price will I am sure establish better relations between income and expenditure and enable your Excellency's Government to remit the heavy additional taxation which has been imposed during the past few years to meet the crisis. When this time arises your Excellency's Government will no doubt weigh the claims of the people of India for relief, though these claims cannot for obvious reasons be pressed with the same urgency as those of the manufacturers of Lancashire in whose interests the Council has already gone so far as circumstances require. Properly speaking, when the finances permitted reduction in taxation, the poor population of India should have been the first to feel the benefit of the remission. I hope when the next opportunity arises your Excellency's Government will redeem its word by granting this promised relief.

“ *Administrative reforms and useful expenditure.*—These have been neglected. The department of police, for instance, demands a thorough revision. Time is come for making educational and departmental tests the essential qualifications for higher appointments in the police. There has been a universal cry for the separation of the judicial from the executive. The expenditure on public education is exceedingly meagre and has not kept pace with diffusion of education and rising taste for learning. The pay is inadequate and promotion bad. A general discontent among the schoolmasters is the natural consequence. Men of sound learning and impressive character shrink from the service. Minds entrusted to the care of this body of men are sure to imbibe at a very seasonable period some tincture of their teacher's spirit. Useful public works have been likewise stopped.

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“ So long as our expenditure abroad is thus increasing there can be no hope of having these requirements satisfied. A proper re-adjustment of revenue expenditure and utmost economy have been anxiously called for from every quarter.

“ Last year the Hon’ble Finance Member showed a decrease of taxation 4·5 millions. No doubt the receipts under taxation in 1883 were 33·678 millions sterling. Those in 1894-95 were 29·528. But he omitted the income of the country. Were it likewise reduced to a sterling basis it too would have shown a corresponding decrease. During the twelve years from 1883 to 1894 taxation has increased 35 per cent., whereas it has increased in the United Kingdom in the same space by only 14 per cent.

“ The subject of agriculture may justly be called the burning question of the day. It now demands the immediate attention of those whom it has pleased God to place over us. Further postponement of this matter would amount to the neglect of a solemn trust. The population of India may fairly be estimated at 30 crores. Of this a little above 80 per cent. live on agriculture, and nearly 10 per cent. live or trade on the produce. We admit we have unprecedented blessings of peace and safety. We must acknowledge the rectitude of purpose of our rulers. Our only complaint is that a proper investigation has not been made of the real state of things. The breaking of the ice is only difficult. The rest is smooth enough. None but your Excellency’s Government can do this. On account of the security of person and property, on account of peace and tranquility conferred upon us, the Indian races breed rapidly. The increase of mouths has necessarily to be fed. The area of cultivation has not kept pace with the increased needs of an over-increased and ever-increasing population. No agricultural improvements have been introduced. Rude system of agriculture, unmanured cropping, continuous cultivation have all as it were conspired to contribute to the fast proceeding exhaustion of the soil. Crops have begun as a matter of natural consequence to yield diminishing returns. The proverbial indebtedness of the agricultural classes has however kept its just measure and time with the other difficulties. If the Government be the sole proprietor of the soil, as such, and also as a State, it doubly becomes the bounden duty of the Government to put it right.

“ The salt duties were enhanced in 1898. In 1886-87, 3,37,35,054 Indian maunds of salt were consumed, whereas in 1894 the consumption was 3,41,50,507 maunds, or only 4,15,453 maunds more than in 1886. The population must have increased by about 23 millions. The normal rate

of consumption of salt per head of population is 10 lbs. The consumption per eight heads of population is therefore one maund per annum. The increase of consumption proportioned to population ought to have been nearly 33 lakhs of maunds ; but the increase is only 4 lakhs of maunds and a little more. The consumption has thus, it is plain enough, fallen by 25 lakhs of maunds. Such is then the poverty of the masses that a slight increase in duty has caused a diminution in the consumption of an indispensable necessary of life such as salt.

“ Numerous other proofs may be given of the strains on the poor. It would be impossible to produce all. I have tried to avoid as far as possible arguments requiring a deal of reasoning. For instance, there is a general rise in prices, but wages have remained stationary. The acknowledged principle of taxation is that it should not affect the national industries. There is again nothing to rely on should these happy peaceful times threaten war. In times of peace we should prepare for war. We deprecate such an event, but we must have a large surplus in the shape of preparation.

“ This increase of taxation has features which cannot be made light of. There is every certainty that your Excellency’s Government will soon take such measures as may tend to lighten taxation and relieve the anxieties of our men. The position which Lord George Hamilton holds is briefly one of financial equilibrium—a test considered to be an acknowledged proof of its soundness. But there lies underneath a grave and serious peril to which we ought to be no longer blind.

“ It is no use discussing where the money thus raised was spent. It is far from my mind to throw any unjust and undeserved odium on this or that administration or on this or that individual administrator. It is the entire system which has given birth to these difficulties. So long as this whole system has not been altered no part of the evil will be uprooted.

“ My Lord, I have briefly tried to bring out the nature of our present financial position. I have also tried to show that though we are all very jubilant to-day there is no knowing how exchange may rise or fall. I have also shown the justness on the steps taken in partially restoring the Famine Insurance Fund and in re-imbursing the Provincial treasuries with the balances taken from them. It only remains for me to add a few more things connected with expenditure on which the Financial Statement is notably silent, though it has made some trifling savings by way of economy in different administrations.

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“The exchange and opium had a continual fall since 1883. The former entailed a loss of  $9\frac{3}{4}$  crores exclusive of additional payment to European soldiers. The aggregate excess loss in consequence of exchange from 1884 to the present date amounts to nearly 60 crores. The increase in Home charges has since been about 2 millions sterling, due mainly to military expenditure and increase of loss on railway accounts.

“Opium receipts also showed a continual deficiency compared to those of previous ten years to an aggregate of nearly 6 crores of rupees. Both these losses were beyond the control of Governments.

“Towards the close of 1885 followed a tremendous extension of the frontier forward policy, special defence work, fortunately not given a prominent figure in this year's budget, and the recruiting of the armies.

“The frontier policy necessitated an aggregate expenditure of nearly 68 crores and added six to the permanent annual charge. The real cause of the financial difficulties is not the exchange, but it is this expenditure. Railway extensions have been carried on with little regard for costs. It is not necessary to think of the exchange compensation grant. The total expenditure has risen to  $85\frac{1}{2}$  crores, making a permanent addition of 9 crores. Placing the military expenditure of 1887 and 1893 side by side with each other, the latter has risen to nearly  $2\frac{3}{4}$  crores. Of this net increase in the charges both effective and non-effective is one crore and eighty-three lakhs, while the increase due to exchange is only ₹6 lakhs.

“Such is the increase in a department whose charges are already tremendously heavy.

“Though people have an incomplete knowledge of statistical study and though they cannot account for the premises of their reasonings, this is the inference they have drawn. It is difficult for a non-official member to presume to lay his fingers on established institutions. It was my duty, my Lord, to lay before your Excellency the causes of this embarrassment.

“Your Excellency's Government can best remedy the shortcomings adverted to. As regards the provinces which I have the honour to represent I must state the Finance Minister has been rightly informed as regards the crops there. I am glad the Hon'ble Member for Finance proposes restoring the contribution taken from that administration. I am aware, though the

[*Rao Sahib Balwant Rao Bhuskute ; Nawab Amir-ud-Din* [26TH MARCH,  
*Ahmad Khan Bahádur.*]

cultivators are warned that the remission granted owing to failure of crops would be claimed in the year following, they are never exacted with much rigidity. There has been a continued failure in some parts and an entire remission is therefore very imperative. Some lenient rules ought to be framed for recovering arrears allowed to accumulate. If Government were to realise their arrears in one or at the most two years, the cultivator has no option other than that of borrowing. A complete remission in hard cases and a partial one in others would be desirable. The arrears in the latter cases were better collected in four or five annual instalments. In cases like this the Famine Insurance Fund may be partially utilized. If it be taken out of the pockets of the people in times of plenty to meet famine contingencies, it may be spent to meet their wants in times of scarcity. I am sure such steps will be taken both by the Local and the Central Governments.

“In this year’s budget protective railways constitute the most important head of expenditure. Most of them are constructed for protecting the North-Western Frontier. The vigorous prosecution of railway construction has already largely added to the net loss to the State during previous years. Several of the new lines are strategic.

“There appears to have been much unnecessary outcry against the special grant for mobilisation purposes. Unless another war were in contemplation this item would necessarily pass into the surplus very likely to be attained over and above the margin presented in the Budget.

“There is now no use taking up an old question decided once for all. Legislation deemed it necessary to forego an income of about half a crore imposing a burden of about 8 lakhs on this country. But it could not be helped. Clouds are gathering on the horizon and there are indications enough of a gathering tempest. We have every assurance in that case that the Indian Government will assert its own.

“On the whole we cannot but admire the cautious spirit which reigns throughout the budget. Even supposing the exchange to fall, and even supposing the opium revenue to fall as it threatens to, it will be found at the end of the year that there is no shortcoming.”

The Hon’ble NAWAB AMIR-UD-DIN AHMAD KHAN, BAHÁDUR said:—  
“My Lord, I am very glad to be able to say that I do not feel myself called upon to take up much of the time of Your Lordship’s Council to-day, or to enter

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into any detailed criticism of the Financial Statement now under discussion. Feeling sure, as I am, of the desire of your Excellency's Government to do what is right, and in the best interests of the people of this country, having due regard to the duty that is laid upon it by the control that is exercised by the authorities to which it is responsible, and knowing, as is well known, that the financial interests of the Empire are at present committed to one who is eminently fitted to deal with and control them, I confidently anticipated that the Budget for the ensuing year would call for no unfavourable comment except, perhaps, from those who consider it a privilege or duty to attack everything that the Government may do, and my expectations have been fully realized.

"The Financial Statement for the year 1896-97, which was presented by the Hon'ble the Finance Minister at last Thursday's Meeting of Council is one which I think the Government of India have good reason to be satisfied with. A surplus of nearly one crore of rupees is shown in the revised figures for the year now drawing to a close although a very large expenditure, which was not provided for in the budget estimate, had to be incurred. This in itself is matter for congratulation, but when it is remembered that this great expenditure includes amounts which denote first, the large sums debited on account of the Chitral Expedition, second, the redemption of the pledges of the Government in respect of insurance against famine, and, third, the repayment of the contributions levied from the several Provinces, the result shows that the Government has maintained its reputation for an earnest desire to do what is right, and the best that circumstances will admit of.

"The budget estimate for 1896-97 may on the whole, I think, be regarded as illustrating the prosperous condition of the country and the soundness of its financial position, and the forecast of the year, as far as it is practicable to make one, may safely be accepted.

"A budget estimate is necessarily liable to be affected by causes beyond human control, a fact which the Hon'ble Finance Minister is not slow to admit; nevertheless I for one cannot but express my appreciation of the prudence that has led to the cautious estimates of revenue which have been framed by the Hon'ble the Finance Minister in order as far as possible to be prepared for any unforeseen causes, which may operate to affect the estimates unfavourably. This is especially shown in the very moderate estimate of the gain in revenue due to the rise in exchange, for although the present state of the silver market might justly warrant calculations at a higher rate than has

[*Nawab Amir-ud-Din Ahmad Khan, Bahádur ; Mr. Rees.*] [26TH MARCH,

been adopted, that rate will most probably prevent dislocation of the estimate and any difficulty that might be caused by an unexpected reverse. Another feature in the Financial Statement which has struck me as indicative of a wise policy on the part of the Government is the determination to improve the resources of the country by the extension of irrigation works and the constructions of railways, and additions to lines already opened out. This is in my opinion a step in the right direction which would no doubt have been taken years ago but for the state of the finances of the country which has for some time past caused uneasiness.

“ My Lord, as I indicated at the beginning of my remarks, there must and will be critics who will endeavour to pick holes, but on the present occasion they must endure the disappointment they will have to suffer in that they can not find even a decent pretext for raising their voice against the annual Financial Statement which is now under consideration and which will, I have no hesitation in saying, call forth general approbation and tend to free the public mind from undue anxiety as to the intentions of the Government or the prospects of the future.”

The Hon'ble MR. REES said :—“ The hon'ble gentleman who opened the debate with all the authority which attaches to the representative of the Chamber of Commerce has already dwelt upon the most salient feature of the statement, and few, if any, who have the interests of India at heart can doubt that in the discriminate multiplication of railways lies the greatest good of the greatest number of its inhabitants. And my hon'ble friend Mr. Ananda Charlu who will speak next, clothed in a still more comprehensively representative character, will no doubt discover other merits in a Budget, the criticism of which is likely to eventuate in a chorus of congratulation. I would only beg for your Excellency's indulgence for a very few minutes to briefly refer to two or three provisions which cannot but increase in a conspicuous measure the material prosperity of Southern India in localities with which I have an intimate acquaintance.

“ The first of these is the allotment of six lakhs for the water-supply of Bangalore. For many years successive Residents in Mysore, two of them distinguished officers of the Corps of Royal Engineers, and successive Governors of Madras have had this problem before them, and have sought to devise a scheme for its solution ; but either because none was suitable, or because it was doubtful which was most suitable, or because funds were not forthcoming, little has been effected till this present time. With an admirable climate, and with all the

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advantages and amenities of one of the most favoured localities in the country, the water there has not been the best thing, but the worst, and there has been so little of it as to give rise to annual apprehension. Its future upwards of 180,000 souls in city and cantonment, and the whole population of surrounding British and Mysore districts, which used Bangalore as a health resort, will directly or indirectly benefit by the blessings of an improved water-supply. Had the late Maharaja of Mysore, who provided a supply for the city, been spared, none would have rejoiced more than that admirable Prince to witness the grant of this boon to the inhabitants of the small tract of Mysore which is under British administration.

"The six lakhs of rupees required in the coming year for the improvement of the Coum River are provided by the Provincial Government, but by sanctioning this allotment and by passing the large estimates prepared, the Government of India has co-operated with that of Madras in the greatest effort yet made to heal a running sore which has baffled successive Administrations probably ever since the British flag has flown at Fort St. George and has contributed in no small degree to raise Madras, as judged by its death-rate, to a bad eminence among the insanitary cities of the world. Nothing so much as the improvement of the Coum will conduce to removing it from that index.

"The Hon'ble Finance Member in his speech last Thursday referred to a new and interesting feature of the present Budget, the statement showing the financial relations between the Central and the several Local Governments and the use which is made of provincial contributions, and he trusted that the figures given would show that there was no foundation for the theory that provincial surpluses are absorbed by the Imperial Government for expenditure on objects foreign to the provinces in which they arise.

"But however interesting and useful these figures are to dissipate a belief which I venture to think is not wholly peculiar to 'non-official circles,' the present Budget affords a most convincing refutation of any such theory in the liberal grants made for railways not only in adjacent, but in remote provinces, which exceed, I believe, those of any previous year.

"The matters to which I have referred, though of supreme local importance, are altogether insignificant besides the grant of Rs. 157,800 for the completion of the East Coast Railway between Bezwada and Cuttack, and of Rs. 800,000 for the Madras-Bezwada line, probably the largest sum which can consistently with efficiency and economy be spent in a single year.

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“ If to these amounts be added the advance of Rx. 750,000 to the Bengal-Nagpur Railway, of which perhaps Rx. 500,000 will be devoted to the East Coast connection, little less than Rx. 1½ millions is provided for the completion of Railway communication between Calcutta and Madras, which it is believed in no long time will be reduced to a matter of 4½ hours. Quite lately such a prospect would have been regarded as an optimistic dream.

“ There would be no justification for occupying the time of your Excellency's Council in demonstrating the acknowledged fact that the speedy construction of this line will result in unnumbered advantages to several contiguous and populous districts, at present so little in touch one with another that in 1889 Ganjam suffered from famine while its neighbours enjoyed normal prosperity.

“ But it is difficult for one who upwards of twenty years ago knew the Northern Circars at all times cut off by land and not infrequently when cyclones raged in the Bay cut off by sea from all communication with the rest of the Indian world, to pass by these liberal grants without endeavouring, however inadequately, to express on behalf of nearly nine millions of inhabitants of upwards of 31,000 square miles of Madras territory a satisfaction keenly felt by the industrious and estimable Telegu people, which is not articulate in proportion to its worth.

“ If I have not referred to the restoration of the Famine Insurance Grant it is because a Railway Budget is in the best and widest sense of the word an insurance against famine as well as an advance all along the line.

“ There is an Arab proverb current in India, ‘ Better an hour of justice, than seventy years of prayer.’ So little do I think that the Hon'ble Member for the Central Provinces is right in holding that the construction of railways has pressed heavily on the Indian peasantry, that I believe, if rural India could be polled, it would answer in a paraphrase of this proverb and would say, ‘ Better a line of railway than all the other services of civilisation.’ ”

The Hon'ble ANANDA CHARLU, RAI BAHADUR, said:—“ May it please your Lordship, I cordially congratulate the Hon'ble Finance Minister on his very able Financial Statement, subject to some few exceptions; and as to these exceptions I cordially sympathise with him in his personal inability to get rid of them. With all these latter, it is hardly possible to deal at present; but some of them I cannot but discuss at some length, for which I beg to apologise.

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“It is highly gratifying to note that the question of questions of vital interest to the people of India, that of the Famine Insurance Fund, is again taken in hand and a provision has been made towards it on the credit side. It is deservedly given the first and foremost place. I do not see, however, why it is called a *self-imposed* obligation. It is, I believe, an obligation, compulsorily thrust on the Government by the necessities and conditions inseparable from the administration of a country subject to repeated recurrences of famine almost as a matter of course. If so, it is like all other obligations which are forced upon the Government by causes extraneous to its mere will and pleasure. If this has been specialised as self-imposed in order to facilitate its suspension in the future, as has too often been done in the past, I must strongly object to it as the introduction of the thin end of the wedge to initiate an unsympathetic and radical change of policy. Again, I first thought that it was nothing more than an accident that the well-known name—the Famine Insurance Fund—was discarded in favour of the new designation, the Famine Insurance Grant. To my mind and to the general public the former conveyed and conveys the idea of a trust already created and already existent, while the latter denotes a mere creature of option—not importing any sense of obligation. But this seemingly slight change of nomenclature appears to have a history behind it, and it has been followed by the systematic use of such expressions as ‘famine insurance policy,’ ‘obligation of famine insurance,’ and so forth, to the studious exclusion of the word “Fund”; and it is too much to be feared that power is meant to be taken or retained henceforward to grant the provision, to withhold it, or to withdraw it, or as it suits the exigencies of each year. To this substantial change of front I must indeed object. I fear there is, beneath the surface of an acknowledgment of the obligation, a distinct undercurrent, undermining the policy originally inaugurated and the pledges given when the Famine Insurance Fund was brought into being, under a deep and harrowing sense of responsibility for human lives, by Lord Lytton, a horrified eyewitness of the palpable havocs of famine—chiefly in the Madras Presidency. There are, in the Financial Statement before us, other indications accentuating this fear. This fund—I prefer continuing to call it by the name with which it was first christened—this Fund as set forth in the Financial Statement under debate is to be devoted (1) to actual relief of famine when it occurred, (2) to measures calculated to prevent the recurrence of famine, and (3) to facilitate measures of relief on its occurrence. Let us see how the purposes of that Fund were described at its creation.

“ Now, looking back upon the history of this Fund, from the records available to me, it appears that the question of organising some system in the direction of preparing against famine was first taken up by Lord Northbrook.

“ Sir John Strachey, speaking in connection with his Financial Statement for 1877-78 on the 27th December, 1877, said :—

‘ He (Lord Northbrook) determined that to enable the State to meet the serious obligation of preventing and relieving famine, it was necessary to secure in prosperous times a substantial surplus of revenue over expenditure in addition to that necessary margin which a prudent administration demands for the ordinary requirements of the State. Due provision would thus be made for meeting occasional expenditure upon famine. He urged that if this surplus was devoted to the reduction of debt or to preventing the increase of debt for the construction of reproductive public works in years of ordinary prosperity, there would be no objection to the public expenditure exceeding the public revenue in occasional years of adversity, so that we might then without objection meet the charges on account of famine from borrowed funds, to the full extent to which our surplus had permitted the discharge of debt or prevented its increase.’

“ The policy herein indicated may be put thus :—

1. Secure a substantial surplus in prosperous times.
2. Make out of it due provision to give actual famine relief.
3. Devote the rest of it to (1) reduction of debt, (2) to prevent increase of debt, and (3) to the construction of *reproductive* public works.
4. Thus enable Government at any given time to borrow funds to meet the charges on account of famine, when they actually come on.

“ That embryonic policy had to be essentially modified, proclaimed and strengthened with clear pledges, when Lord *Lytton* came face to face with the ravages of the dread spectre ! In his minute, in his speeches from his place in the Council, and in his replies to public bodies, he made his meaning abundantly clear that *every year* an allotment of *a crore and half of rupees* should be *religiously* set apart, and that, among other things, the sums, so to be set apart, should be *actually* and *loyally* invested in a particular class of public works which he indicated pretty intelligibly, irrespective of other works, generically similar perhaps, but admittedly different in character.

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“Here are his chief utterances on the subject :—

‘ Well, then, I think I am entitled to point out to the Council that we are not now fairly open to this customary criticism. We do not speak without having acted ; and we promised nothing which we have not, after long and anxious consideration, provided ourselves with the means of performing. I must have very imperfectly explained myself thus far, if I have failed to make it clearly understood that I am not now speaking of what we ought to do or would do, to insure this country against the worst effects of future famine, had we only the means of doing it ; but of what we can do, and will do with the means already provided for in the measures now before the Council. I do not mean to say that the construction of such an extensive system of local railroads and irrigation works, as we propose to undertake, will not be the gradual task of many years. But I *do* mean to say that in the manner and on the principle already explained we are now providing for the prompt commencement and uninterrupted continuation of this great and necessary task.

‘ As the representative of the Sovereign of India, I regret that such language should have been held to me by you..... The sole purpose of the additional taxation, you complain of, was the preservation of the lives of the people of India from the effects of famine..... Whatever may be the faults or shortcomings of this Government, its action in the matter to which your address makes reference was dictated by the sincerest and most anxious desire to give the people of India the greatest protection which could practically be provided for them against the calamities of future famine. To insinuate the contrary is to insinuate a calumny.’

“The passage below sets forth the engagements of the Government in Lord Lytton’s own words :—

‘ *1st.*—To apply funds from the surplus revenues at the rate of 1½ millions sterling per annum in such a manner as to create what shall be, in fact, an Insurance Fund, from which future expenditure for famine relief can be provided for without adding to the permanent burdens on the revenues.

‘ *2nd.*—To bring about this result, either by the direct discharge of debt in times of prosperity or by investments of surplus revenue in productive public works under conditions that shall ensure their being really remunerative, and that they shall at the same time supply to the country the best material protection against famine.

‘ *3rd.*—To comply with this condition carrying out in all the provinces of India as speedily as our financial position and other economical considerations will admit all approved extensions of irrigation, and a complete system of cheap railroads, primarily and specially adapted to a slow goods traffic.

‘ *4th.*—To secure to the utmost the finance basis of this undertaking by assigning to, and concentrating upon, the Local Governments the financial responsibility and adminis-

trative powers necessary for the designing, commencement, completion and maintenance, within their respective provinces, of such a system of works as shall fulfil the requirements of the case for each of them.

'5th.—To arrive at this result by giving to these Local Governments the maximum of pecuniary interest and profit in the cheap construction and successful management of all provincial public works by reducing to a minimum interference on the part of the Government of India in the administration of such works, and by not permitting such interference to extend beyond what is necessary to ensure regularity and harmony of action or protection to the general financial interests of the State.'

"Placed side by side, there is a very striking, and I shall add a very startling, divergence between the two. One cannot help reading between the lines and noting with profound sorrow and ill-concealed disposition to starve this Fund in order to meet the cost of measures which are more or less dictated by the general obligation the Government is under to meet commercial or strategic needs, and to develop the resources of the country and which it is bound to undertake for their own sakes and quite apart from any relation to famines. These, for purposes of distinction and easy reference, I shall call non-famine public works, including both large irrigation measures and railway constructions. The phrase 'measures calculated to prevent the recurrence of famine' and the phrase 'to facilitate measures of relief on its occurrence,' which are used by the Hon'ble Finance Minister, are far too elastic and far too vague. Given a certain amount of skill and ingenuity, I do not know what measures could not be easily lugged into these categories, irrespective of all specifications in the past. Every railway construction by affording easy transit for food-grains, and every work of irrigation by serving the same purpose and rendering the further service of watering more extended areas of cultivated land, must to some extent help to check famine and might any day be declared to come under the latter of these words. What is the permanent differentia? It is to be the will and pleasure of the holders of the portfolio for the time being? I do wish that the Hon'ble Finance Minister had more unequivocally enunciated his restricted meaning and shewn the amount of famine public works already accomplished and yet remaining to be accomplished out of them by means of a map or sketch indicating the former and the latter in different colours. In paragraph 4 of the Financial Statement it is stated that a total sum of Rx. 1,815,724 has been spent upon the construction of irrigation works out of the Famine Insurance Grant within these fifteen years. The first thing that strikes one is to ask why is there no table or explanation as to how this Fund had been dealt with from the date of its creation, namely, from 1878 down to 1881-82?

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The Hon'ble SIR JAMES WESTLAND: "Government publishes this every year. The whole thing is available to the public whenever they like to ask for it."

The Hon'ble ANANDA CHARLU, RAI BAHÁDUR, said he was not aware of the existence of any such return or explanation.

THE HON'BLE SIR JAMES WESTLAND: "I think, before that accusation against the Government passes, I should like to hand the Hon'ble Member a copy of the return in question."

The Hon'ble ANANDA CHARLU, RAI BAHÁDUR: I only want the assurance. That is sufficient. Is it that, during that interval, the entire Fund was devoted to famine relief and famine works? Or is it that its very existence was all these years ignored? I crave a solution of these doubts. The next thing that occurs to me is to ask for information whether the sum named represents the cost of the *entire* irrigation work constructed during that period or of a *portion only, i.e.*, the portion debitable against the Famine Insurance Fund? A misgiving is created by the fact that whereas, as regards the railway construction, a distinction in this respect is shewn in the table, no such thing is done as regards the irrigation works. If only a portion, I shall feel thankful if information is afforded as to the location and the cost of the rest. A natural misgiving arises from the very phraseology employed by the Hon'ble Finance Minister. In describing the source out of which the amount of their cost was taken he does not content himself with saying that they came 'out of the Famine Insurance.' But he hastens to add, '*i.e.*, out of our revenue.' Are these identical expressions? Or is it an attempt to be true to the ear but not to the hope?

"Next as to what is said on the railway construction. I have to ask about this also, for information as to the period prior to 1881-82, such as I have desired as regards irrigation works. A further point requires clearing up, namely, a specification of the railway construction already completed, as distinguished from those which yet remain to be taken up, and why so. It would have been a considerable help if it had occurred to the Hon'ble Finance Minister to indicate this also, in a map or sketch as an annexure to the Financial Statement. Such maps or sketches would also be valuable as guides in respect of future operations in the direction of safeguarding famines, and ensuring unintermittent attention to famine public works. Now it is quite possible to seize and carry away, year after year, by the right (*i.e.*, the wrong) hand

and for non-famine public works what are annually doled out to famine public works by the left hand.

“ If the humane policy, which dictated a yearly allotment of a crore and a half and a utilisation of it in famine public works, has been religiously given effect to all these years, we should have to-day famine irrigation work and famine railway construction worth at least a sum of seven crores of rupees over and above what now exists. In the interests of the eighty per cent. of the people, *i.e.*, in the interests of the entire body of agriculturist population in the country, I am bound to say that these seven crores and odd should be put back into the coffers, reserve for actual famine relief and for the completion of the famine public works, as absolutely needful for supplying them with the necessities of life, if the word *restoration*, which is so freely and so frequently diffuse throughout the Budget, is to receive its full meaning. The so-called restoration of famine insurance in the present Budget is to me, therefore, not a matter of such jubilation as it evidently has been to others whose eyes do not fall on the toiling millions of the country and who, somewhat like the barber in a Tamil story, have in their carpet-bags a small ingot of gold and will hence say that, in this land, there is none so poor as not to possess a nugget of that precious metal. I shall be deeply grateful if I am at least told whether the Fund is to be ever recouped, according to this measure of justice, if not in the immediate present. I shall also receive with an equal gratitude a further assurance as to whether the policy, now meant to be recognised and carried out, is the policy as laid down by Lord Lytton's Government, and whether annual contributions would be hereafter at least, loyally made, to make amends for the past neglect of years; for it is surely no satisfaction to be referred, year after year, to works such as are mentioned in paragraph 4 of the Financial Statement.

“ I am indeed perfectly certain that whether the Famine Insurance Fund existed or not the Government would laudably rise to the exigencies of famines whenever and on whatever scale they might occur, and that it would generously and humanely grapple with them at all cost. But that is a species of obligation quite distinct from the inviolable obligation to put back the consecrated money where it was or where it should have been, or shew it in the form of famine public works already completed and in a working order. The very fact that, side by side with the general obligation to fight famines, a special reserve under the name of Famine Insurance *Fund* was set on foot shows that contributions to it were meant to be regularly made and uninterruptedly utilised for the intended purpose, without division and without being subject to the liability

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to lapse, at the end of each year, into the common exchequer. It must have been so set apart, as is easy to realise, for the very reason that, when famines do come, the Government may not have to strain its giant strength and put forth its uttermost efforts to cope with them, as it had to do, to its bitter experience, during the famine of 1876 and 1877, chiefly in the Presidency of Madras; for, with all that the Government could do on that occasion, the public and the British generosity had to be appealed to, with all the weight and prestige of no less than the Duke of Buckingham, the then Governor of Madras. Notwithstanding all this stupendous effort, no less than six millions died by the famine of those years. It was wisely assumed that such unstinted and princely bounty, on the part of the British public in particular, could not always be counted upon, and therefore a *reserve of a crore and half of rupees under the name of Famine Insurance Fund* was brought into being, in the first instance, to be augmented by a crore and a half of rupees every succeeding year, but to remain untouched except for giving *actual* relief in times of famine and except for carrying out famine public works, *i.e.*, that particular class of works which would directly contribute to ward off occurrences of great scarcity. A new and special tax—the license-tax—was imposed for the very purpose of making up and enlarging that Fund. The proceeds of that tax ought to have been, as was pledged religiously, placed to the credit of the Famine Insurance Fund, and when the income-tax has replaced that tax an equal amount out of the collections under the new impost should have been put into the coffers of that Fund. ‘Revive the Famine Insurance Fund or remit the taxation initiated for the purpose’ demanded the Hon’ble Mr. Playfair last year. My demand this year is somewhat different, namely, do not remit the taxation initiated for that purpose, but restore the Famine Insurance Fund loyally to what it should and would have been if it had not been meddled with.

“It may be said, and it has been said, that miles of famine railroads have been constructed and numerous works of famine irrigation have been completed. Quite true. But it is beside the question. It would indeed be an answer to a charge of absolute non-performance. But how is it an argument why the rest of the promise has remained unredeemed by action? If it be said that there is very little yet left to be done in this direction, then the burden of the tax on the poorer classes must *pro tanto* go. Let the taxable minimum of the income-tax be proportionately raised or let reduction of salt-tax follow, or let a stop be put to the process of squeezing his paltry remnant from the raiyat by so-called re-surveys and re-settlements, the object of which has, till now, been enhancement and nothing but enhancement—such as the Presidency of

Madras is, with one voice, lamenting and crying against. This and the like of this are perhaps the basis for the Hon'ble Finance Minister's complacent remarks in paragraph 65 : 'Our prospects are now very much more hopeful. Our revenues are advancing.'

"I cannot pass away from this subject without reminding ourselves of certain very appropriate words of Lytton. Here they are :—

"The current claims upon the activities and resources on the Government of India are so numerous, so pressing, so important, official forces and imperial funds so necessarily limited, that when once the daily, hourly strain of a great famine has been removed from a wearied administration and impoverished treasury, its fearful warnings are soon forgotten ; its disquieting ghosts are quickly exercised by the conventional declaration of some unexceptionable principle, its bitter memories decently interred beneath the dule *hic jacet* of a blue-book, and there, for all practical purposes, is an end of the matter."

"I next proceed to the pronouncement in regard to Chitral. The Hon'ble Finance Minister has very properly said that the Financial Statement is not the place in which to defend the policy relating to Chitral. I say, with greater propriety of language, that it is not of any avail (and therefore not fitting) that it should be discussed in this Council. But one single remark has, however, to be made in this connection, namely, that, owing to the accident of a recent change of Ministry in Great Britain, five untoward results to India have ensued, namely, (1) the disappearance of a *good slice* of her previous income, (2) the permanent addition to her already over-burdened expenditure by reason of retaining Chitral, (3) the postponement of a performance of a long-standing and deliberate promise to relieve her suffering poor by a reduction of the salt-tax, (4) by a fresh burden in the shape of taxation on the coarser goods which alone are available to the poor in the land, and (5) a burden of 15 lakhs a year in the shape of interest on the loan of four crores that has been announced to be in immediate contemplation. This is matter, perhaps for serious reflection on the part of those who still cling to the fond belief that Indian affairs are outside the sphere of the party politics of Great Britain and Ireland.

"I proceed and I note that the entire income derived from the whole of the irrigation works and railway construction is coolly put down as available for the general purposes of the Imperial administration. This seems to militate against what was laid down by Lord Lytton in respect of the profits of true famine public works. Let me repeat his words in this context :—

'To arrive at this result by giving to these Local Governments the maximum of pecuniary interest and profit in the cheap construction and successful management of all

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Provincial public works by reducing to a minimum interference on the part of the Government of India in the administration of such works, and by not permitting such interference to extend beyond what is necessary to ensure regularity and harmony to action of protection to the general financial interests of the State.'

"I pass on to exchange and opium. I heartily congratulate the Hon'ble Finance Minister on the cautious data on which he has based the Budget so far as the exchange and the opium revenue are concerned, and on the hopeful prospect of further betterment which he asks us to cherish regarding these shifting causes of Indian misfortune. Having regard to that prospect, and believing with others that the rate of exchange might not fall below 14d., I should receive with gratitude—not only I myself but the entire country would so receive—an assurance from the Government that, so soon as the exchange or opium rendered it possible, the reduction of the salt-tax and the raising of the taxable minimum of the income-tax would engage its very first attention.

"As regards the attitude of the Central with the Provincial Governments, it is a welcome news that repayments will be made to them of the contributions taken from them in 1894-95. But I must enter a solemn protest against the most extraordinary theory of the mutual relations between the Central and the Provincial Governments, developed and dwelt upon in paragraphs 61 to 64 of the Financial Statement.

"It is, to my mind, subversive of all accepted notions of fairness and propriety. It reduces the Governors of Provinces into gardeners for a far-off absentee landlord and the tillers of soil into his serfs. Just as a gardener cannot touch or call one bunch in the vineyard as his own, so the Governors are to be merely guards and sentinels to watch and see that no one takes any part of the outturn. Just as the serf cannot, *as of right*, look to any good coming to him from the crop which he exerts himself to raise, the people themselves cannot, *as of right*, expect that the share of the fruits of their labour, which they hand over to their Governors, might in the first instance be applied towards their well-being. This is as cruel as it is amazing and unfair. It is difficult to say which to admire—the temerity or the heartlessness of the pronouncement. Every body has been saying to himself that, at the approaching revision of the Provincial Contracts, there ought to be an insistence upon a larger retention by the Provincial Administrations of the revenues they raise. The further idea has also been fondly cherished that, on that coming occasion, Provincial Administrations should ask to be permitted to keep to themselves such sums as they may have by economy saved and allowed to accumulate for large and costly

works of provincial utility, in the way of reliefs to municipalities and district boards where the revenues of these latter are not equal to them. It is indeed an irony of fate that, amid all this hope, the bolt should have fallen blasting all that hope. I sincerely wish that this theory—perilous to the welfare of the provinces and perilous to the responsibility and motives to economy on the part of the Provincial Governors as well—will not pass beyond the stage of mere enunciation.

“This Budget is indeed an admirable feat. I can only describe it as an inverted cone, with its apex in the shifting sands of exchange, with all the weight of this year’s Indian prosperity mainly poised on that apex. That unstable foundation might any day discover sudden signs of giving way; and to prop up our inverted cone we might have to seize upon every thing ready to hand, even to the extent of further straitening the poor man’s food and clothing and his small savings. It behoves us, therefore, to see how to rehabilitate our revenue and to place it on a sound, firm and solid basis. There is but one alternative, and it is but to have the word ‘retrenchment’ largely writ and put in practice measures tending towards it. A mere cheese-paring policy will never do. The insatiate and never-ceasing demands of our forward policy must be attacked and overcome. Our ever-growing home charges must be considerably beaten down.

“If these are impracticable, then the sole remedy is for Great Britain to come out with a substantial contribution to alleviate India’s burden. The colossal and costly schemes of the forward policy are mainly to maintain to British prestige—say what others may to the contrary—and this measure of bare justice is rightly due from the dominant and flourishing to the subject and prostrate country. Without these righteous achievements, to endeavour to promote the happiness or contentment of the people and, in a true sense, to make the two ends meet is—to use a homely simile—to work at the pump and leave the leak open.

“Within these ten years this forward policy has cost us—apart from the wars themselves—an aggregate sum of nearly *seventy crores* and has added to our permanent expenditure no less a sum than *six crores per annum*; and as for the home charges they have amounted up to over twenty-five crores of rupees. It is to meet drains such as these that the poor man’s food and salt are reduced to famine rations, and the hand of the tax-gatherer is laid even on his coarse and scanty raiment.

“This has been said, and said times out of number. The non-officials have said it, and they have been laughed at for their pains. But two predecessors of

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the Finance Minister of to-day have also said it, with a full knowledge of the arcana of the Indian finance. They have, with the trammels of office, thrown away the dead weight of reticence which sat heavily on their conscience while they held the official portfolio. They have discharged their conscience by boldly denouncing these as the true enemies of India. They, too, have been relegated to the limbo of disdain and scorn. This is the most unspeakable of India's misfortunes."

The Hon'ble MR. CADELL said :—" My Lord, no department is more interested in the success of the Hon'ble Member's financial administration than that which I have the honour to represent, and no one can congratulate him more heartily than I do on the financial prosperity which his skilful administration has been instrumental in establishing, and which among other advantages which it has brought to the country has rendered possible increased effort with respect to public works.

" Notwithstanding what has just been said by the Hon'ble Mr. Ananda Charlu, I think that I am justified in making the statement that so much has been done in former years to secure and improve cultivation in different parts of India, by extensive irrigation works, that there is now comparatively little left to be done on a large scale in that direction, and at all events the irrigation works in hand or sanctioned do not require for their completion an expenditure greatly exceeding 4 crores of rupees to be spread over a number of years.

" The Hon'ble Mr. Ananda Charlu may be surprised to hear that the demand for strictly protective works is a very small one, and does not exceed 4 to 5 lakhs annually for the help of India. A further sum of 10 or 12 lakhs may be necessary for Burma, but as most of the works required there are likely to be remunerative they would not come under the head of 'Protective.'

" In this way financial interest with respect to public works is largely concentrated upon the operations of our railway engineers, whose possible requirements are practically unlimited, and whose immediate requirements have in the Budget under discussion been very liberally provided for. Even the figures given at page 14 of the Financial Statement show very substantial and increasing provision for the wants of the country with respect to railways, and the figures there given by no means represent the whole of the expenditure on railway extension in India, which is due either directly or indirectly to the action of Government, for, as is noticed in the Statement, there are large items

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of expenditure which do not pass through the Government accounts, and our expectation is that, while in the year which is just closing a sum of  $6\frac{1}{4}$  crores of rupees will have been usefully spent on railways, in the year which is about to begin, no less a sum than  $13\frac{1}{4}$  crores will be so spent, and it is hoped that the Hon'ble Member's provision for the further development of the railway communications of India will be on a not greatly restricted scale in future years.

“ But perhaps it will be well that I should leave financial details alone, and that I should restrict myself to the results which this Department has recently achieved or hopes to achieve, and for this purpose a convenient period to consider will be that of your Excellency's administration. When the first complete financial year of that administration began, there were 18,503 finished miles of railway in India ; in 1894-95 360 miles were added, and it is hoped that in the year which is about to close 1,009 miles more will now have been completed, and if it be possible to carry out the programme which has been drawn up, there will have been added, during the period of your Excellency's administration, no less than 4,400 miles of railway, which would constitute an addition of 24 per cent. to the mileage of 1893-94.

“ But even the completion of this programme in whatever direction it may be finally altered will leave much work already considered and approved untouched. Important main lines, links which are most desirable if not absolutely necessary, and numerous minor lines, must be omitted, and there will remain very ample room for the expansion of railways in all directions, more especially in such countries as Assam and Burma.

“ The most noteworthy events in the history of the Public Works Department during the year which is drawing to a close have been the opening of the Periyar Irrigation work, the brilliant conception and the practical working out of which we owe to Colonel Pennycuick, and the completion of the Mushkaf-Bolan Railway, a work presenting many difficulties which have been overcome by the skill and perseverance of Messrs. Ramsay and Hodson and their staff.

“ It is, however, in the addition to our railway undertakings that the year 1895-96 has been most conspicuous. First of all in magnitude and in importance to Calcutta and Madras are the connections now arranged for at a cost of  $7\frac{1}{4}$  crores of rupees for linking Calcutta with Cuttack and Madras with Bezwada, which will complete the direct line of railway communication between the two Presidency-towns, and will be most beneficial to the trade of both.

“ Another important line between Rohri and Kotri to the east of the Indus is approaching completion, and the projected line of the Southern Punjab

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Railway from Bhatinda to near Bhawalpur will form an important complement to it, when the bridge over the Indus is finished. The Saugor-Katni Railway forms another desirable link which will render the coal-fields of the Central Provinces accessible to the railway system and Rajputana, and is being arranged for by the Indian Midland Railway.

“In the North-Western Provinces as in certain other parts of India the extension of the railway system of the country has been accelerated by the prevailing scarcity, which rendered the commencement of work desirable, on the extension from Rai Bareilly to Benares and on the Bengal and North-Western system.

“In Burma work on the Mu Valley Railway has been progressing steadily, an extension has been sanctioned from Mogaung to the river at Myitkina, and the construction of an important line from Mandalay to the Salween river at a cost of 225 lakhs has been authorized and has been begun.

“In all directions there has been marked progress and the foundation has been laid of still more important progress in the near future, and I think it may be said that the Public Works Department of the Government of India, until recently presided over by Sir Charles Pritchard, is taking full advantage of the opportunities which have been afforded by the great improvement in the financial condition of the country which has taken place.

“The Hon'ble Mr. Playfair expressed the hope that more liberal encouragement might in future be given to the construction of feeder railways. I do not think that one who is only temporarily connected with the Government should be its exponent on questions of permanent policy, but in case your Excellency does not discuss this question, I may say that new rules on the subject are under consideration, and will shortly be issued with the effect, I trust, of encouraging private enterprise in this very useful direction.

“The Hon'ble Rao Sahib Balwant Rao Bhaskute has made a statement to the effect that ‘protective railways constitute the most important head of expenditure. Most of them are constructed for protecting the North-Western frontier.’ As a matter of fact, the only two railways which bear this character are the Mushkaf-Bolan and the Mari-Attock Railways, for the Kotri-Rohri chord line lies to the east of the Indus, and although it will no doubt be used for military purposes when required, it was principally demanded by the commercial community of Karachi in the interests of that port. So far from most

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of the railways being on the North-West frontier, most of them, it so happens are on the Eastern side of India.

“The Hon’ble Mr. Rees has borne testimony to the great advantage to the country which is likely to follow the construction of a continuous line of railway from Madras to Calcutta, and there is little doubt that it will serve the interests of Calcutta and Madras, as much as it will tend to the advantage of the districts traversed and the convenience of the people.

“The chief assailant of the administration of the Government in past times and in the budget arrangements of the present period has been the Hon’ble Member on my right, Mr. Ananda Charlu, who seems to think that protective works have been systematically neglected, and that the administration of the country has been careless of the interests of the people. The Hon’ble Member in charge of the Finance Department will no doubt reply to the Hon’ble Member on the whole question, but I think it may be of use if I describe what within my personal observation has been done to protect the only province, as far as I know in the territories under immediate administration of your Excellency’s Government, in which upon any extensive scale relief operations have at the present time been found to be necessary. I happened to be in charge of one of the Bundelkhand districts when famine last threatened in 1877. At that time there was no railway in the province, and if the supply of food had proved insufficient to meet the wants not only of the population of our districts, but of adjoining Native States, there might have been serious difficulty in pouring supplies into a country provided with few metalled roads, and with unmetalled roads peculiarly liable to be rendered impassable if rain had fallen at a time which was too late for the purposes of agriculture. Now the province is traversed to the west by the main line of the Indian Midland Railway, while to the east a long and wholly unremunerative broad gauge branch passes through three out of the four districts and brings every village in within 50 miles or less of the railway. Both these branches of the Indian Midland Railway have been constructed from the Famine Grant, from which also the annual loss is met. But this is not all that has been done to safeguard the people of Bundelkhand from the worst terrors of drought, for although there was great difference of opinion as to whether it was desirable to construct a canal in a country in which black soils predominate on the level plain, Government decided that the experiment should be tried, and undertook the construction of the Betwa Canal at the cost of some 40 lakhs of rupees. This work has never paid, and has not so far been so

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beneficial to the country as to justify the construction of the other Bundelkhand Canal which was at one time contemplated. The benefit to the country of the Betwa Canal during a period of scarcity is now being tested. I am certainly not one of those to use words used by the Hon'ble Member 'whose eyes do not fall upon the toiling millions of the country.' I have year after year spent many months each season in contact with the agricultural community, in their villages and fields, and I can certainly say that I have never noticed more especially in the districts which I have mentioned, the harsh and unsympathetic attitude of which the Hon'ble Member complains. Enhancements of land-revenue are only looked for where the circumstances of the country fully justify them, and I am sure that the Hon'ble Member on my left (Mr. Woodburn) will bear me out in saying there is no pressure on the part of Government in that direction. I can for my own part assert that when in one of these very Bundelkhand districts to which I have referred large and important reductions in assessment were held to be necessary, they were granted with the fullest and readiest approval of every authority to which they were submitted. The Hon'ble Member's charges are general, and a mere general assertion to the contrary would have been of little use. I have traversed them by stating what has been done in a single tract of country selected for the sole reason that it is happily the only portion of British territory with which I am acquainted in which during the current year relief operations on a considerable scale have been found to be necessary."

The Hon'ble MR. WOODBURN said:—"I had no intention of intervening in this debate, but as I have been appealed to by my hon'ble friend Mr. Cadell, I may at once confirm what he has said as to the attitude of the Government of India and the Local Governments in the matter of the assessment of land-revenue. I listened with some surprise to the remarks made by the Hon'ble Mr. Bhuskute on the condition of the soil, and of the people who live on it. In the part of the country with which he is most familiar I have never heard or seen any evidence of any sensible depreciation of the soil within recent times; nor have I heard that crops have as a natural consequence begun to yield diminishing returns. But what I have heard and seen is a great enhancement within the last quarter of a century of the rents which are received by the landlords. No one would be more ready than my hon'ble friend in calmer moments to admit that in that great increase of the landlord's receipts, the State, which supplies protection and the assistance of many services, is entitled to have a place.

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“There is one matter in which Mr. Cadell has taken from my lips the only other remark which has been suggested to me by the course of this discussion. I was surprised to hear my hon’ble friend Rai Ananda Charlu speak with such disapproval of the expenditure from the Famine Fund and, indeed, from the general revenues. No one who has seen the influence of railways in tracts where the harvests are short can doubt that almost every railway is in fact a famine protection railway. In Saugor, where two years ago there was sharp scarcity, the railway brought such supplies of food and grain that prices never rose to what used to be known as famine prices. Similarly in the North-West Provinces in the present year the Lieutenant-Governor has just presented to your Excellency a statement in regard to the scarcity there which is illustrated by those maps that Rai Ananda Charlu would like to see presented to this Council. Each one of these districts is traversed by a railway, and the consequence is that though there may be much suffering and poverty, the prices will never be at normal, and it ought to be possible that there shall be no death from starvation.”

The Hon’ble LIEUTENANT-GENERAL SIR HENRY BRACKENBURY said :—  
 “My Lord, I am grateful to my hon’ble colleagues in charge of the Public Works and Home Departments for having intervened between the speech of the Hon’ble Mr. Ananda Charlu and myself, for I feel that it is always a somewhat ungrateful task to bring a debate down from those high, if somewhat misty and vague, regions of Oriental metaphor to which this debate was raised by the Hon’ble Member, to those earthly, but I trust solid and substantial, regions of fact in which I shall have to ask the Council to follow me for I fear some considerable length of time. My hon’ble friend Mr. Playfair, with his usual courtesy, gave me notice of his intention to invite me to explain to this Council some matters connected with military expenditure, and especially the point in connection with the Chitral outposts. I have now to thank him also for his most kindly mention of myself, and for his statement that my efforts in former years to explain in this Council in as clear a manner as possible the facts in regard to our military expenditure in India have given satisfaction to the commercial classes in India ; and I trust that in the statement I shall now make I shall be able satisfactorily to account to him and to this Council for much upon which it is impossible for them, without such statements being made in Council by the Member in charge of the Military Department, to have any real knowledge.

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“ To the best of my recollection I have never heard the Royal Indian Marine mentioned in this Council, but I am responsible to your Excellency for the estimates of that Service, and I should like to say a few words about them. The Royal Indian Marine is a very important service. It contains more than fifty vessels of various kinds. Of these, two armour-plated turret vessels, two gun-boats, and seven first class torpedo boats, constituting Her Majesty's ships and vessels for the naval defence of India, are in charge of the Royal Navy, and are partly officered by officers of the Royal Indian Marine; four are troopships, which carry out the whole of the Indian Trooping Service between India and Burma, and between the various ports on our coasts, occasionally proceeding to England or elsewhere out of Indian waters; one is used as a despatch vessel in the Persian Gulf, while the remainder are employed in various services, including the Marine Survey and the conveyance of troops by river in Burma and elsewhere.

“ This service provides the Port Officers for all the chief ports in India, and the officers for Marine Transport Service and for the Marine Survey. It possesses dockyards at Bombay, Kidderpore and elsewhere, where repairs are carried on for the Royal Navy and for its own ships, where vessels of small size are built, and where services of construction and repair are carried out for Local Governments at actual cost price. Its net budget estimate for the year now closing was 18½ lakhs. The actual expenditure has been about 14 lakhs, showing a saving of 2½ lakhs. The net estimates for the coming year are Rs. 1,36,000 below the estimates for 1895-96.

“ I will now proceed to deal with military expenditure, and in speaking on this subject, I shall always deal with net figures. I have great satisfaction in bringing to notice that the net expenditure in the Indian estimates for 1894-95, the accounts of which year are now completed, was 6½ lakhs below the budget estimates for that year, although there was an expenditure of 6½ lakhs on account of the Chitral Expedition in that year for which no provision had been made in the estimates. This is, I believe, the first time for many years that the military expenditure has been within the Indian budget estimates. The Military Works expenditure, the Special Defence expenditure and the Home expenditure for 1894-95 were all also well within the estimates.

“ I now pass to the current year. There are four separate items to be considered :—

I.—The Home Military Budget Estimates.

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- 2.—The Indian Military Budget Estimates.
- 3.—The Military Works Estimates (India and Home taken together).
- 4.—Special Defence Estimates (India and Home taken together).

“In the Home estimates there has been a saving of 25 lakhs in expenditure as compared with the estimates. In India there has been an excess over estimates of  $108\frac{1}{2}$  lakhs. In the Military Works estimates the expenditure just comes up to the estimates; and in Special Defence estimates there has been a saving of 4 lakhs. Taking the whole of these several estimates together the net excess of expenditure over estimates has been  $79\frac{1}{2}$  lakhs.

“There has been expenditure on account of the Chitral Expedition in the Home estimates to the extent of 3 lakhs, in the Indian estimates of 165 lakhs, and in the Military Works estimates of  $5\frac{1}{2}$  lakhs, so that the total expenditure upon the Chitral Relief Expedition during the year has been  $173\frac{1}{2}$  lakhs. A sum of 15 lakhs only was provided in the estimates; as stated in the Financial Statement of last year, not for an expedition, but for preliminary preparations in case an expedition should become necessary. We have thus an expenditure of  $158\frac{1}{2}$  lakhs over what was provided in estimates for preparations for the Chitral Expedition, while the actual expenditure over estimates has been only  $79\frac{1}{2}$  lakhs. Thus, but for the Chitral Expedition, the whole of the military expenditure during the current year would have been 79 lakhs below the estimates for the current year.

“The savings in the Home estimates are largely due to causes over which the Government of India has no control. But in those portions of the Home estimates over which the Government of India has control, that is to say, the supply of stores from England, the expenditure has been kept well within the estimates.

“The savings in the Indian budget estimates which have reduced the net excess from 165 lakhs due to the Chitral Expedition to  $108\frac{1}{2}$  lakhs are due to various causes. Seventeen lakhs of these savings are due to fall in food prices below the estimated rate;  $5\frac{1}{2}$  lakhs are due to diminution in exchange compensation allowance owing to improvement in exchange; 7 lakhs are due to savings on account of conveyance of troops and stores;  $5\frac{1}{2}$  lakhs to savings in Commissariat establishments and miscellaneous Commissariat expenditure;  $1\frac{3}{4}$  lakhs to savings in hot weather establishments and barrack supplies;  $\frac{3}{4}$  lakh to saving in sea transport charges;  $7\frac{1}{2}$  lakhs to saving in Ordnance establishments

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and expenditure;  $\frac{3}{4}$  lakhs to savings in Remount Depot charges. All these savings show careful and economical management by heads of departments, upon whom the Government of India pressed the necessity for watching and keeping down expenditure, and to whom, in my opinion, great thanks are due for their efforts to assist the Government and tax-payers in this direction.

“The first great event of the year from the military point of view has been the introduction on the 1st April of the new scheme under which the Presidential Army system was abolished, the control of the armies of Madras and Bombay, hitherto vested in the Governments of those presidencies, was transferred to the Government of India, and their supreme command from the Commanders-in-Chief in those presidencies to the Commander-in-Chief in India. During the current financial year there has been but one army in India, under the Commander-in-Chief in India, and under the Government of India. The system has worked, I believe I may say without a hitch of any importance, a result which I believe to be due in the first place to the determination of all concerned, including the Lieutenant-Generals Commanding in Madras and Bombay, to make the new system work smoothly; and in the second place to the deliberation with which every detail consequent upon the change was considered previous to the change being introduced. The Military Secretariats of the Governments of Madras and Bombay were abolished from the 1st April, and a considerable saving ensued to the civil estimates. The Military Department of the Government of India made no addition to its higher staff in consequence of the increase of work, and only a small addition to its clerical establishment. Large reductions have been effected in the staff at the head-quarters of the commands in Madras and Bombay, some reductions have been made in the head-quarters staff of the Commander-in-Chief in India, and further reductions are about to be made on the 1st of April next. But it must be remembered in considering the reductions that can be made at army head-quarters that, although the Commander-in-Chief has got rid of the direct command of the armies of the Punjab and Bengal, he has had thrown upon himself and his staff the supreme command of the armies in Madras and Bombay. The establishments of the two new commands created in the Punjab and Bengal have been kept within most economical limits. Further experience is necessary before the establishments of the four commands and of army head-quarters can be distinctly and finally fixed. But I believe they will be kept taken as a whole, within the amount sanctioned by the Secretary of State when the scheme was originally introduced; and I can say with confidence that no further increase on account of this change will be required in the office establishment of the Military Department of the Government of India.

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“The second great event of the year from the military point of view has been the Chitral Expedition. On the morning of the 7th of March last year news reached your Excellency’s Government leading it to believe that it might be absolutely necessary to send an expedition by way of Swat and Bajaur to relieve the beleaguered garrison of Chitral. The Commander-in-Chief was absent in Assam. That afternoon I held an interview with the representative of the Quartermaster-General’s Department present in Calcutta, and the Commissary-General-in-Chief. The latest report of the Intelligence Department upon the steps to be taken for such an expedition was laid before me, and the Commissary-General-in-Chief stated his views. It was clear that owing to our mobilisation arrangements the troops necessary could be assembled on the frontier in a very short time, and that whatever delay might occur in the despatch of the expedition across the frontier would be due to the time required for collecting transport. I laid certain proposals for the collection of transport before your Excellency, and you assembled a Council the same evening which decided that these preparations should be proceeded with. At midnight on the 7th I personally gave the orders to the Commissary-General-in-Chief, and they were telegraphed off the same night, the Commander-in-Chief being informed. The Commander-in-Chief return to Calcutta on the 11th, and at the Council held on the 14th March it was decided, on His Excellency’s recommendation, to issue instructions for the mobilisation of the First Division of the field army, with certain modifications due to the special nature of the country between our frontier and Chitral. It was then still hoped that an expedition might be avoided, but before the end of March that hope was dead; and on the 1st of April, the day named in your Excellency’s ultimatum to Umra Khan, within eighteen days from the order for mobilisation, a force of upwards of 15,000 men advanced across the frontier. The despatch of that force under the command of Sir Robert Low, its complete success in the storming of that most difficult position, the Malakand Pass, and its rapid advance into Dir, enabled Colonel Kelly with a small force of Pioneers, Kashmir Imperial Service Troops and native levies to effect the relief of the garrison of Chitral at a time when they were closely pressed by the enemy, and when their provisions would shortly have been exhausted.

“Your Excellency’s Government in a General Order has expressed its sense of the services of Sir Robert Low and Colonel Kelly and the troops under their command, and Her Majesty’s Government has endorsed those expressions. But there are some points in connection with that expedition to which I now wish to draw attention. But for the delay which occurred in the hire and pur-

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chase of transport at the outset, the expedition might have started sooner. This delay was in no way due to any neglect on the part of the Government or the military authorities. For a considerable time past the whole of the arrangements for the purchase of transport in the event of war had been matured. Civil officers of districts had taken steps to ascertain where and how the transport animals could best be procured, purchasing officers had been told off and placed in communication with the civil authorities. The delay was due in part to the time actually necessary for collecting the animals, in part to hesitation of owners to hire or sell them. Once it had started, the expedition was, I may safely assert, an unqualified success. Owing to the good medical arrangements the health of the troops was on the whole excellent. Fearing that owing to the necessity for rapidity of movement the troops might be obliged to put up with short rations for some time, permission to give compensation to the men in such cases was granted by Government; but such were the commissariat arrangements that in no single case were we called upon to grant that compensation. As soon as the first rush was over, and the line of communications was thoroughly established under the able direction of General Stedman, the staging system of transport was introduced throughout with the most admirable results. The condition of the Government transport at the end of the campaign was excellent. I believe it may safely be said that in no campaign ever yet conducted on the Indian frontier has there been so little loss in mule transport, or have the animals been in such good condition at the close of the campaign. As regards camels the same can only to a certain extent be said. We were dependent entirely upon hired camels or upon camels purchased expressly for the campaign. The Government has no establishment of camels in peace, and has therefore no means of training officers and men to the care and supervision of those most delicate animals. The result is that the management and working of camels is not understood as it should be by our Transport Department. The hired camels did better in the campaign than the camels which we had purchased, the reason being that where camels were hired they were accompanied by the trained camel drivers of their owners, who looked after them in their masters' interests. But the number which could be hired was extremely small, and at the very outset the Government was obliged to have recourse to purchase. Having no trained establishment of drivers of its own it had to engage as transport drivers any men who were willing to take such service, and they were nearly all utterly inexperienced in the work. The result has been that while comparatively few camels actually died on the campaign, the camels purchased by Government have for the most part so broken down in health that it has been found impracticable to retain any but

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a very small number of them for future use. I shall state presently how the Government of India propose to remedy this great defect in our preparation for war in the future.

“The expedition has been invaluable to us as a test of the mobilisation arrangements for a whole division of the field army. It would be too much to say that those arrangements were found perfect. No army in the world, so far as I know, and I have been a great student of these matters, has ever found its mobilisation arrangements perfect, though all the skill and experience of its ablest experts has been brought to bear upon them. But with a few exceptions the mobilisation arrangements were found thoroughly sound, practical and easy to work. The campaign has also taught a great lesson to our military authorities in the working of the lines of communication of an army. And I feel confident that, in any future campaign, that experience will bear most valuable fruit, both in the form of comfort and saving of suffering to the troops engaged, and in the form of reducing waste of transport. The campaign has also been of great value in testing the Imperial Service Troops. The Kashmir Imperial Service Troops showed very fine qualities and the greatest advantage was derived from the admirably organised transport corps of the Maharajas of Gwalior and Jeypore, who placed those corps at our disposal. And I would take this opportunity of expressing my hope that further efforts may be made by the Native Rulers of India to organise such transport corps, which cannot fail to be of the greatest service in any considerable campaign. I wish to bring prominently to notice the fact that the charges for this campaign include the whole cost of an excellent metalled road from Hoti Mardan to the Swat River, of the bridging of that river and the Panjkora, and of the pack road which has been constructed from the Swat River to Chitral, as well as the construction of forts and barracks for the troops at the Malakand, at Chakdara and in Chitral. There, I may say in answer to the Hon'ble Mr. Playfair, will be no charge on account of these barracks and defences in the Special Defence estimates; and a small addition to the Military Works estimates of the coming year, which I shall presently mention, completes the provision for them.

“I now turn to the estimates for 1896-97. Here again I have to deal with the four estimates :—

- 1.—Home Budget Estimates.
- 2.—Indian Budget Estimates.

## 3.—Military Works Estimates.

## 4.—Special Defence Estimates.

“The Home budget estimates, as compared with the estimates of 1895-96, show a decrease of rather more than 5 lakhs of rupees. These estimates are so complicated by causes over which the Government of India has no control, such as payments to the War Office for services, and payments for stores, rising or falling according as the payments are made in one year or another, that I can say nothing about them, except this one simple fact that that portion of them over which the Government of India has control, namely, its demands for stores, shows a saving of 14 lakhs in the estimates of 1896-97 as compared with the similar demands for 1895-96. This is largely due to manufacture in this country having replaced manufacture at home. The Indian budget estimates for 1896-97 (I am dealing with net figures) show an increase of 39 lakhs over the budget estimates for 1895-96. The Military Works estimates show an increase of 6 lakhs over the estimates for 1895-96 and the Special Defence estimates show a decrease of 10 lakhs. So that the whole of the Military estimates for which the Government of India is responsible, taken together, show a net increase over those of the current year of only 21 lakhs of rupees.

“This Council is aware that a Royal Commission is now sitting in England to discuss the apportionment of Home charges between the mother country and India. We have sent home officers specially versed in this question, including Sir Edwin Collen and Captain Hext, to give evidence before that Commission, and we hope that its report may be in favour of giving some relief to India in the matter of the Home charges.

“The Indian budget estimates for 1896-97 include three great items of expenditure which have not appeared in former budget estimates. The first of these is an addition of 11 lakhs to the pay for the Native army. The estimates of the current year only include the extra pay given to the sepoy from 1st July last for eight months of the year; in next year's estimates twelve months have to be provided for, causing this increase of 11 lakhs. There is an item of 49½ lakhs for preparations for mobilisation, concerning which I shall speak presently; and the cost of the occupation of Chitral and the line of communications to it, and of the relief of troops which has to be carried out during the current year, adds 23 lakhs to the estimates. These three items amount to 83½ lakhs as against 39 lakhs of excess over last year's estimates, and the difference of 44½ lakhs may be roughly accounted for in the following way.

Thirteen lakhs is on account of the Chitral Expedition, 15 lakhs having been provided in the current year's estimates and only 2 lakhs being required for arrear charges in the estimates for 1896-97. The adoption of a more favourable rate of exchange causes a saving of 13 lakhs in exchange compensation, and 5 lakhs on account of the pay of the British soldier. There is a saving of 6 lakhs on account of lower estimate for food prices for men and animals, and the remaining  $7\frac{1}{2}$  lakhs of savings is spread over a great number of items which it is not necessary for me to enter upon.

“Economies are constantly being introduced on the recommendation of the Commander-in-Chief, or Head of Departments, or the Controllers. On the other hand, new demands are constantly being made upon us for additional expenditure on account of necessary services, and in the interests of improvement and progress. It would be useless for me to weary the Council with a long list of the economies effected on the one side, and the additional expenditure sanctioned on the other side. It is sufficient to point out that apart from the great items which I have already mentioned, the net result of this is a saving of between 7 and 8 lakhs in the coming year.

“As regards the three great items of addition to the estimates which I have named that on account of pay for the Native soldier explains itself. The pay of the dismounted branches of army was raised by Rs. 2 a month from the 1st of July last, with, I think I may say, the unanimous approval of this Council.

“The expenditure due to the occupation of Chitral has been kept as low as possible. That expenditure is due to the deliberately adopted policy of the Government of India, endorsed and approved by Her Majesty's Government. It is not for me to defend that policy, heartily as I approve it. All that I need say is that up to the present date it has been attended with complete success from every point of view. The troops in Chitral and at the Malakand are on a war footing. They are ready to take the field at a moment's notice. They are healthy; their transport is in excellent condition, and though the service may be somewhat irksome especially for the troops in Chitral, they receive the prescribed pecuniary and other concessions which render them contented. The inhabitants of Swat, Dir and Chitral find their advantage in the markets created by the presence of our troops; and in the coming year it is believed that the greatest portion of the supplies required will be obtained by local purchase. Trade between these countries and India has very largely increased. It is intended to reduce the

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garrison of the Malakand by one regiment of infantry during this year; and I look forward with confidence to further reductions becoming possible within a short period of time. Against the expenditure under the head of 'Occupation of Chitral' has to be set the saving due to the withdrawal of the regiment of Native Infantry from Gilgit, which was made possible by the occupation of Chitral, and proposal for further reductions in the cost of the Gilgit Agency are under consideration.

"As regards the large sum of 49½ lakhs included in the estimates for the preparations for mobilisation, I will, with the permission of the Council, explain to what this is due. Preparation for mobilisation is comparatively a new branch of the science of war. It is an outgrowth of modern times. When once one army had prepared itself in every detail to pass with great rapidity from a peace footing to a war footing, it became necessary for other armies to follow in the same direction. The field army of India consists of a certain number of divisions, each including a Cavalry Brigade, and of an additional force of cavalry and of reserve artillery. The arrangements for the mobilisation of this army, which is quite apart from the garrisons which will have to be maintained in India in case of the field army marching to the frontier, have been worked out in every detail upon paper. But the equipment, stores and mules required for mobilisation have only been provided as yet for a part of that army, and until they have been provided for the whole of it our field army cannot be considered ready for war. Great delay would occur in procuring from England the stores and equipment which must be obtained thence, and in the manufacturing in this country of such stores as could not be obtained ready in the local markets. And it would be practically impossible to purchase at short notice in this country the mules that would be required. Were circumstances to compel us to mobilise our field army, it is the opinion of your Excellency's Government that the attitude of the frontier tribes would largely depend upon our ability to advance rapidly and in perfect order; while, in the event of our having to meet a strong enemy, there would be great risk in pushing forward only a portion of our army, when weeks and even months might pass before the remainder could be in a position to support it.

"These grave considerations have not been absent from the minds of the Government of India, but in recent years financial considerations have prevented our making the preparations which we considered necessary. The time has now come when we consider that these preparations should no longer be delayed and we have therefore, with the full approval of the Secretary of State, made the necessary provision in the estimates of the coming financial year for obtain-

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ing such equipment and stores as could not be at once obtained locally at the time of mobilisation, and for such number of the mules required as we believe can be purchased within twelve months at ordinary rates in the local market.

“ If our field army were to be mobilised, in order to bring the reserve cavalry, the reserve artillery and the line of communication troops up to war strength, nearly 1,000 artillery horses would be required, and to obtain these we should have to take them from the batteries remaining with the garrisons in India, which would thus be so depleted as to be scarcely fit for fighting purposes. To bring these batteries up to war strength we should have to purchase in Australia, for this country does not provide horses fit for artillery, and a long time would elapse before the horses, which would arrive raw, unbroken and unacclimatised, could be fit for service. More than four years ago we brought this to the notice of the Secretary of State, and we obtained his permission to provide a reserve of 1,000 horses whenever our funds would admit of it. Up to the present time we have been unable to make this provision. But with the approval of the Secretary of State it has now been made in the estimates for the coming year.

“ Experience has shown us that the greatest delay in the starting of every expedition is caused by the time that is required to obtain camels for transport purposes. This was specially marked in the case of the despatch of the Chitral Relief Force. A week had passed from the date of our orders before any camels had been obtained in the districts. It was found impossible to hire in sufficient numbers, and resort had to be made to purchase, with the results which I have already described in speaking of that expedition. Time is necessarily involved in the despatch of purchasing officers to the districts in which camels are to be procured, in sending orders to the district civil officers, in the issue of instructions by them for the collection of transport and in the collection of that transport. Valuable time which might be utilised in the formation of advanced depots is thus lost. Year by year the number of camels that can be procured for transport purposes in India is diminishing as railways take the place of camel transport, and our difficulties on this score are increasing. The troops can always be moved in far less time than it takes to collect the stores and supplies in the advanced depots, and we consider it of great importance to minimise this delay as far as possible. We have, therefore, with the Secretary of State's approval, made provision in the estimates of the coming year for the purchase of sufficient camels to complete an establishment of 3,250, which we propose to maintain in future, so that they will be immediately available, and can be utilised for the formation of advanced depots, even before formal orders for

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mobilisation issue. We look to another immense advantage from the purchase of these camels. By thus maintaining an establishment of camel transport, the Government will be able to educate both officers and attendants in the care and management of camels, and will have a considerable nucleus of trained camel attendants who will be able to superintend those large numbers of hired and purchased camels—no less than 40,000 transport animals were employed with the Chitral Relief Force—which it is always necessary to obtain in case of an expedition. We believe that this will bring great advantages to us in any future campaign.

“The provision which we have made in the estimates provides under the head ‘Rations for men’ for all home supplies required for the field army; local supplies could not wisely be laid in, having regard to the stocks already maintained, which are as much as can be turned over. Under the head ‘Rations for animals’ provision has been made for the purchase of fodder for the concentration period, for the fodder to accompany corps, for the marching stages and for one-fourth of the reserve. The remainder of the fodder could not wisely be laid in for the same reason as in the case of rations for men, but provision has been made for the provision of the fodder presses and engines required for pressing this amount on the occasion arising.

“Under the head ‘Clothing’ a full reserve of articles required has been provided for troops and followers, with certain deliberately considered exceptions.

“Under ‘Transport Animals’ provision has been made for the purchase of 1,750 mules and 3,250 camels; bullocks, it is believed, could be purchased when required. Employment for the mules and the camels can be found during peace, and there will be a saving on account of hire of transport in consequence. Bullocks on the other hand could not be economically employed during peace time. Provision has been made for the camel gear, transport carts, transport gear, water gear, regimental equipments, ambulance equipments, artificers’ tools, stationery, forms, office furniture, miscellaneous equipment and packing materials to enable our field army to take the field without delay.

“Under ‘Ordnance’ provision has been made for all the stores required from home, and for local expenditure in providing the tents, harness, saddlery, Ordnance stores for medical and veterinary hospitals, entrenching tools, ammunition boxes and general stores for ammunition columns and field

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parks. In the Medical Department the medical and surgical stores, Commissariat stores, equipment and furniture required to complete the equipment of the field hospitals of the whole field army have been provided for. In the Veterinary Department the whole of the veterinary equipment and medicines, instruments and other supplies required will be purchased. Eight hundred and fifty artillery horses will be purchased in the coming cold season, and the shippers have already received notice that this number will be required; we already possess a reserve of about 150 horses. One thousand seven hundred and fifty mules, and 3,250 camels with their gear will be provided. The establishments for the care of the horses, mules and camels are provided for in the estimates.

“It is evident that the maintenance of these additional animals involve a recurring charge in the estimates annually, and there will be a certain small annual charge for deterioration of stores and for compressing forage. For the year 1896-97 this recurring charge is estimated at a little under 6 lakhs; so that of the 49½ lakhs 43½ lakhs are an initial charge, which will drop out of the estimates in future years. But, on the other hand, it is estimated that in future years the recurring charge, which for the present year will be only 6 lakhs, will rise in round numbers to 13 lakhs. This initial charge of 43½ lakhs, and this annual recurring charge of 13 lakhs, do not, in my opinion, provide all that is required. The number of mules should, I consider, be increased in future years by about 2,700, and the number of camels be raised from 3,250 to 6,500. This would involve an additional initial expenditure of about 7 lakhs, and an additional annual expenditure of between 10 and 12 lakhs. These initial and annual charges are the price which India must pay for having its army ready for war. I believe that there is no greater extravagance than to maintain a large army and to keep that army unready for war. There is, it seems to me, but one excuse for military expenditure, that when the army on whose account this expenditure has been incurred is called upon to take the field it shall be ready to do so promptly and in perfect order. I believe that when these preparations have been fully completed, the army of India will be in every detail as ready to take the field and as able to give a good account of its enemies as any army in the world.

“The increase of 6 lakhs in the Military Works estimates for this year is due to the provision of 4 lakhs for a cantonment in the Tochi Valley and 2 lakhs for works connected with the occupation of Chitral.

“Special Defence estimates for the coming year are 5½ lakhs as against 15½ lakhs in the current year and 22 lakhs in the year 1894-95. In the budget

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estimate for the current year sufficient provision was made for nearly carrying to completion the whole programme of Special Defences, with the exception only of those items which the Government of India have decided should be abandoned or indefinitely postponed. But it was found impossible to spend the whole of the money during the year, and about 4 lakhs have lapsed from one cause or another. The budget provision for 1896-97 is chiefly for carrying out works provided for but not executed in 1895-96. Two new items only have been brought forward, namely, an extension of the sea-wall at Middle Ground Battery, Bombay, which is necessary for the security of the work, and a new main magazine at Bombay. The provision made in 1896-97 should suffice to carry the Special Defence programme to completion, so far as it is considered desirable to carry out the original programme, and these Special Defence estimates should in future years disappear.

“ My Lord, this is the last time that I shall speak or sit in this Council, and I will ask its indulgence while I mention briefly a few of the chief reform which have been carried out, during the past five years, in the Departments of which I have been in charge.

“ In the Royal Indian Marine, under the direction of that able officer, Captain Hext, while the tone and spirit of the service have greatly improved, there is not one test by which you can measure the work done, which will not show that economy has been effected. Whether you take the cost per mile run of the ships, the cost per head of men, conveyed by them, or the cost per ton of the vessels maintained, the charge is less than it was five years ago.

“ Turning to the reforms in the Military Department, these have all had one of two objects, either the effecting of economy, or the making the army of India a more perfect instrument for war. First amongst these in time and date, and second to none in importance, is the reorganisation of the Intelligence Department at Army head-quarters. Upon the information of the Intelligence Department depends and must depend in all armies the original direction and impetus given to the army at the commencement of a campaign. And it is a well known military axiom that, if the original impetus given is in the right direction and with sufficient force, half the campaign is already won. The Intelligence Department was insufficiently officered, and was stinted in funds. It was entirely reorganised and granted sufficient money to enable it to carry on its work, and was placed in charge of that most able officer, Colonel Elles, under whom and his successor it has become, I believe, as good as any Intelligence Department can be. The Chitral Relief Expedition was carried out,

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with scarcely any alteration, on the lines indicated in the Intelligence Department memorandum which I have already spoken of as having been placed in my hands on the 7th of March of last year.

“ The next great reform has been in our mobilisation system. Five years ago this was only in embryo, and none of the present details had been worked out. A little less than five years ago the Mobilisation Committee, of which Lord Roberts was President, met at Simla, and the lines upon which mobilisation was to proceed were definitely decided. It was felt that a large committee was not the right machinery for carrying out a system full of extraordinarily complicated details, and a section was created in the Quartermaster-General's Department under the charge of that most valuable officer, Captain Kemball, for the purpose of working out all the details and keeping them constantly up to date. The troops to form the several brigades and divisions of the field army have been told off. Those of the first divisions have been supplied with their regimental equipment for war; transport equipment and stores for the mobilisation of the first two divisions have been collected at the strategic points laid down. Field Service Manuals containing instructions for all arms and departments in case of mobilisation have been printed. The corps composing the field army are kept warned; the Staff and Army Departments are told off; railway time tables for the movement of the whole field army and its stores for longer distance have been prepared in concert with the railway authorities. By the end of March, 1897, thanks to the provision made in the estimates for the coming year, the entire equipment and stores required for the whole field army will be in readiness.

“ Our establishment of transport, which is our greatest difficulty in India, was increased by 2,000 mules in 1891, and will be again increased as I have already explained in the coming year, and at the end of the year we should, as I have said, be in possession of a nucleus of camel transport.

“ Of the abolition of the Presidential Army System, and of the substitution for it of a single army of India, I have already spoken. This great reform had been so long delayed, though so constantly urged by successive Indian Governments, that it still seems to me almost difficult to believe that this dream has been so quietly and completely realised.

“ The Coast Defences at Karachi, Bombay, Calcutta, Madras and Rangoon have been brought to completion, and the defence vessels of the Royal Indian Marine have been placed under the control of the Admiral Commanding the

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East India Squadron, by whom they will be utilised in case of war with a maritime power.

“The defence of the North-West Frontier, including the lines of Quetta and the great bridge heads on the Indus at Sukkur and at Attock, have been completed. A series of forts has been completed at Rawal Pindi, forming a strong entrenched position. These forts required a long time for construction, and the Government of India thought it well that they should be made. But it has been decided to postpone the construction of the intermediate batteries, as these could comparatively rapidly be made, and in view of the great progress of modern military science it is thought that the armament should not yet be procured.

“Great progress has also been made in the armament of the troops. The Horse and Field Artillery have been armed with 12-pounder breach-loading guns, and every encouragement is given to them in the way of grants of ammunition and prizes to make the most by good shooting of that weapon. The British Infantry has been armed with the Lee-Metford magazine rifle, a most satisfactory arm. The only complaint made in regard to this weapon has been that the small-bore bullet has not, at short ranges, sufficient stopping power. Experiments have been conducted with a view to remedying this defect, and there is every reason to believe that a complete remedy has been found in a modification of the bullet. The Native Infantry and Cavalry have been armed with Martini-Henry rifles and carbines in place of Sniders, while the Sniders returned by the Native Infantry have, after conversion into smooth-bores, been handed over to the armed police. The shooting of both the British and Native Infantry is eminently satisfactory. Large grants of free ammunition are made for practice, and the troops are allowed to purchase, within certain limits, additional ammunition at considerably reduced prices.

“Great progress has been made in the manufacturing departments, and India is now turning out all her own small-arm ammunition, is making her own cartridge metal, gun fittings for the latest types of guns, powder, accoutrements, harness and saddlery to keep pace with the extended needs of the army in India; while under the able direction of Captain Mahon, and of General Walker, the Director-General of Ordnance, the manufacture of steel and steel projectiles has been successfully introduced at Cossipore.

“As examples of the economy of substituting Indian manufactures for articles from home, I may mention that the English price of Martini-Henry rifle

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cartridges is Rs. 71 per 1,000, and we manufacture them in India for Rs. 49 per 1,000. The English price of Lee-Metford cordite cartridges is Rs. 108 per 1,000, we manufacture them in India for Rs. 83 per 1,000. Twelve-pounder shrapnel shells cost in England Rs. 837 per 100, we manufacture them for Rs. 710. In every proposal for new manufacture in this country the Ordnance Department has been required to show that the local manufacture will be economical; and the result of our advance in this direction has been that every material increase in the Ordnance Indian budget estimate has been counter-balanced by a larger reduction in the Home estimates. The official Financial Review shows that in 1894-95 a saving of close upon 20 lakhs was effected during that year in the Bengal ordnance factories by local manufacture having taken the place of importation of stores.

“A Proof Department has been established at Balasore for the practical test of projectiles, fuses, etc., made in India, before they are passed into the service.

“We have not as yet attempted the manufacture of cordite in India. For some time there was a doubt as to its suitability for standing the heat of India, as it failed in some cases to fulfil the War Office standard heat test. But its ballistic properties, even when it failed to fulfil this test, were unimpaired, and the War Office have recently acknowledged that the test, not the cordite, was in fault. The test has been reduced, the cordite thoroughly meets the requirements of the new test, and all anxiety has been removed. It causes rather excessive wear of the Lee-Metford rifle barrels. I have no doubt that means will be found of removing this drawback; and it is probable that in a rifle of larger calibre this wear would not take place, but pending certainty on this point cordite is not being introduced for the Native army. We are still experimenting to obtain a thoroughly satisfactory rolled cartridge case for the Henry-Martini rifle, as this will cost very much less than the solid-drawn cartridge case in use with the Lee-Metford. I have no hesitation in saying that we are on the point of success. There would undoubtedly be difficulties attending the manufacture of cordite in this country; and we do not propose to attempt it, unless there is reason to suppose we cannot obtain our full requirements at a reasonable rate from England. There would be no danger in depending upon England for it, as we should always keep a four-years' supply in this country.

“The greatly increased duties of the Ordnance Department have been hitherto carried out without increase to its staff. But it is under-officered, and,

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as this is not true economy, provision has been made in the estimates of the coming year for an increase of five officers to the department.

“The Commissariat Department has shown itself effective and successful in the many expeditions and campaigns that have taken place in the last five years, campaigns for the most part conducted in wild countries where it is most difficult to obtain supplies; and searching inquiries have convinced me that in time of peace its administration is as economical as can reasonably be expected.

“Lieutenants-General Commanding have since the 1st of April last been invested with the control over the Commissariat Department within their respective Commands, and are responsible for its maintenance in an efficient condition, as well as for strict economy in its administration. The Commissaries-General have been placed on their departmental staff; and Commissariat officers have been made staff officers of the Generals or other officers commanding districts or stations.

“The principle that as far as possible supplies and services should be arranged for by contract rather than by departmental agency has been carefully observed; and in the Bombay Command especially very considerable savings have been effected by introducing important changes in this direction.

“In all cases where Indian manufactures can be obtained as good in quality as imported articles and no dearer in price, they have been substituted for imported articles. The gain in 1891-92 resulting from the use of stores manufactured in India in substitution for stores formerly imported through Secretary of State was Rs. 5,37,000, and in 1894-95 Rs. 16,50,000.

“The bread supply of the troops has received careful attention. An officer of the Commissariat was deputed to inspect mills and private bakeries in England in 1892, and consequent on his report schools of instruction have been established for the training of European departmental subordinates in bread-making, instructors having been obtained from Home. A native bakery class was established at Rawal Pindi and a second class is about to be held in the coming year. With a view to checking the spread of enteric fever, dairy farms have been established at several stations throughout India and Burma. Officers have been trained in meat inspection since 1893. The entire supply of tinned meat is now obtained direct from the British Colonies, the supplies so obtained being better and cheaper than the American meats previously obtained from England.

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“The spread of cultivation having made it almost impossible to obtain grass through the agency of grass-cutters from waste land, a system of grass cultivation was inaugurated in 1887. During the past five years these operations have been extended very considerably, and have been very successful financially and otherwise. Grass farms and rukhs are now existing practically to the full extent necessary in the Bengal and Punjab Commands, and Government have recently sanctioned the extension of the system to the Bombay Command. In the Bengal and Punjab Commands in 1894-95, the Financial Review shows that these grass operations resulted in a saving of Rs. 2,74,000, besides which there were further indirect savings by the reduction of claims from silladar cavalry corps for compensation for dearness of forage.

“It has been satisfactorily proved that the Commissariat rates for supplies are well within market rates, and that the compensation for dearness of food and forage given to troops corresponds fairly accurately with the fluctuation in those rates. The Department suffered great loss this year in the removal of its able chief, General Badcock. But in his new position as Quartermaster General his valuable advice will still be available to the Government.

“In the Clothing Department every effort has been made to substitute clothing materials of *bonafide* Indian manufacture for imported articles, in order to encourage local industries, and in view to economy. The gain to the State by this procedure was in 1891-92 Rs. 1,68,000, and in 1894-95 Rs. 3,33,000. As a specimen of the success attending these efforts I may mention that the white drill for the summer clothing of British troops which costs about 3½d. a yard manufactured in India was reported upon by the Store Department of the India Office to be superior to the material costing about 4½d. a yard previously supplied from England, or to any material which could be manufactured in England at the price.

“The whole of the boots for the British troops serving in India are now made by Messrs. Cooper, Allen & Co. of Cawnpore. They are cheaper and at least as good as the boots previously supplied from England.

“Helmets, formerly obtained from Home and costing up to 1892 Rs. 3-14, are now made in India for Rs. 2-12. Many internal improvements have been introduced in the Clothing Department.

“In the Military Works Department great progress has been made in the direction of sanitation. Pure water supply has been laid down at a large number of the military stations in India, including Secunderabad, Delhi, Agra,

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Lucknow, Allahabad, Dum-Dum, Rawal Pindi, Murree and Quetta; and each year the number of such stations is being added to. Provision has been made in the estimates of the coming year for the water-supply of the Civil and Military Station of Bangalore, to which my hon'ble friend Mr. Rces has alluded; not for the whole cost of that scheme, but for as much as it is believed can be usefully expended upon it during the financial year. Improved systems of conservancy have been introduced, and we are now experimenting at several stations with different kinds of incinerators, by which method of disposal of the solid products of sewage it is to be hoped that the health of our troops may be greatly improved.

“ In one most important matter, the horsing of the Cavalry and Artillery, considerable advance has been made. For horses of our Artillery and for the greater part of the British Cavalry we are dependent upon Australia, and it became necessary to raise the prices which had hitherto been given, as the supply was falling off in consequence of the diminished value of the rupee. The price now given is £45 sterling with which the shippers are thoroughly content, and I believe that I may confidently say that nowhere in the world are any cavalry and artillery so well horsed as ours are in India. Three regiments of British Cavalry are now mounted on country-breds by which a considerable saving is effected. But at present the local markets do not supply horses fit for this purpose in sufficient numbers to mount more than three British regiments.

“ It is impossible to buy country-bred horses of an age fit for issue as remounts. Young horses, if left with the zamindars who have bred them, are worked too young, and are not sufficiently well-fed or allowed sufficient freedom in that early stage of a horse's life when his growth depends upon good feeding and freedom. Consequently, the Government has established rearing depots at Ahmednagar, Hapur and Kurnal. It buys every year, some hundreds of young stock at eighteen months of age and over, and rears them in the very best conditions under its own care, issuing them when fit as remounts. The age of issue of remounts to British Cavalry and Artillery has been raised from four years to five years. Although this involves an additional initial expenditure in the cost of the horse when issued, there is no doubt that horses which are not worked till five years old will last longer and stand the strain of heavy weights better than horses which are worked at an earlier age. The Government horse depots have been strictly limited to their functions of rearing, breaking and acclimatising horses. The old stud system, abolished several years ago.

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but which had begun again to crop up, was absolutely abolished and forbidden four years ago. There is now no competition whatever between the Government and the private breeders in the matter of breeding horses. The Government of India is indebted to Colonel Deane, Director of Army Remounts, for his loyal co-operation in its orders in this respect, and for his excellent management of the remount depots.

“A great improvement in horse-breeding in India has taken place. There is a distinct improvement in the quality of the horses at the fairs upon which the Silladar Cavalry are dependent for their remounts. The present Inspector-General of the Civil Veterinary Department, Veterinary-Colonel Queripel, is an enthusiast on the subject of horse-breeding, and I have little doubt that it will improve greatly in his hands. He has induced several of the Native States to take the question up.

“Mule-breeding too has made considerable progress. We have imported first class donkey stallions from Europe and elsewhere, and for the past three years we have been able to obtain the whole of our requirements in mules, both for transport and for ordnance purposes, within the limits of India.

“As regards the *personnel* of the army, the British soldier is well paid. He receives the equivalent of his sterling pay at the current official rate of exchange; and, as his expenditure is all in India, he has benefited by the fall in the sterling value of the rupee. He is well fed, well housed and well clothed, and a new clothing scheme is on the point of being introduced, which while it results in economy to the State will also save the pocket of the soldier, and will ensure his always being clothed in a dress suitable to the climate, the cloth clothing worn in England being, with the exception of certain regiments, abolished for India.

“As regards the Native army, the opinion of the military authorities has long been that class regiments are better fitted for war than regiments composed of several classes. And in this direction progress has been made. Sixteen mixed battalions of Hindustani regiments have been reconstituted into class regiments of Brahmins, Rajputs, Jats and Muhammadans. And in Madras seven battalions of infantry have been reconstituted by transforming battalions of military police, composed of Gurkhas, Sikhs, Punjabis and other hardy and valiant races into local battalions for service in Burma. In Bombay a class company system has been introduced, and two regiments have been converted into local corps, for service in Baluchistan, composed of warlike tribes of

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Northern India. It is believed that the class company system will result in our obtaining recruits of a better stamp than those obtainable under the old system in which men of all classes were indiscriminately mixed together.

“An improved system of recruiting has been introduced under which officers specially selected are told off for the recruiting of certain classes of soldiers in the Punjab, in Bengal and in Bombay. This system cannot yet be introduced into Madras, for the authorities there have not as yet sufficient information as to the classes suitable for recruitment in that Command; but the existing system of recruiting there has been improved, and certain unwarlike races will no longer be recruited.

“The increase of pay of Rs. 2 granted to the dismounted branches of the Native army in the current year is already having its effect in an improvement in the class of men who join the army. And I may mention that the deficiency in the strength of the army as compared with sanctioned establishments was a thousand less on the first of this month than on the first of March last year. There is little doubt that as the increased advantages given to the soldier become more widely known their effect will become more marked.

“One great step is being taken towards the comfort of the Native soldier. The old system under which he built his own lines, receiving a hutting and repair allowance from the Government, is being gradually replaced by a system under which good lines of an improved pattern are being built for him by the Government, and maintained at the expense of Government. The estimates for the current year and coming year each contain a grant sufficient to build from three to four new sets of lines, and at the end of a few years all the Native Infantry should be decently and comfortably housed.

“An Act was passed in this Legislative Council in 1894 revising and amending the Indian Articles of War, and they are now thoroughly adapted to the disciplinary requirements of the Native army.

“As regards the numbers of the army, there has been practically no addition to the army during the past five years, and the occupation of all the new territory which has come under our control, whether on the frontiers of Burma, or on the North-West Frontier of India, has been provided for by the redistribution of the troops.

“But the Reserves of the Native army which stood on the 1st of April, 1891 at a strength of 7,093 now stand at a strength of 15,567. These are all

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thoroughly trained soldiers within good fighting limits of age. They are called up annually and trained at the centres of the regiments to which they belong, and they will be a most substantial and valuable addition to our army in case of its having to take the field.

“ Finally, there are the Imperial Service Troops, which have to a great extent taken the place of the large inferior and undisciplined armies formerly kept up by the Native States in India. They have made great progress under the Inspector-General, Colonel Melliss, during the past five years. By the latest report in the hands of Government these troops numbered 7,970 cavalry, 289 artillery; 303 Sappers and Miners, 9,015 infantry, 497 camel corps and 942 transport corps, a total of 18,710, with 1,400 transport ponies and 600 carts. The troops are trained under the supervision of British officers, they have recently been armed with Martini-Henry rifles, and many of them have now reached a stage of efficiency which, in the opinion of the Commander-in-Chief, would render them valuable auxiliaries to our army in the field. To the services of the Kashmir Imperial Service Troops and of the Transport Corps of Jeypore and Gwalior in the Chitral Relief Expedition I have already alluded.

“ On the European side, the volunteers who in April 1891 numbered less than 20,000 efficient and less than 23,000 enrolled, now number nearly 24,000, efficient and nearly 30,000 enrolled. Additional concessions have been given to them in the way of grants for camps of exercise and field days, relieving the pockets of the officers of expense, and for construction of armouries, headquarters buildings, etc. By the Act passed a fortnight ago the Governor General in Council has obtained power to call out the volunteers for actual military service in case of emergency, and to provide them with pay, supplies and transport, and to give pensions and gratuities to them and their families in case of wounds or death.

“ These, my Lord, are some of the great improvements which have been made in the army in the past five years. When my predecessor in office, the late General Sir George Chesney, left India, he left behind him an important and long minute on the Indian Army and Military Administration, in which he recommended certain improvements and reforms. Some few of these have been deliberately considered and rejected, but the rest with one exception have been either entirely carried out or are in actual progress. That one exception is an increase to the number of British officers with the Native army.

“ Were it necessary now for me to write for my successor such a minute, I should confine my expression of the wants of the army of India to three

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points—more transport, more officers and more garrison artillery. I hope that that transport may be provided in the next year or two. Our forts and batteries are undermanned, but it has not been in our power to provide the money for an increase to the garrison artillery establishments.

“The greatest want, in my opinion, and, I know, in the opinion of the Commander-in-Chief, is an increase to the number of British officers. We have endeavoured to meet this by establishing a reserve of officers, but the attempt has been a failure. Civilians in the service of the State would be far too heavily occupied with their own duties for us to be able to count upon their service with the army in case of war, and the number of British civilians in India not in the service of the State is so small, and they are all such busy men that it is little wonder that we have had but few applications to join the reserve of officers. Yet upon the outbreak of war we ought to increase the number of European officers with every unit of the Native army, and we should require some hundreds of officers for transport duties, and for various staff appointments in the field. Where to lay hands upon these officers is a problem that has not yet been solved. Should the finances of India improve I earnestly hope that this question will not be lost sight of.

“In addition to the reforms which I have above enumerated, there is one which is unknown outside the walls of the Military and Finance Departments and the India Office in London, and that is the internal reform of our military financial system. The system which I found in existence was one that did not give sufficient control even in times when money was plentiful, and was utterly unsuited for times of difficulty. The Military Member of Council and Finance Department did not have that control over military expenditure which they should have had. For that system one has been substituted under which not one rupee of additional expenditure can be sanctioned by any one but the Military Member of Council himself, under which no expenditure not provided for in the estimates is sanctioned during any current year, unless it is of absolute and urgent necessity, and no fresh expenditure is added to future estimates until after the Military and Financial Members have personally agreed upon the amount available for military expenditure within which the estimates must be kept. I take this opportunity of expressing my sense of deep personal indebtedness to Colonel Miley, the Military Accountant-General, for his untiring efforts to assist me in carrying out these reforms and in effecting true economy. I would like to give this Council one specimen of the Accountant-General's work, which will, I think, convey confidence to the

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minds of this Council and of the public; especially to those who remember the failure to forecast the expenditure in the Afghan war. Within about five weeks from the starting of the Chitral Relief Force, the Accountant-General sent to the Finance Department his approximate estimate of the cost of the expedition. It was a full estimate, in which an allowance had been made for contingencies under each separate head. The actual expenditure has been 19 per cent. below the Accountant-General's estimate. I can assure this Council that the most rigid economy is now practised in all matters of military expenditure, that no effort is spared by the Military Department, by the Commander-in-Chief and the heads of departments to effect reductions of expenditure wherever they can be effected without detriment to the efficiency of the army, and that except for military expeditions which cannot be provided for in the estimates, such things as supplementary estimates have altogether ceased.

"I am to be succeeded in charge of the Military Department by an officer, Sir Edwin Collen, who has for the past five years been working with me heart and soul in these reforms, whose ability is well known, and whose efforts in favour of economy have not been exceeded by those of any officer in the service of the Government. I would ask this Council to trust him.

"The past five years have been years of great difficulty for the Military Department. There have been a great number of frontier expeditions, which have upset our budgets, and have been unwillingly concurred in by the Commander-in-Chief and myself. There has been, owing to the fall in exchange, a financial pressure such as had been hitherto unknown.

"In face of these facts I trust, my Lord, that the list of improvements and reforms which have been effected in our army and our military administration will not be considered by this Council an unsatisfactory record of progress.

"The army in India is in my opinion none too large for the work it may be called upon at any time to perform, and I trust that this Council will never lend a willing ear to those who advocate reduction of military expenditure other than that recommended by your Excellency's Government. For I say deliberately, and advisedly, after the closest and most minute study of every detail of that expenditure, that such reduction could only result in that worst and most wicked of all waste, the maintenance of an army which would be either insufficient in strength, or unfit and unready for war."

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His Honour THE LIEUTENANT-GOVERNOR said:—"I should like to say a few words on the subject of provincial Finance and paragraphs 60-64 of the Hon'ble Member's statement. I hardly think it possible that at the present day Local Governments can have any such misapprehension of their true relation to the Supreme Government as the Hon'ble Member describes. Personally I have always refused to admit that there can be any separation of interests between the Government of India and the Local Administrations. The latter are as much interested in the expenditure directly controlled by the Imperial Government as the Imperial Government itself. But the principle applies in the other direction also. The Imperial Government is or ought to be as much interested in the matters left to the Provincial Governments as any or all of those Governments. Now I have received myself as a provincial administrator, as a general rule, the most generous treatment and support from the Government of India during the past ten years. Our relations have ordinarily been of the most amicable kind. But nevertheless it has at times appeared to me that the Supreme Government did not always realise that it has as great a responsibility for local administration as the Local Government itself. I have seen or seemed to see a tendency on the part of that Government to wash its hands of this responsibility, especially as regards finance. I thought I saw this when as Chief Commissioner of Burma I protested vigorously against the mulct of 18 lakhs taken from that province in 1894-95, and which I am glad to see now given back. I know that my hon'ble friend will repudiate the idea, but I have, I believe, none the less seen it elsewhere also in operation, conscious or unconscious. I refer to it, however, now not by way of complaint about the past, but in order to enter a caveat in view of the revision of the provincial contracts to which the Hon'ble Member alludes in his paragraph 60. I trust that he will enter upon this revision in full consciousness of the fact that the Imperial Government is as much interested in the development and improvement of provincial administration as the Provincial Governments themselves, and that any check inflicted on them is a check to the whole imperial machine. I must say I deprecate the way in which these quinquennial revisions have too frequently been carried out. The provincial sheep is summarily thrown on its back, close clipped and shorn of its wool and turned out to shiver till its fleece grows again.

"The normal history of a provincial contract is this—two years of screwing and saving and postponement of works; two years of resumed energy on a normal scale, and one year of dissipation of balances in the fear that if not spent they will be annexed by the Supreme Government, directly or indirectly,

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at the time of revision. Now, all this is wrong, not to say demoralising. I say that the Supreme Government ought not to sheer too closely each quinquennium. It is as much interested in the continuity of work as the Local Governments : and ought to endeavour to secure this and avoid extreme bouleversements of the Provincial finances. In the first two Provincial contracts India left Bengal not only its accumulated balance, but part of its normal and recurring surplus. In the last three contracts it has taken the whole normal surplus, leaving Bengal to create a new surplus, and make what it could out of the progressive growth of its revenues. This necessarily inflicts on the province at least two years of leanness at the outset of each quinquennium. It would be an immense gain to local administration if the Government of India could see its way to renewing the contracts with as little change as practicable on each occasion. It is only in this way that the element of fiscal certainty, which was put forward in 1870 as one of the main objects of decentralisation, can be secured. Hitherto we have had but little of certainty. Not only have the terms of the contract been repeatedly changed, but 3 out of 5 have been practically set aside. I do not grumble at this. I would willingly surrender every available rupee if Imperial necessities required it. We are, as I said at starting, all one Government. I merely desire to suggest that this unity should be recognised throughout all the financial arrangements, and as little disturbance as possible be introduced on each occasion of quinquennial revision."

The Hon'ble SIR JAMES WESTLAND said :—" During the past week I have been making an attempt, by studying the public newspapers, to discover on what particular lines my Financial Statement was likely to be attacked. I failed somewhat in that effort, because I have found that the proposals of the Government as made in the Statement have been generally accepted. There was one newspaper, I admit, that I looked to with some fear and trembling—it is a weekly newspaper published in Calcutta, a newspaper that never has a good word to say for the Government or any of its doings, and I was afraid that this newspaper would have some words of commendation for the Financial Statement—a commendation which would damn it in its author's eyes. But fortunately I found that this newspaper did not approve of the Statement. It did not give any particular reasons, but it did not approve of it, and it went on to accuse me of something like the fraud, of which the Hon'ble Rai Ananda Charlu has been accusing me, namely, that of diverting the Famine Insurance Grant or the Famine

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Insurance Fund, as he insists upon calling it, to purposes for which it was never intended. I have also been accused of fraudulently making up the accounts by a gentleman on the Bombay side who is under the delusion that he knows something about Indian finance and has been making occasional attempts to induce the public to share in his hallucination. He stated that it was no wonder that I should bring forward the accounts of 1894-95 as showing how accurately we had forecasted them in the revised estimates presented last March, because we had already obviously taken the revised estimate as our basis and falsified the accounts so as to make them work up to the estimate. He was able to show this by comparing the Statement of Accounts we published with the estimates with one that we published in one of our Gazettes in February. Now, it requires only an elementary acquaintance with our accounts to know that when we first make them up we gather the land revenue and the interest each under a single head, because it is a single class of receipt or of charge; but that afterwards, when making up our fiscal accounts, we divide these preliminary figures between two different heads, namely, the land-revenue ordinary, and the land-revenue due to Irrigation, and in the case of interest, part of the interest we pay is transferred to the charge of the Irrigation and the Railway Accounts. All this was perfectly plain on the face of the Account presented for certain comparative purposes in the Gazette in February; but by suppressing the differences in the names we gave to the heads, this critic of mine on the Bombay side professed to show that we produce different figures under the same designation. Of course they were different figures, because they refer entirely to different things. If he had carried the comparison into detail, he would have found that the figures he produced in one statement exactly corresponded with the figures I had produced in another. I only notice these matters because they have been given currency to by one of the leading newspapers of Bombay. I think it necessary, as I shall have to answer other charges of fraudulent concoction of accounts, to state that these accounts are made under safeguards which render it perfectly impossible, even if the Government of India desired to produce fraudulent accounts, for it to do so. I am accustomed to be hauled over the coals for doing dishonest actions; but political criticism in this country is young, and it has not emerged from that primitive stage in which it consists of accusing your adversary, with or without evidence, of dishonest actions. But what did touch me in the criticism presented in Bombay was that we were not only supposed to be rogues in making up our accounts, but also declared to be such fools as to provide the public in our own Gazette with the means of convicting us.

“The Hon’ble Mr. Bhaskute has prepared a long discussion, and I think

on the whole a very useful one for the purposes of the Government of India upon many questions raised in the Budget. I call it a very useful discussion, because I think it is very desirable and that it is a very valuable assistance to us to get a calm statement of the manner in which our accounts and financial transactions present themselves to a non-official gentleman who has at heart the interests of the province to which he belongs.

“ The Hon’ble Mr. Bhuskute was good enough to give me a copy of his statement last night, and in the course of this morning I have been able to examine his statements and some figures on which he has founded them. Now, Sir, of course an Hon’ble Member who gives me a statement of this kind places himself, I know, at a very great disadvantage. He gives me a very great dialectic advantage over him; he knows that the last word will come to me and that I may make use of his statement without the possibility of his making any answer to my criticisms. I desire to avoid as far as possible using any language which can be interpreted as in any way disparaging the Hon’ble Mr. Bhuskute’s criticisms, because, as I say, I do admit it is very useful for us to know what view is taken of many of these matters by an Independent gentleman in his position. But I am bound at the same time to point out that many of the statements and figures presented are very far from correct. I know that in these matters I am at a very great advantage. He is dealing with figures new to him—figures which in their very mass are very difficult to follow and I am dealing with matters with which I have been familiar during the whole of my life. For one of the statements the Hon’ble Mr. Bhuskute drew up he was good enough to come to me for information. I gave him that information at once, but in regard to the other matters I regret that he did not ask me for further information, because I could have saved him a very great deal of criticism which I think somewhat unfounded.

“ Now the Hon’ble Mr. Bhuskute addresses himself first of all to the Famine Insurance Grant, and what he has said has been repeated with additions by the Hon’ble Rai Ananda Charlu. I think it will be better for me to notice first the points which the Hon’ble Mr. Bhuskute has taken up and afterwards to take up those to which the Hon’ble Rai Ananda Charlu drew attention.

“ The Hon’ble Mr. Bhuskute objects to the reduction of the amount of the Famine Insurance Fund on the ground that we spent during the last fifteen years an average representing one crore and sixteen lakhs. I cannot admit this to be true. I am quite sure that, if any person having an income (say) of five lakhs of rupees chose to invest of that income two lakhs in railway shares and two lakhs

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in Government securities, it would not be said that he spent his whole income. That is exactly what we have been doing with our Famine Insurance Grant. We have not spent the 116 lakhs; the greater part of that has been invested in railways and in Government securities. It is obvious, therefore, that the fact that we have laid out 116 lakhs in these investments is no argument to show that it is for the future necessary for protection against famine to maintain the grant at its original figure—1½ millions.

“Then he calls upon us to remit the special taxes imposed at the time when this Insurance Fund was instituted. And he says that the provinces interested in this special taxation will naturally claim immediate consideration of the subject from us. In the first place, I have to point out that the taxes imposed for the institution of the Famine Insurance policy did not exceed one crore of rupees, and that therefore no question of their remission at present arises. I will make a quotation on this point from one of Sir John Strachey’s Financial Statements (1880-81), in which he says—

‘As I have already explained, that taxation amounted originally to Rx. 1,345,000. It has now been reduced to Rx. 1,000,000.’

“So that the amount of taxation which was called the famine taxation and was instituted at the time when the Famine Insurance Grant was instituted does not exceed the amount set aside now as famine insurance. Moreover, I rather think that the Hon’ble Member is not aware to what a small extent his own province is interested in this famine taxation. The details of it are before me; they were given in the Financial Statement of 1879-80. They consisted for the most part of the license-tax amendment, ordinarily called the income-tax, and of the Bengal public works cess. Then there were small amounts of local taxation, of which the additional cess in the Central Provinces comes only to 1¼ lakhs of rupees. It would appear, therefore, that the Hon’ble Member’s province is very little interested in the question of the abolition of the taxation which was instituted at the time of the Famine Insurance Grant, and I am quite sure from what the Hon’ble Member says in his speech of the smallness of the contribution which Bengal makes compared with other provinces that he would not argue in favour of the remission of that part of the taxation which is presented by the public works cess of Bengal.

“I wish to point out with reference to this point that Sir John Strachey, when he instituted this Famine Grant, distinctly declared that any intermission of it did not involve in the smallest degree the question of the remission of the

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particular taxation levied at the time of the grant. And it is very obvious that that cannot be the case. Our last tax in point of date was the imposition of the customs-duties. We levied the customs-duties because the value of the rupee had fallen from 14 or 14½ to 13 pence. If there was any force in the argument of the Hon'ble Member, it is obvious that our first endeavour when the rupee rises ought to be to abolish these customs-duties and not touch any part of the rest of the taxation of the Empire. Now I do not think there is any person who would urge that as the first tax to be got rid of.

“There are a great number of taxes for the prior remission of which claims may be made—one from the Hon'ble Rai Ananda Charlu for example, that a portion of the income-tax should go. We have a claim from the Hon'ble Rai Ananda Charlu, and also I think from the Hon'ble Mr. Bhuskute, that the salt-tax should go. It is obvious that these claims are founded upon a theory quite different from that which would attach to each tax a particular earmark and declare that when the increase of expenditure, with reference to which that special taxation had been levied, ceased, it should become the duty of Government to abolish the particular tax levied for it. Sir John Strachey was very clear on that point, and I shall read a short extract from his Financial Statement, the same statement as that from which I quoted before, of 1878-79 which he says—

‘I need hardly say, after what has been said on former occasions, that the Government can entertain no idea of giving these taxes up and of sacrificing a million a year of revenue.’

“I would wish to point out to the Hon'ble Rai Ananda Charlu that this statement was made at a time when Sir John Strachey was suspending the Famine Grant, and that even at that time he declared that he would not propose to remit the taxation which was levied with reference to the constitution of the Famine Insurance Grant.”

The Hon'ble RAI ANANDA CHARLU BAHADUR : “Kindly give me the year.”

The Hon'ble SIR JAMES WESTLAND : “It is paragraph 54 of the Financial Statement of 1880-81. Sir John Strachey goes on to say—

‘Even if those taxes were as bad as some think them a time like the present when we have to meet the heavy obligations entailed by a serious war, would not be opportune for abandoning them ; still less could such a course be approved by those who believed, with me, that these taxes are far less objectionable than others that could be named,

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and that when the time comes for remitting taxes, it is not with these that we ought to begin.

“When a tax is imposed, whether it is imposed at a time when it is necessary to make a special provision for famine, or whether it is imposed at a time when the conquest of a new province has necessitated the increase of our army expenditure, or whether it is imposed, as it was two years ago, at a time when great difficulties in exchange had increased the burden of our expenditure, that tax becomes part of the regular fiscal system of the Empire. When we come to questions of remission of taxation, which I hope is not very far distant—although I do not like to prophesy until I am sure—we must take up the remission of taxation, as a thing which is quite independent of the particular expenditure for which the tax has been levied. We must choose for remission those taxes which are found to be most burdensome and whose remission will bring the greatest relief to the Empire.

“My statement of the financial relations between Provincial Governments and the Imperial Government has been criticised in more than one direction. I am afraid that the Hon’ble Mr. Bhaskute is one of those against whose views it was my object to remonstrate one of those, namely, who think that the Local Governments and the local objects have necessarily a first claim upon the revenues and that the Imperial Government is something which lies entirely outside. In fact, the Hon’ble Mr. Charlu went further than that and protested against our imagining that the Local Governments were only the agents of an absentee landlord and were merely collecting taxes for some other Government. I am glad for one thing that His Honour the Lieutenant-Governor has very promptly repudiated these claims, and I am sure that every Local Government will admit, as he has admitted, that it is both legally and constitutionally the agent of the Government of India for carrying on the administration of its province, and that it cannot declare to us that its business is to keep its own revenue in its own hands and refuse to be responsible to the Government of India for the revenues it collects. In talking of it as an agent it is to be understood that I am not denying it a large amount of discretion. In fact, the whole system is founded on the theory that it is still an independent Government and has all the functions of a Government, but that we must control the action of the Local Governments in their financial proceedings on the theory that the whole financial system of India is one, and that we cannot break up the system into financially separate provinces and make these provinces independent

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contributaries to a central account. This is one of the proposals which the Hon'ble Mr. Bhuskute makes in his statement. In connection with it he says :—

'This complaint is not, as the Hon'ble Member puts it, that each province thinks the richer provinces have a surplus which they are made to disgorge for the poorer provinces, but that under the present arrangements the poorer provinces are made to contribute more than their proper shares in order that the richer provinces might not be taxed their full share of the Imperial contribution.'

"And here, my Lord, I think that the Hon'ble Member's statements are not borne out by the figures which I set forth in my Financial Statement, from which it will be seen that, as a matter of fact, the richer provinces do contribute a very much larger share than the poorer provinces. I would ask attention to paragraph 63 of the Finance Statement in which I showed the figures of the contributions made to the central account by the various Governments. Now, I take the Central Provinces: those provinces have a population of ten millions and contribute Rs. 451,000. Bengal has a population of seven times as much, but contributes ten times as much. Madras has a population of three and a half times as much, but contributes ten times as much. Bombay has a population of not quite twice the amount of the Central Provinces, but its contribution is about six times the amount that the Central Provinces contribute. I think there is no better proof than that afforded by those statements that the present provincial system is not liable to the charge, that the poorer provinces are taxed beyond their power, and that the largest provinces get off with too small a contribution.

"And with reference to the proposal that it might be possible to alter the system of assignment altogether, which has been made by the Hon'ble Mr. Bhuskute, and partly also by His Honour the Lieutenant-Governor, I can only say that the question has been considered over and over again and that there are immense difficulties in the way. You cannot deal with India as a homogeneous country. Various provinces are in various stages of advancement. Bombay and Bengal, which have been a long time under the control of the British Government, are advanced provinces to an extent to which such recent occupation as the Central Provinces can lay no claim. They are better fitted out with roads and communications; their whole administrative system is more complete; the population is for the most part a more dense one; and their industrial development is also very much greater. You cannot deal on the same footing with such provinces as Bombay and the Central Provinces, which, although neighbours of each other, are yet in such entirely different stages of development. Now, if we were to attempt to make a theoretical

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distribution of liability according to the Hon'ble Mr. Bhuskute's plan so that the same tax per head should be levied towards Imperial purposes from the various provinces, we would be met at the outset by this impossibility—we would be assuming an equality between provinces which does not exist. It is perhaps a fault, but it is an inevitable fault of the provincial system, that we must take the actual state of each province as a starting point, and the result of the provincial system, as at present applied is that taking that starting point each Local Government can practically keep in its demands upon the general account its relative position with reference to all other provinces. We cannot, for example, reduce the assignment made to Bombay because we find that in some respects its expenditure is greater than that of Bengal and might theoretically be reduced to the same standard. It is not practicable to impose upon any province an obligation to reduce its expenditure to the standard of another province. Suppose, for example, that dealing with questions by the head of population, we were to tell Bombay that we must reduce its assignment by half a crore. What would that mean to Bombay? It would only mean that it would not have the means of carrying on its existing system of administration; perhaps it would have to discharge some hundreds of its officers. We would certainly dislocate by this means its whole administration. We must, therefore, as I say, deal with each province, in the consideration of the requirements of its administrative expenditure, almost as a separate unit, and in these matters at least take each province as we find it. I quite agree with the theory of His Honour the Lieutenant-Governor that the Government of India has a very direct interest in provincial expenditure and should not wash its hands of responsibility for it. I think the Government of India gave a very satisfactory proof of their acceptance of that theory in returning into the hands of the Provincial Administrations the balances which it was obliged to take from them when it had to impose upon them a share of the retrenchment which had to be effected two years ago.

“I have taken a note also of the Hon'ble Mr. Bhuskute's remarks in which he called upon us for reduction of taxation, but unfortunately they are mixed up with calls for increase of expenditure. These are two things which it is very obvious will not go together. You cannot reduce taxation and at the same time urge, as Mr. Bhuskute does, that 'the department of Police should undergo a thorough revision,' that 'there is an universal cry for the separation of the judicial and Executive functions, and for larger grants for higher education' on the ground that the taste for learning has increased and the amounts at present allowed are inadequate. I freely admit that it is highly desirable that we

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should increase expenditure in some directions, but it must be continually borne in mind that if we increase the expenditure we can only do so by increasing taxation. It is no use to call upon us to diminish this tax and that tax, if at the same time you call for increased expenditure. At the same time I would call attention to one of the theories of the Hon'ble Rai Ananda Charlu with reference to provincial and local arrangements. He protests against our entering upon a new settlement of our contracts with the Provincial Governments with the idea that we are going to make money out of the operation. He points out with perfect truth that the local funds, which, I admit, are in Madras developed to a much larger extent than in any other part of India, are demanding larger assignments of funds from the Provincial Government, that the Provincial Government requires for this and other purposes larger funds; and he argues that therefore we are called upon to increase the provincial assignment that all this may be undertaken. But then the question is where is the money to come from? He protests against our sending Settlement-officers over the land because it means enhancement of land-revenue; and he wants the salt-tax reduced. You cannot be increasing your provincial assignments and increasing provincial and local expenditure unless you are prepared to pay for it by paying increased taxes.

“ He has called upon us also to restore the Famine Fund, and declares that it is useless for us to talk of restoring the Famine Fund, because in order to do that we must repay to it the seven crores of rupees by which the forward totals fall short of  $1\frac{1}{2}$  crores a year. I have to ask again where these seven crores are to come from? I would ask, for example, what would be thought if I were to give notice now, that, as the Hon'ble Rai Ananda Charlu has pointed out this obligation on the part of Government, at the next sitting of Council I would introduce a Bill by which the income-tax for the present year would be quintupled, because it would require fully that amount of taxation to restore these seven crores of rupees which he represents to belong to the Famine Fund? Government does not possess money other than what it derives from taxation. It is no use saying that we must get this money and that money if at the same time it is known that it cannot be got except by taxation. The Famine Fund had occasionally to be suspended because the Government did not possess the money to keep it at a crore and a half; and it deliberately chose to suspend the grant rather than impose a new burden upon the people. If the Hon'ble Rai Ananda Charlu's advice had been taken then it would have been necessary, in order to keep up the Famine Grant up to the mark, to impose some new tax upon the people; it is quite obvious that in no other way could Government have observed the obligation which he insists

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upon to keep up the Famine Fund to a standard of one and a half crores. But, as regards this assumed standard, I shall read a paragraph from Sir John Strachey's statement dated the 27th December, 1877, which shews that it was never his intention to permanently fix it at one and a half crores, and that he knew perfectly well that the question would arise whether it should be maintained at that figure or should be reduced :—

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'Making all allowances for these considerations, I cannot now venture to estimate the yearly average cost of famines in loss of revenue and actual expenditure at less than £1,500,000. This amount has necessarily been arrived at in a somewhat arbitrary manner, and it will be seen to correspond approximately with the sum that would be requisite to distribute the charges of the last five years over a period of ten years. It will remain for the Government in the future to reconsider, from time to time, the practical result of the assumption which we are now constrained to make on what are necessarily imperfect grounds, and to take all requisite steps in the way of correcting any error into which further experience may indicate that we have fallen, either in the one direction or the other.'

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"I cannot imagine a more distinct statement made by the founder of the Fund shewing that it was not to be fixed at one and a half crores and that the amount was to be reconsidered from time to time. We have done so, and the Government has come to the conclusion on the facts set forth in the Financial Statement that, for the present at least, we meet all necessary obligation by keeping it at a million. So far as the power to reduce the amount is concerned, the Government is at perfect liberty to reduce it to a million or any other sum which the experience of the past may teach to be expedient. The original sum was fixed as the amount which the then Government calculated to be sufficient and expedient, and in the same way the present or any future Government can consider the question upon the same basis and find it sufficient and expedient to fix it at a crore. I am rather sorry to see that an Hon'ble Member of this Council should charge the Government with something like a breach of faith or dishonesty in its reducing the amount to a million, and should declare that he expects further dishonesty to take place because we have been using the term 'grant' instead of the term 'fund' which he prefers to use. As to this point perhaps I may also quote from the same speech of Sir John Strachey. It is to these speeches, delivered at the time of the institution of the Famine Fund or Famine Grant that we must appeal to discover the meaning of the Famine Insurance system and to see from the expressions in them what the intentions were that the founders wished to be carried out :—

'So far, however, as we can now speak for the future, the Government of India intends to keep this million and a half as an insurance against famine alone. In saying this I should explain that we do not contemplate the constitution of any separate statutory fund, as such a course would be attended with many useless and inconvenient complications, without giving any real security. Unless, then, it should be proved hereafter by experience that the annual appropriation of a smaller sum from our revenues will give to the country the protection which it requires, we consider that the estimates of every year ought to make provision for religiously applying the sum I have mentioned to this sole purpose, and I hope that no desire to carry out any administrative improvement, however urgent, or any fiscal reform, however wise, will tempt the Government to neglect this sacred trust.'

"One of the inconvenient complications which Sir John Strachey foresaw and deprecated was that we would from time to time have to temporarily increase the taxation purely for maintaining the Fund at a certain amount, and we might have now to introduce a Bill to levy seven crores of rupees of new taxes from the people in order to restore this seven crores which the Hon'ble Member claims for his Famine Fund.

"The Hon'ble Member does not at all say what we are to do with these seven crores. I suppose they are to be put into some hiding place. He seems to have overlooked the fact that there is nobody but ourselves to whom the restoration could be made; it is the Government treasury alone to whom the restoration could be made.

"There is one thing also with reference to which I desire to express my regret. The Hon'ble Member who represents Madras has used the word 'protest' half a dozen times, and it is my duty on the part of Government also to make a protest. My protest is this, that when an Hon'ble Member desires to make a statement on a subject in which he accuses the Government of dishonesty, which the Hon'ble Member has done, he ought to be very careful in ascertaining the facts. I do not think that my hon'ble friend Rai Ananda Charlu has done so before bringing this accusation against us. If I followed his statement rightly—and Hon'ble Members here have had the same opportunity as I have had of following his speech—he has accused us of suppressing the Famine Fund, and he has accused us of using this Fund for the purposes of ordinary irrigation, ordinary railway-construction and other things. He has also accused us of concealing these facts. At the last meeting of the Council I stated that if any Hon'ble Member desired to have information on any points which were not fully enough explained in the Financial Statement I would be very pleased if he gave me notice of what he wanted in order that I

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might possibly give him all the information he pleased. The Hon'ble Rai Ananda Charlu has not asked for a single piece of information, and yet he now says that the Government has acted dishonestly in respect of these moneys and we are withholding the facts and the accounts of the expenditure. There is not a single point in all the information which he says we are withholding because we dare not publish it, in which the fullest details are not set forth in our annual accounts for the benefit of every one who desires information; and they are set out not only for the year concerned but for all previous years. The Government accounts are available for any Hon'ble Member (in fact, for any member of the public,) who wishes to see them, and any one with the slightest knowledge of how the work of Government is done ought to know that the Government publishes these accounts. I have great pleasure in passing down a copy of the accounts of 1891-95 to the Hon'ble Rai Ananda Charlu, if he wants to satisfy himself that the Government of India has published the full information he desires.

“ I am afraid I am a little discursive in the order in which I take up the different subjects. It is rather difficult for me to take up my subjects in a regular and definite order, because I have been busy the whole day in taking notes of the various statements which have been made by the speakers, and I am obliged to bring matters forward in the order in which I have taken notes.

“ I am led back now to the salt-duties, which have been criticised and represented to us as a heavy burden upon the people. If it is a burden at all, it is a burden which not a soul in the country feels, and this is good evidence that it is a burden which can be very easily borne. Of course I quite agree in thinking that it is desirable that these duties should be reduced if possible, and possibly some day the question may arise. But there is one thing I will impress upon Hon'ble Members who think that the Government imposed a heavy burden by the increase of the salt-duties, which took place about ten years ago, and that is, that instead of affecting the salt-trade by making the price of salt higher, during the last ten years the price of salt has been very much lower than it was ever before in this country.

“ I have here statistics which go back to the year 1861 and there is hardly a single province except Burma in which the figures do not show that salt at the present day sells at a cheaper price than it ever did before. The truth is that the improvement of communication in the country and the gradual extension of railways has cheapened salt so much that notwithstanding the taxation imposed upon it its price has not been added to. The conse-

quence therefore is that the burden upon the people in respect of the salt, instead of increasing, continues to diminish and has been continually diminishing.

“As regards the burden of land-revenue the Hon’ble Rai Ananda Charlu has expressed his horror at seeing the Settlement-officer let loose in every province raising the land-revenue. I will read a paragraph from a despatch which was recently sent by the Secretary of State which will show that the land-revenue has also been a gradually diminishing burden upon the people. This paragraph runs as follows—

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‘8. We shall first set forth, as briefly as the facts permit, the successive steps by which the Government share of the assets of land has been reduced.

‘It was laid down in Regulations IX and X of 1812, following the precedent of the Permanent Settlement, that a net income of 10 per cent. on the Government demand should be reserved to the proprietors. This fixed the State’s share of the assets at 91 per cent. Regulation VII of 1822 raised their income to 20 per cent., and reduced the share of the State to 83 per cent. of the assets. The assessment was to be based upon an enquiry into the productive capacity of each field or plot of land; and the Resolution which accompanied the Regulation substituted for the two or three years term of settlement that had till then been customary, a term of ten to twelve years, and thus introduced the first long-term settlements. The detailed enquiry thus prescribed was found to be impracticable, and Regulation IX of 1833 was based upon a minute by Lord William Bentinck, dated 26th September, 1832, in which he proposed that the demand should be fixed upon a general consideration of the circumstances of each village or estate, and that the term should be extended to fifteen or twenty years. At the same time, he limited the Government share of the assets to 70 to 75 per cent. All the early settlements of the North-Western Provinces were made under this Regulation, and for the most part for a term of thirty years. In 1844 Mr. Thompson, Lieutenant-Governor of the North-Western Provinces, reduced the share of the net assets to be taken as revenue to two-thirds, or 67 per cent. In 1855 the demand was still further reduced by the Saharanpur Instructions, Rule XXXVI of which limited it to 50 per cent. of what were described as “the *real average assets*,” and this proportion has ever since formed the basis of assessment in Northern India; though, as we shall presently show, still further reduction has been authorised in certain cases.’

“I wish in addition to this to point out to my hon’ble friend a purely arithmetical calculation which will show how much of the increase of the productiveness of the land has fallen to the share of the proprietors and how very small the increase to Government has been. We will assume that the land-revenue at present is something like 25 crores. The purpose for which I am making

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use of this figure is one in regard to which we need not be particular. I will assume that fifty years ago the land-revenue assessed upon the same territory was 15 crores and that we have during this time increased our assessment of land-revenue from 15 crores to 25 crores. Let us see what this enhancement really means to the people of the country. We fixed it at 15 crores at a time when Government got 75 per cent. of the assets and the people got 25 per cent. The people's share of the assets, fifty years ago, was therefore five crores. Now, when we get 25 crores we get 50 per cent., and the consequence is that the share of the people is equal to our own and is equal to 25 crores. So that the Government share of the produce of the land has increased from 15 crores to 25 crores, but the share of the people has increased from 5 crores to 25 crores. This will show that the enhancement of the land-revenue has been brought about without adding to the burden of the people, and that the amount left in the people's pockets after each settlement is greater than at each previous settlement. This is what our Settlement-officers have done; they universally find that in claiming for Government its proper share of the enhancement of the produce of the land, they leave a continually increasing share in the pockets of the people.

“ Another matter which was referred to in the Hon'ble Mr. Bhuskute's address was his declaration that the vigorous prosecution of railways has caused us heavy loss, and in the same way the Hon'ble Rai Ananda Charlu says that we are imposing a new and unnecessary burden, because we are raising four crores of rupees during the current year for the construction of railways. I can only say that the vigorous prosecution of railways during the last ten years has not caused loss of revenue. Our railways have produced more than the interest on the loans raised for the purpose of construction, and as regards these four crores of rupees that we are to raise this year, every single railway project has been separately investigated and the greater part of them will produce a great deal more than the amount we will have to pay as interest on the loan. At the present moment the whole of our loss on railway transactions is about two crores of rupees, that is to say, we have constructed and we are running 19,000 or 20,000 miles of railway, part of them constructed on military grounds and without reference to commercial returns; part of them constructed for protective purposes—protection against famine; and most of them constructed for commercial purposes. Taking the whole of them, the charge to Government is only two crores of rupees. I would ask simply as a question of policy whether the possession of these 20,000 miles of railway is not worth to the people of India two crores of rupees. There is not a soul in the room who would not

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admit that India would be better for these railways even if the people had to pay ten crores a year instead of two.

“ With reference to these two crores of rupees I have also to state that the loss which we have to bear mostly arises upon railways constructed on the guaranteed system. The loss a few years ago was only 70 lakhs of rupees. It has since mounted to two crores mainly because we have to bear a heavy loss of exchange upon the sterling debt connected with the older railways. But it is obvious that this heavy loss has nothing to do with the present construction of railways. We would have to bear this loss even if we were not constructing any railways during the last ten or twenty years. The later construction and expansion of railways has therefore been on the whole a financial gain.

“ Before I close I want to refer to another statement which is made in the Hon’ble Mr. Bhuskute’s address and which refers to the military expenditure. We have been liberally accused on all sides of having indulged in heavy military expenditure, and putting the figures of 1887 and 1893 side by side it is stated that the latter has risen by  $2\frac{3}{4}$  crores of rupees; and the statement is made that the only portion of the increase due to exchange is 96 lakhs. The Hon’ble Mr. Bhuskute is erring in good company, for the *Economist* made the same blunder in a criticism it published about July last. The Hon’ble Mr. Bhuskute when he talks of these charges means that the figures which are entered in the exchange column account for only 96 lakhs of increase; but he forgets, what has often been pointed out, that there are a number of charges which enter into our Indian column of expenditure which are very much affected indeed by exchange. One of them, for example is the obligation to pay the British soldier at a sterling rate. The consequence is that as the rate of exchange falls we have to pay him more rupees. I have made an actual calculation of the difference which arose between 1887 and 1893 on this account and also on account of exchange compensation allowance which, whether the Hon’ble Member is in favour of it or not, he must admit arises purely from the fall in rate of exchange. From these figures I take it that from 55 to 60 lakhs are the amount of the increase which is made in the British soldier’s pay and 26 lakhs were the amount which we had to pay for exchange compensation in the year 1893. These two amounts taken together make up 81 to 86 lakhs of rupees, and these 86 lakhs do not represent increased military expenditure, as the Hon’ble Member and the *Economist* put it, but arise from the fall in exchange.

“ There is one thing with reference to this subject which I wish to mention. It seems to me that I have been unnecessarily modest in not claiming for

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myself the whole of the credit for the improvement that has occurred in the financial state of affairs. I thought I was bound to be honest and state that the increase of some Rs. 1,400,000 was due to exchange. For many years past the Government of India has been declaring that the difficulty they were in had been almost entirely due to the imposition upon it of the burdens arising from the loss in exchange, and that statement has been continually denied by our critics, and we have been continually told that our difficulties arose from our own extravagance and that it was not any loss in exchange which produced this result. Well, the people who make that statement against us are bound, if they are consistent with themselves, to admit that the improvement in the present state of finances is due to our own good management, and that it is nonsense on our part to allege that the improvement is due to the rise in the value of the rupee. If they were right, and we were wrong, in estimating the gravity of the effect of the falling rupee, they are bound now to give to us, and not to the rising rupee, the credit of the recovery that has taken place.

“The Hon’ble Mr. Bhuskute, in the twelfth page of the statement which he has made, compares the duty and consumption of salt in 1886-87 with that in 1894, and deduces a conclusion as to the poverty of the people. I know where he has got these figures, but there is one important thing he omitted to observe. The consumption of salt in any given twelve months from various circumstances is always altering. The Hon’ble Mr. Bhuskute has taken as his first year one which it was abnormally large, and for his second year one in which it was abnormally small. If he had only taken as his figures for 1886-87 those which are the average for that year and the year before it and the year after it, and for the second year also not the figures of that year but the figure which is the average of that year and the year before it and the year after it, the result is that the consumption of salt for the first period on which the Hon’ble Member makes his stand is 32·8 millions of maunds and for the second 34·4, and the Hon’ble Mr. Bhuskute’s conclusion as to ‘the poverty of the masses’ becomes reversed.

“In connection with the taxation of salt, which is said to be an extreme burden upon the masses, I wish to make one remark. One can hardly understand the people of India being an over-taxed people, as they are often represented to be by Native political associations, if they do not in some way or another feel the burden of the tax. But the truth is that there is not one man in a hundred who is in the least degree aware that he contributes a single pice to the system under which he obtains security for his property and person to which his forefathers of three generations ago were utter strangers, and is

assured of the possession of legal rights which are superior to those enjoyed by many nations of the West. I can only oppose to this imaginary, poor, over-taxed raiyat the fact, which is perfectly notorious and which every one can verify for himself, that there is not a single country in the civilized world where the amount of taxation is so small as it is in India.

“ And here I want to add one remark with reference to the military expenditure which is attacked by the Hon'ble Mr. Bhuskute and a great many other people as a tremendously heavy one. I can quite understand the ordinary cultivator, whose knowledge of history never goes beyond his own life and whose experience is limited by the boundaries of his own village, thinking that the state of peace, prosperity, tranquillity and comfort which he enjoys is the natural condition of India. But for educated gentlemen like our political critics to know nothing of the history of their own country astonishes me. They have only to look back one hundred years to see that those fields which now smile with yellow harvest and which the husbandman can till every year with the absolute assurance that in time he will reap his harvest were year by year liable to be devastated by warfare or by the rivalries of contending chiefs whose armies plundered the country. The districts from which the Hon'ble Mr. Bhuskute comes were the highway between Northern India and the Dekkhan. They were the districts through which the armies of the Mogul poured from Northern India to the Dekkhan for conquest and for plunder. The whole country within the last hundred years resounded to the tramp of armies and was filled with robbery and rapine, and that is a state of things which would return to India if the British army were withdrawn. The one security that India has for the continual preservation of that state of peace and tranquillity is that there is one Paramount authority that possesses sufficient power to suppress all disorderly elements. It is at the back of our civil administration, which would not be effective unless it could carry out its duties in peace and quietness. The cost of the army, to which 250 millions of people are indebted for the peace and tranquillity which they enjoy, comes to something a little more than half a rupee per head of the people protected. The Hon'ble Sir Henry Brackenbury has made a very full statement to-day which is a complete answer to those who think that the interests of economy are not fully studied in its administration. There is no army so effective anywhere as the army of India ; none in which the money spent is made to go so far in the direction of efficiency. I cannot understand how educated people who know the perpetual condition of warfare and insecurity in which people were in India before it was occupied by one over-mastering Power can make any objection to the military expenditure which is

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necessary for maintaining the security, peace and tranquillity to which Mr. Bhuskute refers as one of the gifts of the British powers.

“ My Lord, I have left till the end a necessary duty—that of answering the questions which have been put to me by the Hon’ble Mr. Playfair. I shall answer them one by one. The first question that he asked was with reference to opium—whether I consider that the rise in the price which we offer for crude opium is sufficient. I think it is, and my reasons are that it has secured to us as much extension of cultivation as we wanted: that is, enough to enable us to recommence piling up a reserve. I regret that the crop has partially failed, and the raiyats again will fail to benefit by the enhanced price to the extent that we and they hoped they would. What is wanted more than anything else is a favourable season; and, if we were to get a fairly favourable season, I am quite sure that the cultivator would get such encouragement that we would obtain, at the price we at present offer, all and more than all the cultivation we want.

“ Another question was asked with regard to the interest which we propose to fix for the loan which we are about to issue. This is rather a difficult question to answer just now, for it is difficult for me to make a statement, without its being held to some extent to be binding. I must therefore begin by saying that any statement I make now will be understood as not in any way binding upon us when we come to make a settlement of the terms of the new loan. What they will really be depends solely upon the state of the market at the time. But, if I am allowed to make this complete reservation as to what we may do, I have no hesitation in saying that, unless circumstances change, my advice to the Government will be to issue a three per cent. loan and to add conditions guaranting it against a reduction of interest for a certain number of years, say, twenty years or something like that.

“ I hope my hon’ble friend will be satisfied with that answer. It is impossible for me to give any answer which may be taken in any way as pledging the Government.

“ In regard to the question of saving bank balances raised by the Hon’ble Member, the difficulty raised is one which is felt not only by the Government in this country but by the Government at home. The only security which we have in respect of our saving bank balances is that the amounts are all extremely small, so that it requires a very large combination of depositors to make a demand upon us which we would have the least difficulty in immediately meeting.

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They are, of course, secure of being all ultimately met, in any circumstances. We have, as the Hon'ble Member points out, about 10 crores on deposit payable upon call. But 10 crores is composed of a very large number of very minute items, and in practice we have as little danger to fear as any ordinary Bank, in respect of the calls of its depositors.

“ Now, my lord, before I close I have one word to say. It may be considered impertinence on the part of a junior Member of your Excellency's Council to say a word in acknowledgment of the services of a senior Member of this Council. But my relations with my hon'ble friend Sir Henry Brackenbury in the financial administration of his department have been such, that it is impossible for me to allow him to leave this Council without conveying to him, on the part of the department over which I have the honour to preside, our acknowledgments for the grand work that he has done in bringing under complete financial control the whole of the expenditure of his department. I have had in my time of service in the Financial Department, now extending back over a quarter of a century, not a few contests with the Military Department. It is almost necessary that these should arise, because the Military Department is peculiarly the spending department of the Government and the Financial Department is very much interested in its financial control and in its Financial arrangements. But there have been no difficulties of this kind during the time that I have had as my colleague the distinguished officer who sits on my left, and who is not only a distinguished soldier and military administrator, but is also a financier, and in that capacity has been able to give to me in my official duties most material assistance and helpful counsel.”

His Excellency THE PRESIDENT said :—“ I recognise with pleasure that no attack has been made on the policy of the Budget now under discussion, which calls for any general defence from me. It is not a sensational Budget ; it is, as the Hon'ble Member has said, a modest Budget, as modest as himself, but I doubt if sensational Budgets are always the most satisfactory. It is generally agreed that, in the circumstances of the present time, the proper financial policy for India is one that is cautious, moderate and conservative, and that while the time may come, as the Hon'ble Member has hinted, for a comprehensive revision of the position, that time is not yet. What we have done in the Budget before us is to take advantage of the increase of the revenue which has exceeded the anticipations of last year, in two ways ; in the first place, to retrace certain steps which we were very unwillingly obliged to take in laying under contribution for general purposes grants which otherwise would have been devoted to special and useful purposes ; and, in the

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second place, to the making good of special deficiencies. It is my opinion, most satisfactory that we have been again able to grant the large sum of a crore of rupees to the purpose of Famine Insurance—purposes as to which I cannot altogether accept the definition of the Hon'ble Mr. Ananda Charlu, which I venture to think is based on some misconception of the original proposals, of the nature of the transactions of the last fifteen years, and of the necessities of to-day. It is also most satisfactory that we have been able to restore to Provincial Governments the contributions from their balances which we had to demand in 1895. I have for myself always entirely sympathised with the disappointment which the Local Governments must feel, when they are suddenly called upon to relinquish funds on which they had calculated for works which they considered essential for the well-being of the people under their care.

“It is satisfactory also, for the reasons so well stated by the Hon'ble the Military Member, that we are at last able to complete those arrangements on which, it has been long recognised, in an emergency the safety of the Empire would depend. There is only one general remark which I would like to make with reference to these aspects of the Budget, and that is that it must not be supposed that we are going to deal equally generously with all demands of the kind. My hon'ble colleague, the Financial Member, will insist on as strict economy as the Hon'ble Mr. Ananda Charlu can desire.

“I am sure the Council will have heard with much interest the statement which has been made by the Hon'ble the Military Member; and not only have we listened to it with interest, but it will be exceedingly valuable to have on our proceedings a record of this kind. It is a record of a great work, not only the work during five years of an individual of distinguished ability, but the work of a great Department of State under the guidance of the Hon'ble Member. It is, I believe, a record of progress both in efficiency and in economy.

“We shall all miss the Hon'ble Member in our debates here, but we rejoice to know that the influence of his work will be felt in India for many years to come.

“There is another great Department, however, in which it is possible for me not to take a personal interest, and to which I should like to refer. The Hon'ble Mr. Playfair has spoken of the importance to India of its railways. He not unnaturally dwells specially on the question of rates. But I shall, with him, postpone the discussion of that delicate question. He has, however,

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spoken of the general railway policy of the Government with approval, and I should like to say a word or two about that.

“The development of the country by the construction of railways has for long been the recognised policy of the Government of India, and I need support it by no detailed argument. The fact is that it is the method by which we can materially improve the condition of the vast population dependent upon agriculture most surely and most steadily, and I am the last person to deny the contention of the Hon'ble Member from the Central Provinces that there is much in the condition of the agricultural population that calls for the careful attention of the Government. Even irrigation works, all important as they are in certain localities, can scarcely claim such far-reaching results as railways; at all events, unless irrigation and railway works proceed simultaneously.

“I need scarcely point out that the improvement in the condition of the people which I have claimed for railways has a special bearing on the discussion of to-day. I believe that, if the lines we have constructed for military purposes and protection against famine are kept separate, a very sufficient return is realised on the capital we have expended on railways. But in truth, their value is far greater indirectly—from the growth and stability of the land-revenue on which Indian finance depends so much, and which in its turn depends largely on increased facilities of communication.

“But while there has never been much doubt about the policy, there has been considerable debate as to the best means of carrying it out. At first the construction of railways was generally entrusted to companies under some form of guarantee: then came a period when State agency alone was employed. Since 1880 the pendulum has swung now to one side, now to another: and the problem has been how best to utilise the resources of the State on the one hand, and the funds which private enterprise offers on the other.

“I think there has been some misconception of what the Government have been doing in the matter. I shall not repeat more than necessary what has been said by other Members, but I should like to say how it appears to me.

“As a preliminary, however, we must clearly understand what we mean by private enterprise as applied to railways. It is not the same, and probably it never can be wholly the same here, as it is in England. There it means that certain persons propose to construct a railway; they obtain surveys and

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estimates and prepare their Bill ; they prove their surveys and estimates before a Select Committee, and pass their Bill, if they can. They raise their capital, buy the land, carry out their works ; and, if they succeed in all this, they may make a profit. Throughout they look for nothing from the State. Parliament gives them certain rights, and imposes on them certain obligations, but only interfere with them financially by mulcting them in heavy Parliamentary expenses.

“ We have nothing of all this in India, not even the last item. Private enterprise does not stand alone in this way. I do not propose at present to examine the causes of this ; I merely ask you to note the fact that it is the State which makes the survey, which examines the estimates, which sanctions the project, which provides the land, which perhaps builds the line, and, quite possibly, in certain circumstances, might even work it. In fact the assistance given to the Government in India by private enterprise, with scarcely an exception, takes one of two forms : (1) it raises the capital in the sense that it acts as intermediary between the Government and individual investor ; or (2) it undertakes the management of the line when opened. Of the second, I need not say more than this, that the policy of entrusting the working of railways to company management has, in several instances, proved very successful, and may be carried further with advantage, provided that the companies are such that we can be sure the management will be in the hands of capable and energetic men.

“ As to the raising of capital, I need scarcely remind you that the determining cause is the nature of the security offered. In proportion to any doubt which the investor may entertain of the safety of his investment will he demand a larger interest on his loan. The Government of India could certainly borrow on his own account all the money required for its railways at the cheapest rate, if it consented to offer the security of the revenues of India. Of late years, as I have said, it has been thought wiser not to do this in all cases, and the assistance of private enterprise has therefore been sought. That was the origin of the Branch Lines Resolution of 1893, which offered, not the guarantee of the Government, but a security based on certain traffic arrangements. I believe that as all, or almost all, of the lines coming under this Resolution would have been lines which had been approved by the Government as likely to give a fair return, the terms of the Resolution did, as a matter of fact, afford ample security. But, unfortunately, the conditions were necessarily somewhat complicated, and it was impossible so to state them as to bring home to the average reader what his true position would be. The results, therefore, have been disappointing, and the Government have taken the

whole matter into consideration.. It has now been determined to issue a new Resolution for branch lines which will offer two alternatives—

(1) a fixed yearly minimum dividend with such share of the surplus net profits as may be agreed upon ; or

(2) a rebate arrangement on the lines of the present.

“ The particular rate of interest will, of course, form part of the bargain, but the present intention is that the minimum dividend to be guaranteed under the first alternative would not exceed 3 per cent., and the rate of interest secured by rebates under the second alternative would be  $3\frac{1}{2}$  per cent.

“ The effect will be shortly this—

“ Under (1) the company will receive an absolute guarantee of interest at a rate not exceeding 3 per cent. and a higher return if the net earnings of the branch are sufficient to pay more than the guaranteed dividend ; and, as an alternative, under (2) the company will receive a dividend of  $3\frac{1}{2}$  per cent., provided that the amount of the net earnings from local and interchanged traffic be sufficient, and a higher return if the net earnings of the branch from its own traffic be sufficient to pay a higher dividend.

“ I do not wish to be misunderstood. We do not put forward this new Resolution because the small success of the former Resolution has hindered us in pushing forward the work of construction of railways. I do not believe that the amount of work we are now doing is at all realised, and I should like to give a few figures of mileage to show what it has been during the year now current.

“ At the commencement of 1895-96, *i.e.*, on the 1st April, 1895, the total length of railways open for traffic was 18,863 miles, and the mileage under construction, or sanctioned for commencement on the same date, was 2,217 miles. During 1895-96, *i.e.*, from April 1st, 1895, to the present time, the commencement of 2,384 miles of new railway was authorised, and 1,009 miles were opened to traffic.

“ Thus the total length of open line at the present moment is 18,973 miles and the mileage now under construction, or sanctioned for commencement, is 3,564 miles.

“ Adding together the amount of construction completed during the current year, and that in hand at the end of it, we have 4,573 miles or an addition

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of one-fourth to the existing railways of India. This length of line exceeds the total length constructed in the United Kingdom in the last 20 years—or, to put it another way, is more than double the entire mileage of what is some times called the premier railway in England—the London and North-Western Railway Company—while there are only half a dozen Railway Companies in the United Kingdom whose mileage exceeds that which we opened as new lines in India in the single year 1895-96.

“ I think that Hon'ble Members will be of opinion that this is a sufficiently extended programme. That part of it which still remains to be completed represents an expenditure of something like 35 crores. The Financial Statement shows that we are preparing to undertake not much less than a third of it during the year 1896-97, including the amounts which are to be provided by companies, and do not pass through the Government accounts.

“ It is also a comprehensive programme if you look at the character of the principal undertakings. In the west, in the Bombay Presidency, we have the Rohri-Kotri Chord, 200 miles, which not only practically doubles the main line to Karachi, but secures us against an interruption of the traffic by the irruption of the Indus.

“ Passing northwards, we have in Upper India the new company, the Southern Punjab, with a mileage of 400 miles, shortening materially the distance from Delhi. We have extensions of the Bengal and North-Western and Tirhoot State Railway system, 489 miles, which will provide on the north side of the Gogra a much improved communication between the districts where population is congested, and the districts in Eastern Bengal and Assam where labour is scarce, and on the south side of the Gogra a series of branches in the Eastern part of the North-West Provinces which is peculiarly liable to scarcity. We have also an important work, though the mileage is shorter, in the linking-up of the metre gauge systems of the north and west by a new connection between Cawnpore and the Gogra river, 80 miles.

“ In Central India we have the Saugor-Katni Line, 118 miles, in connection with the Indian Midland system, which will not only secure districts which have suffered from scarcity more than any others since I came here, but will give a direct access for Umaria coal towards the west; and a similar advantage for east and west traffic has been secured by the construction of the Godhra-Rutlam and Bhopal-Ujjain Railways, a little further south.

“ In the east there is the great scheme of the East Coast Railway, long contemplated, and now in a fair way to completion, of which it might be

enough to say that Calcutta and Madras seem prepared to tear any one to pieces who denies their claim to the larger share in its benefits. At all events, this large work of which there is now under construction about 600 miles, while it completes the programme of the Famine Commission—a Commission which I may remark did long ago the work which, if I rightly understood the Hon'ble Mr. Ananda Charlu's observations, he asked should now be done—in the one district remaining, Orissa, and gives an independent access to Calcutta to the Bengal and Nagpur Railway, it will connect Madras with the Northern districts of that Presidency, and will bring to it cheaply and expeditiously the excellent coal of Singareni. I am obliged to the Hon'ble Mr. Rees for the warm way in which he has represented the views of Madras.

“In the north-east, by the doubling of a considerable portion of the Eastern Bengal Railway, we hope to provide facilities for the great jute trade in which this city is so largely interested, while it is not too much to say that the construction of the Assam-Bengal Railway, 600 miles, will open up an entire province, and have a lasting effect on another great interest, *i.e.*, trade in tea.

“In Burma we have in hand the completion of the Mu Valley line to Myitkina, which will give a thorough connection to Upper Burma over more than 700 miles of railway and by the Mandalay-Kunlon, 224 miles, the carrying forward of our railways to the Chinese border.

“In addition to all this and outside the mileage figures I have given, the Nizam's Government have several railway projects under consideration, and we are assured that a line in the Godavari Valley of some 400 miles in length will shortly be begun. The growing interest taken by Native States in railway construction is an encouraging symptom.

“I venture to say that in this programme—I do not profess to have described it exhaustively, but only to have touched on its more prominent features and the longer lines—we have endeavoured to provide for the more pressing needs in many directions in the varying conditions of this great Empire. I do not deny that there are many more to satisfy. I know that here in this city there are those who complain of our inaction. I can say for the Government as well as for myself that we can never be indifferent to anything that would tend to the prosperity of this city and of its trade. No one who has seen the magnificent spectacle of the river crowded with shipping could fail to recognise how strong would be the arguments—senti-

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mental as well as material—against anything that affected adversely interests so great. But, if I may say so in a whisper, we are doing something for Calcutta on the East Coast Railway—on the Eastern Bengal Railway—perhaps I might add in the opening up of Assam. I am not going to argue in detail the vexed question of the connection to the north. I am bound to say that I am not one of those who think two railways always better than one, or three railways better than two, and I am also bound to add that I cannot find evidence to prove that the existing facilities are insufficient for the existing traffic. On the other hand, I admit that there are districts from which new traffic might come to Calcutta, and I admit that, if and when existing facilities prove insufficient, it would be necessary to provide additional facilities. All I would urge is that in the case of new traffic we are bound to have as complete information as can be obtained, in the case of coal fields to be opened up we are bound to be satisfied as to the quality and quantity of the coal, and in the case of fresh facilities we must study the best way of giving them; and, much as I should like to see the coal traffic from Palamow or Jherria filling the docks of Kidderpore, all I can say now is that we are prosecuting our enquiries as to the mineral resources of the district between Calcutta and the North-West, but they are not complete.

“As to fresh facilities *primâ facie*, the first desideratum is to shorten the distance to be travelled. It will have been observed from a reply by the Secretary of State the other day to a question in Parliament that we have acknowledged that it falls to the East Indian Railway to construct what is undoubtedly the shortest line to the north, namely, the line known as the ‘grand chord;’ but we have coupled that acknowledgment with a very important stipulation. We are distinctly of opinion that full rights to running powers must be reserved for the administration working the Oudh and Rohilkhand Railway over any lines that may hereafter form part of a new through route between Mogal Sarai and Calcutta, and that stipulation will be found in the contract for the construction of the lines to Shergotty and Gaya now sanctioned. We recognise that it is imperative that the mercantile communities not only of Calcutta, but of Upper India, should be secured the full benefits that such a scheme, when carried out, would bring, and what I wish to make clear is that, if we have not been able to accept the case for the immediate construction of a second line between Calcutta and the North-West, we have at least taken care that no steps we are taking now shall be an obstacle to such a line, if it should be found desirable in the future.

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“And, if any one has any hesitation about the efficiency of such a provision, I can give him an example. I was till the other day a Director of a Railway Company in Scotland that only by a right to running powers over a certain section of railway has access to an important city. It was essential to our rivals to shut us out if they could, and I will not deny that they did their best, but that they failed I think will be self-evident when I mention that the line of which I speak formed the ‘run in,’ ‘the finish,’ of the great railway race to the North, of which the home papers were so full a few months ago. There will be no lack of competition if the rivals of the East Indian Railway have the same powers as the rivals of the Caledonian.

“I have shown that our programme is a full programme, and that it covers a great deal of ground. I wish now to impress upon you that all this lays upon the Government one duty above others for the present, *i.e.*, to resist temptation. It is very tempting to be asked to embark in large schemes or great works. But, if I am right in saying that the State is concerned in some way or other in every railway enterprise in India, it is undoubtedly incumbent on us not only to push forward railway construction at a favourable time such as this, but to do so at a rate that is not excessive, but can be steadily maintained: to be bold indeed but not to be rash. With this object it is most desirable that the Government should themselves determine in the case of the larger schemes what new railways are required, and when they ought to be undertaken. It is only by so doing that a programme can be formed, can be adhered to, and can be carried out with regularity and efficiency. For the present it will be clear to every one that so far as large schemes are concerned our hands are full, and our ambitions must be humble.

“But there is another branch of railway construction which is at this moment even more important than the prosecution of large schemes, and that is the construction of those shorter lines which spread out from the great systems and, by gathering together the produce of the country, extend the beneficial influence of these systems over a far wider area. There is but one opinion of the necessity that exists for these lines in all directions, if we are to secure the development of the country of which I spoke at the beginning. I hope that, though our hands are full, it will still be possible to proceed with this work. It is a work which is specially suited for the employment of private enterprise, and I have told you the encourage-

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*PROCEDURE CODE, 1882.*

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ment we are prepared to offer. It is a work which can also be profitably undertaken by the great main lines themselves, and we are anxious to see them engaged in it. It is a work of which the several items may seem unimportant, yet which is the most potent instrument we possess not only to consolidate and render profitable the great railway system of India, in which so much of its wealth is invested, but to make it an all-powerful agent in the promotion of the material and social advancement and political tranquillity of the people."

CRIMINAL PROCEDURE CODE, 1882, AMENDMENT BILL.

The Hon'ble SIR ALEXANDER MILLER moved that the Report of the Select Committee on the Bill to amend the Code of Criminal Procedure, 1882, be taken into consideration. He said:—"This Bill has been so frequently before the Council, and the effects of the procedure discussed in the Select Committee were explained so fully last week when I presented the Report, that I do not propose to-day to recapitulate what must be fresh in the memory of Members of Council."

The Hon'ble MR. BHUSKUTE said:—"My Lord, the jury system has existed in India in the shape of a germ from time immemorial. Even the law, as it obtains here, recognizes it in the panchayat, arbitration, etc. Nay, the conclusiveness of its judgments has been generally accepted with satisfaction. I should have liked, my Lord, to dwell more on this point, had it not been for the heavy work of this day. I think the Bill as amended will please most of us, though there is some hesitation about section 507 of the original Act. But in my opinion the new wording inserted for the words 'so completely' does not make any new changes."

The Hon'ble NAWAB AMIR-UD-DIN AHMAD KHAN, BAHADUR, said:—"My Lord, the Bill to amend the Criminal Procedure Code, popularly known as the Jury Bill, has evoked a good deal of hostile criticism, and has engaged the attention of all classes of the community since its introduction in Your Lordship's Council.

"It is therefore a cause of much satisfaction that the Select Committee, as the result of their deliberations, have modified the original Bill to such an extent as to render any further adverse criticism unnecessary and have presented the measure in a form in which it can meet with general approval. The elimination from the Bill, as introduced, of the provision in respect of special

[*Nawab Amir-ud-Din Ahmad Khan, Bahadur*; *Sir Alexander* [26TH MARCH, *Miller.*]]

verdicts on specific issues of fact is the most noticeable feature of the Bill, as amended, and will be regarded as very necessary modification, while the provision requiring High Courts to consider the entire evidence and to give due weight to the opinions of the Sessions Judge and jury in cases of reference when the Judge and jury differ in the matter of a verdict, and extending the period of exemption from service to twelve months in the case of special jurors, will I have no doubt make the jury system more acceptable to the people generally. I am exceedingly glad to find that the measure as it stands deserves cordial support, and I desire to be permitted to avail myself of this opportunity of congratulating the Hon'ble the Law Member in having on the eve of his laying down his high office been enabled to allay the uneasiness to which the Bill as introduced gave rise."

The motion was put and agreed to.

The Hon'ble SIR ALEXANDER MILLER moved that the Bill, as amended, be passed.

The motion was put and agreed to.

#### UNITED KINGDOM PROBATES BILL.

The Hon'ble SIR ALEXANDER MILLER said:—"The next motion in my name is the one with reference to the Probates and Letters of Administration Bill. I introduced this under the impression that it was perfectly and obviously non-contentious, and when I received from the Hon'ble Mr. Playfair the letter from the Administrator General which I thought was merely intended as a hint to call my attention to certain observations on the Bill, which I thought and still think showed an entire misapprehension of its meaning, I did not then I think myself called upon to do more than mention the fact to the Council. Since then I have received what might be called a Parliamentary Paper from the Administrator General, which shows that he is still under what, without disrespect to him, I might call the illusion that the Bill will be injurious to the interests of creditors in India; and under the circumstances I do not think it would be wise in me to press for the passing of the Bill without its being referred, in the ordinary way, for the opinions of the various High Courts; and therefore I do not propose to make the motion that stands in my name, but would move that the Bill be circulated for opinion to Local Governments and Administrations and to the High Court of Calcutta."

The motion was put and agreed to.

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[ *Mr. Woodburn.* ]

REFORMATORY SCHOOLS BILL.

The Hon'ble MR. WOODBURN moved for leave to introduce a Bill to amend the Law relating to Reformatory Schools, and to make further provision for dealing with youthful offenders. He said :—" This is a Bill to amend an Act passed by this Council in 1876. Since that period several minor defects have been brought to notice, and some suggestions have been made to the Government by a Conference held in 1892, and the opportunity has been taken to consider the procedure in force in certain British Colonies. The detailed results of this examination are not very numerous, nor are they very important, but most of them are very useful. At this hour of the afternoon I will not refer in detail to them, but I may mention as illustrating them the authority that is given to a Subordinate Magistrate, who is not himself empowered to send an offender to a Reformatory School, to submit to the District Magistrate cases in which he considers that such detention is the most appropriate punishment : another, which I myself regard with special interest provides authority by which opportunity is given to a Magistrate to discharge with a mere admonition a youthful offender convicted of an offence. "

The motion was put and agreed to.

The Hon'ble MR. WOODBURN introduced the Bill.

The Hon'ble MR. WOODBURN moved that the Bill and Statement of Objects and Reasons be published in the Gazette of India in English, and in the local official Gazettes in English and in such other languages as the Local Governments may think fit.

The motion was put and agreed to.

GLANDERS AND FARCY ACT, 1879, AMENDMENT BILL.

The Hon'ble MR. WOODBURN also moved for leave to introduce a Bill to amend the Glanders and Farcy Act, 1879. He said :—" It has been represented to the Government of India that it is highly expedient and desirable that the Glanders and Farcy Act should be made applicable to the Presidencies of Madras and Bombay and the Province of Bengal, as well as other Provinces in which it is desirable, and the entire object of the Bill is to make that extension."

The motion was put and agreed to.

The Hon'ble MR. WOODBURN introduced the Bill.

[ *Mr. Woodburn.* ]

[ 26TH MARCH, 1896.

The Hon'ble MR. WOODBURN moved that the Bill and Statement of Objects and Reasons be published in the Gazette of India in English, and in the local official Gazettes in English and in such other languages as the Local Governments may think fit.

The motion was put and agreed to.

The Council adjourned *sine die*.

CALCUTTA ;  
The 30th March, 1896.

S. HARVEY JAMES,  
*Secretary to the Government of India,*  
*Legislative Department.*