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OF INDIA**

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**P. L.**

**ABSTRACT OF THE PROCEEDINGS**  
**OF**  
**THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA**

**ASSEMBLED FOR THE PURPOSE OF MAKING**

**LAWS AND REGULATIONS**

**1914**

**VOLUME LII**



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**1914**



GOVERNMENT OF INDIA.  
LEGISLATIVE DEPARTMENT.

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 to 1909  
(24 & 25 Vict., c. 67, 55 & 56 Vict., c. 14, & 9 Edw. VII, c. 4).

The Council met at the Council Chamber, Imperial Secretariat, Delhi, on  
Monday, the 2nd March, 1914.

PRESENT :

His Excellency BARON HARDINGE OF PENSHURST, P.C., G.C.B., G.C.M.G., G.C.V.O.,  
G.M.S.I., G.M.I.E., I.S.O., Viceroy and Governor General, *presiding*,  
and 58 Members, of whom 50 were Additional Members.

DEATH OF LORD MINTO.

**His Excellency the Viceroy** :—“ The sad news reached India last night that the Earl of Minto had passed away and I am sure that I shall be voicing the thoughts uppermost in the minds of all of us when I pay a brief tribute of sorrow to the memory of your late Viceroy and of sympathy with the gracious lady who has been left behind to mourn his loss. And, indeed, no more fitting place could be found for this sorrowful purpose than this Council Chamber, for Lord Minto's name will go down to history indissolubly connected with the expansion of the Legislative Councils that marked such a definite step in the political progress of India. It has long been agreed that it was a wise step, but I think it also must be conceded that it was a brave step for it required wisdom and courage of no mean order to recommend the grant of the extension of political privileges at a moment of unrest and when political outrages of a murderous character had recently begun to blacken the pages of Indian history. Lord Minto, gallant English gentleman that he was, held on his course with a cool head and fearless heart and I think we have much to thank him for in the free spirit and friendly atmosphere of this Council Chamber. So I would ask your permission to send in your name a message of deep and heartfelt sympathy with Lady Minto in the grievous loss which has befallen her.”

**The Hon'ble Sir Gangadhar Chitnavis** :—“ My Lord, I beg, on behalf of the non-official members of this Council, to associate myself with all that has fallen from Your Excellency about this sad event. Believe us, My Lord, we have all received the news of Lord Minto's death with profound sorrow, and the sorrow we feel is bound to be shared by the whole Indian community. His great personal kindness and human sympathy endeared him so much to all of us.

“ My Lord, Lord Minto's tenure of office forms a brilliant chapter of Indian history. A military officer of high repute, his achievements were,

[*Sir Gangadhar Chitnavis; Maharaja Manindra Chandra Nandi; Mr. Clark; Rai Sita Nath Ray Bahadur.*] [2ND MARCH, 1914.]

however, the greatest in the field of peaceful and progressive administration. Lord Minto is dead, but his name will for ever be associated, as has well been said by Your Excellency, with those sound reforms which have laid firmly and truly the foundations of a more liberal constitution in India. With a vision clear and unclouded by passion, a fine imagination and a statesmanlike perception of the inner situation, he found a policy for himself which was justified by the results. His conciliatory but firm policy produced incalculable good, both to Government and the community, and British rule stands to-day broad-based upon the willing allegiance of an appreciative people. My Lord, such a ruler can never die. He will continue to live for all time to come in the memories of a loving nation. God grant Lord Minto's soul may rest in peace.

"We beg also sincerely to associate ourselves with Your Excellency in the message of condolence you are sending on behalf of the country to Lady Minto in this hour of grief and distress."

### QUESTIONS AND ANSWERS.

**The Hon'ble Maharaja Manindra Chandra Nandi asked:—**

*Inquiry into the allegations made in the articles on Postal Department which appeared in the Amrita Bazar Patrika.*

1. "Has the attention of the Government been drawn to the articles entitled 'Some Revelations of the Postal Department' and which appeared in the *Amrita Bazar Patrika* newspaper dated the 22nd, 28th, 29th and 30th January, 1914; if so, do the Government propose making any inquiry into the allegations made in those articles?"

**The Hon'ble Mr. Clark replied:—**

"The attention of Government has been drawn to the articles referred to.

"The articles are full of inaccuracies and misstatements with which it is unnecessary to deal in detail. I may explain that the comparatively small number of well-paid appointments of Post-Masters held by Indians is mainly due to the fact that very few of the Indian clerks who entered the Post Office as probationers have proved qualified for these higher appointments. In recent years, however, arrangements have been made for the recruitment to the Post Office of Indian graduates in order to improve the class of officers available for these appointments, and it is hoped that as these graduates rise in the service a larger number of Postmasterships will be held by Indians.

"As regards the comments in the articles on the subject of the recruitment of outsiders direct to higher appointments in the Calcutta General Post Office, the matter has already been taken up by the Director-General of the Post Office, who prescribed last year rules restricting recruitment of outsiders to a definite proportion of the recruits. Government are satisfied that there is no ground for the allegations that Anglo-Indians receive unduly favourable treatment as compared with Indians in the postal service, and they do not propose to take any further action in the matter."

**The Hon'ble Rai Sita Nath Ray Bahadur asked:—**

*Importation of used clothes from Europe into India.*

2. "Will the Government be pleased to state:—

- (a) Whether it is a fact that a considerable quantity of used clothes is imported from Europe into India? If so,
- (b) Whether these clothes are put to any process of disinfection before they are shipped for India or before they are made over to importers here?
- (c) Whether it is the case that these clothes, if not properly disinfected, are likely to carry germs of infectious diseases and thereby endanger the health of the people wearing them?

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[*Rai Sita Nath Ray Bahadur*; *Mr. Clark*; *Sir T. E. Wynne.*]

- (d) If the answer to (c) be in the affirmative, do the Government propose to take adequate measures with a view to ensuring their proper disinfection before delivery to the importers, or, in case such measures be deemed impracticable, to proscribe the importation of used clothes into India?"

**The Hon'ble Mr. Clark** replied:—

"(a) No separate record of the quantity of the used clothes imported into India from Europe has been kept prior to the year 1912-13. In that year the total value of such clothes imported amounted to £99,204.

(b) It is not known whether used clothes are disinfected before shipment to India; probably they are not, as there is no restriction on the importation of such clothes into India. Disinfection of such clothes before they are made over to the importers in India is also not required.

(c) and (d) It is possible that such imported clothes may contain germs of infectious diseases; but all the diseases likely to be imported in this manner are already prevalent in India. There is a general custom in India whereby the used and unused clothes of any one deceased are given away to be used or sold, without disinfection. Compared with the danger from this source, the danger from possibly infected imported clothes is infinitesimal. In view of these considerations, and of the fact that no epidemic has ever been traced in India to imported clothes, the Government of India do not think that there is any real necessity for the adoption of either of the measures suggested."

**The Hon'ble Rai Sita Nath Ray Bahadur** asked:—

3. "Are samples taken by officers appointed by Government in that behalf for testing the quality of coal of a colliery? If so, what is the procedure adopted in taking such samples? Is it a fact that Indian colliery owners have complained against such procedure and, if so, does Government propose to make an inquiry into the subject?"

*Procedure adopted in testing the quality of coal.*

**The Hon'ble Sir T. R. Wynne** replied:—

"The Mining Engineer, who is in charge of the Coal Department of the Railway Board, takes samples when he is inspecting a colliery. These samples he himself selects and tests.

"The Railway Board have not received any complaint against the manner in which the samples are taken and Government does not, therefore, propose to make an inquiry into the subject."

**The Hon'ble Rai Sita Nath Ray Bahadur** asked:—

4. "(a) Will the Government be pleased to lay on the table a complete statement of all the coal tenders and their respective rates received by several railway systems under the control of the Railway Board during the year 1913, as well as a statement of those accepted by each of them during the same period?"

*Coal tenders and their respective rates and cost of maintenance of Coal Department.*

(b) Is there a Coal Department of the Railway Board? If so, what is the cost of maintaining that department, and has any saving been effected in the matter of consumption of coal by the railway systems referred to above since the establishment of this department?"

**The Hon'ble Sir T. R. Wynne** replied:—

"The answer to (a) is that without the permission of the tenderers Government is unable to lay on the table a statement showing the rates at which tenders have been put in, as it is not usual to make such information public. It may be added that the value of coal for use on railways depends on two factors, the price and the quality, and no reliable comparison can be made by considering prices alone.

"With regard to (b) there is a Coal Department under the Railway Board. The pay of the staff amounts to some Rs. 5,800 per mensem against which there

[ *Sir T. R. Wynne; Rai Sita Nath Ray Bahadur; [2ND MARCH, 1914.]*  
*Mr. Barua; Sir Reginald Craddock.* ]

are large recoveries of fees from Companies which use the services of the Department. The consumption of coal is affected by so many factors that it is not possible to give precise figures to indicate the effect on consumption resulting from the creation of the Department. I may add that, though primarily constituted to deal with coal used on the State-worked Railways only, the Coal Department now handles the coal required for almost all the Railway Companies in India; the services of the Department having been placed, at their own request, at their disposal. Furthermore, the Ceylon Government and other large coal consumers find it an advantage to make use of it, and are permitted to do so on payment of the prescribed fee.

"I beg to place on the table a copy of a report\* of this Department for the year 1913, in which the Hon'ble Member will find full information on the subject."

**The Hon'ble Rai Sita Nath Ray Bahadur asked :—**

Procedure adopted in supplying Wagons for the carriage of coal.

5. "(a) Will the Government be pleased to state what procedure is adopted in supplying wagons for the carriage of coal ?

(b) Are Collieries entitled to definite allotments of wagons according to raisings? If so, are the wagons, if any, which a Colliery gets by the supply of rakes to it counted in making up the allotment to which it is entitled?"

**The Hon'ble Sir T. R. Wynne replied :—**

"I beg to refer the Hon'ble Member to the Report of the Railway Coal Traffic Conference\*, a copy of which I now lay on the table.

"In this Report the procedure adopted in supplying wagons and rakes for the carriage of coal is fully explained."

**The Hon'ble Mr. Barua asked :—**

Recommendations made in paragraph 594 of the Decentralization Commission's Report.

6. "Has the attention of the Government been drawn to paragraph 594 of the Report of the Royal Commission on Decentralization? Will the Government be pleased to state whether the recommendations made therein are, or are in the way of, being carried out, and if so, to what extent?"

**The Hon'ble Sir Reginald Craddock replied :—**

"The matter was considered by local Governments along with other proposals of the Decentralization Commission, and the general tenour of their replies was to the effect that the practice mentioned did not obtain very extensively, and that where it did, there were good local reasons justifying it. The Government of India refrained from passing any orders of universal application in view of the fact that the conditions of different parts of the country varied considerably and all could not be governed by one uniform rule."

**The Hon'ble Mr. Barua asked :—**

Pay and prospects of Assistant Surgeons.

7. "Is it a fact that there have been complaints appearing in the Press from time to time that the pay, prospects and allowances of Assistant Surgeons in Government employ are inadequate? If so, will the Government be pleased to state if it has taken such complaints into its consideration?"

**The Hon'ble Sir Reginald Craddock replied :—**

"In recent years in different provinces the prospects of Civil Assistant Surgeons have been appreciably improved. Government have definitely discarded the idea of dealing with the service necessarily on uniform lines throughout India and local grievances are primarily for local consideration. If they require the orders of the Government of India, these will be passed on individual cases, but it is not proposed to initiate any general inquiry on the point."

\* Not published with these proceedings.

RETIREMENT OF HIS EXCELLENCY THE COMMANDER- 649  
IN-CHIEF.

[ 2ND MARCH, 1914.]

[*His Excellency the Viceroy ; His Excellency the  
Commander-in-Chief.*]

**RETIREMENT OF HIS EXCELLENCY THE COM-  
MANDER-IN-CHIEF.**

**His Excellency the Viceroy :—**“ Before the Hon'ble Finance Member begins his Financial Statement, I should like to take this opportunity, which I believe will be the last occasion on which His Excellency the Commander-in-Chief will be present in Council in our midst, to express to His Excellency the warm appreciation of myself and of the Government of India of his long and distinguished service in this land. It is now over 47 years since Sir O'Moore Creagh first wore His Majesty's uniform as an Ensign in the 96th Foot. In 1870, he was transferred to the Indian Army in which he successively commanded the Merwara Battalion and the 2nd Baluchis as well as holding several high staff appointments. From 1878 to 1880, we find His Excellency engaged in the Afghan War, where his distinguished services gave him the much-coveted and highly valued honour of the Victoria Cross while he also received Brevet promotion. In 1890, His Excellency was again on active service in the Zhob Valley, when his services were again recognised in despatches. In 1898, Sir O'Moore Creagh was appointed Political Resident and General Officer Commanding at Aden. He proceeded later to a Brigade command in the China Expedition, where his good services won for him the honour of a K.O.B., and subsequently he commanded the whole of the British forces in China. On return from China His Excellency took up the important command of a Division in India and later on was selected by Lord Morley to fill the post of Military Secretary at the India Office. For the last 4½ years His Excellency has exercised the chief command of the Army in India, and in this position he has worked strenuously and has carried out measures for the efficiency and improvement of the Army, which have greatly added to his already high reputation. During the period of his command in India, His Majesty the King-Emperor, to whom His Excellency had been appointed Aide-de-Camp General, visited this country and conferred on the Commander-in-Chief the high distinction of a G.C.S.I.

“ It is with sincere regret that I lose the loyal services of this gallant officer, who not only has succeeded in acquiring and maintaining the respect and esteem of all ranks of the British Army in India but also the affection and devotion of the Indian officers and men of the Indian Army. In leaving us after a life devoted to India and the Indian Army, he will carry away with him to his home the good wishes of us all, for his continued health and prosperity during the evening of life, which we trust will be blessed with much happiness as a fitting reward for his long and distinguished service to the Crown and to India. We can assure him that in India his memory will always remain green, and we are confident that with him India will not be forgotten.”

**His Excellency the Commander-in-Chief :—**“ My Lord, I much appreciate your extremely kind remarks made to me before this Council. After my long service in India of 47½ years, which I have completed to-day, you will appreciate my regret on leaving the country and my many friends, who belong to all ranks and classes. Friends who have ever been kind to me and considerate, and whom I greatly value, and the majority of whom, alas, I cannot hope to see again. Particularly do I regret leaving the gallant Army I have been so long associated with and which I have had the honour to command with Your Excellency's approval, and which, thanks to the good spirit of all ranks, British and Indian, and the assistance of a hard-worked staff, is as efficient as we soldiers can make it. I can hand over to my successor with a clear conscience that nothing has been slurred over and nothing has been let slide.

“ I am giving over, as Your Excellency has remarked, a short time before my period is up. In my opinion my thus giving over command now at the end of the training season and at the commencement of the administrative one

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is to the best advantage of the Army and of my successor. It is not to the advantage of either that the Commander-in-Chief should leave at the commencement of the drill season and when the annual budget is being made up. He should have time to consider both before he takes them in hand.

"Your Excellency, I have not the gift of eloquence. Any that I might have had as an original sin has been knocked out of me long ago by a long military career, so I have no adequate words in which to express my gratitude to you for all you have said and to all my comrades. I can only say I leave India and all my friends in it with the deepest regret. I thank you all for all the consideration and kindness you have ever shown me and I hope that the blessing of God may rest on India, its rulers and its people."

## FINANCIAL STATEMENT FOR 1914-15.

### Introductory.

**The Hon'ble Sir William Meyer:**—"I rise to present to the Council the Financial Statement for 1914-15. Our procedure will be the same as on previous occasions: that is, there will be no debate to-day, but from the 7th March onwards time will be allotted for the examination and discussion of the budget proposals. The figures in the Financial Statement will then undergo such amendments as may be required by our later information or suggested by the discussions in Council. The Budget in its final form will be presented on the 21st March, the usual closing debate taking place on the 24th.

"2. In presenting my first Budget to the Imperial Legislative Council, I cannot but feel the need for indulgence and consideration. In the most favourable circumstances it would have been no easy task to take over the reins of financial administration from such a competent and popular predecessor as the Right Honourable Sir Guy Fleetwood Wilson whose recent elevation to His Majesty's Privy Council was received with such general satisfaction. His intimate knowledge of English and Indian finance was reinforced by a practical sagacity and a genuine love of India and her peoples which won confidence and esteem in this Council and in the country generally. It is my most earnest wish to maintain the good relations between the Finance Department and the Legislative Council which my predecessor bequeathed to me.

"3. I hope that in judging my administration it will not be reckoned to my personal demerits, or put down to sins committed in a previous existence, that I have failed to maintain the persistent grasp of good fortune which marked most of Sir Guy's career in India. His last complete year of office closed with an aggregate Imperial and Provincial surplus of over £7½ million; and acting on the principle, to quote his own words which I myself fully accept, that "the only reasonable rule of conduct is to assume that a period of prosperity, once it is established, will continue until we have some clear warning of impending change," he was able, after making very generous contributions towards local administration and social advance, to budget in the current year for an Imperial surplus of about £1½ million. Since then, however, conditions and prospects have materially altered through the failure of the rains in September, and the disturbance of commercial conditions owing to the banking crisis which began last autumn. I shall have to deal with these events in some detail presently, and will only say in these preliminary remarks that they are inevitably reflected in the results of the present year and in our estimates for the next. There is no reason for taking a gloomy view, but we have necessarily had to estimate, in these changed conditions, on more cautious lines; and in my present budget dispositions, the Council will, I fear, miss some of those attractive features which have grown customary in recent years.

"4. Our financial position rests ultimately on agricultural and trade conditions and I will briefly survey the history of the expiring year from these two standpoints. The winter rainfall of 1913 was somewhat defective, but otherwise the agricultural year opened promisingly enough. Unusual rainfall, however, occurred during the hot weather period, and the prediction of our meteorological advisers that the wet May did not presage an unfavourable monsoon was unfortunately not wholly fulfilled. The monsoon started early and propitiously, but after the middle of July the distri-

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bution was irregular, and at the beginning of September the current weakened materially, and ceased to give any rain of importance in the United Provinces, and North-west and Central India. Meanwhile, excessive rain, resulting in serious floods, occurred in parts of Bengal, Bihar and Orissa and later in Madras. Winter conditions set in earlier than usual in Northern India, but again failed to give the rainfall which was so urgently needed in the United Provinces, Central India and Rajputana, and famine conditions have thus been established in parts of the localities just mentioned. I shall give fuller particulars on this matter later. These abnormal conditions have of course been reflected in the harvests. The outturn of wheat and of spring oil-seeds was somewhat in defect, and the Northern India rice crops also suffered, either from drought or from floods. More than half the area under sugarcane in India is in the United Provinces, and the conditions there have seriously affected the outturn. The heavy rain of July and August also resulted in a large decrease in the jute outturn in Bengal. For cotton, on the whole, the season has been more favourable. As regards the crops at present on the ground, the sowing season for wheat was unsatisfactory in the United Provinces and the eastern Punjab, and the unirrigated crop in these tracts has suffered considerably. The oil-seed crop is also considerably below normal in the same areas. Some showers of rain in February improved prospects in the greater part of the Punjab, but have had little effect on the tracts where distress is most acute.

" 5. I turn now to our trade figures. In the first nine months of the year there has been an increase of over R9 crores in the exports of raw cotton, and of R8 crores in the value of jute exports, raw and manufactured. The improvement here, however, was mainly one of price; and in the case of raw jute there was an actual decline in quantity. Shipments of tea also show a satisfactory increase of nearly R1½ crores. On the other hand, there was a falling off under rice, wheat and barley, amounting altogether to some R10½ crores; and if allowance be also made for the loss of R7 crores of opium exports arising from the discontinuance of the trade with China, the total result — a gross export valued at R1,78 crores — is practically identical with the corresponding figure for 1912-13. On the import side, the progress experienced in the previous year has continued, and there has been a further advance of over R19 crores in the nine months' term. The increase is distributed over a large number of items, the most important being cotton piece-goods (R5 crores), railway plant and rolling stock (R2·6 crores), machinery (R2 crores), and metals, especially copper. In the case of piece-goods the imports have outrun all immediate requirements, and the markets on both sides of India are suffering from a congestion of stocks. But a study of the growth of imports under other heads of varying importance and of the most miscellaneous description implies an undeniable growth of purchasing power and an improving standard of comfort.

" If account be also taken of treasure, the net exports show a decline of R9 crores. We need not, I think, anticipate that this temporary deterioration will prove to be of more than passing significance. The loss of the opium trade, it is true, has permanently removed a large item from the credit side of India's international account, but we may look to this being made good by expansion in other directions. The slight present check in the expansion of other exports is, moreover, a not surprising sequel to the extraordinarily rapid advance made in the two preceding years. There is a close parallelism in this respect between the course of the seaborne trade and the returns of railway revenue where, after remarkable progress in the recent past, the upward movement of receipts has for the moment been temporarily retarded. Finally, though there has undoubtedly been grave disturbance and loss from the banking crisis, it can hardly be said to have produced a substantial effect on the broader currents of trade; and on the whole the year must be regarded as one of fairly prosperous trade conditions.

### Revised Estimate for 1913-14.

" 6. These, then, were the main factors determining the estimates which I am about to present; that is to say, our Revised estimate of revenue and expenditure in the current year and our Budget estimate for the financial year 1914-15. But before proceeding to the actual figures, I should like to interpolate a few words of explanation. I wish to emphasise that in these annual Financial Statements we are really bringing before the Council two sets of estimates which, from some points of view, may be

regarded as distinct. Honourable Members are all familiar with the material difference between the special activities of the Government of India and those of the Local Governments. The Central Government is exclusively responsible for services such as defence, the working of our railways, the administration of posts and telegraphs, and certain minor departments. It also bears the entire burden of the charges which are finally accounted for in England. The Local Governments, on the other hand, administer and maintain the various branches of ordinary civil administration throughout the country. The above is, of course, a very general statement of the case, and must be qualified, for instance, by the fact that since the circumstances of the minor Administrations, such as Baluchistan and the North-West Frontier Province, do not permit of financial arrangements in respect of them such as have been effected by the present Provincial settlements in the major provinces, their total receipts and expenditure (the latter considerably exceeding the former) are classed as Imperial.

“It would make for perspicuity of finance if conditions admitted of a complete parallelism in the allocation of revenue, but this, as Honourable Members are aware, is not the case. We have our own wholly Imperial heads such as opium, salt and customs, while the Local Governments have as wholly Provincial heads the revenues from forests and registration, and in some provinces excise; but the receipts under the remaining important heads of revenue are divided in certain proportions, fixed by the terms of the Provincial settlements, between those Governments and the Government of India.

“From some points of view this distinction between Provincial and Imperial finance is artificial and must not be unduly pressed. It is obviously desirable, for instance, to review the growth of the main heads of taxation and other revenue, and of large heads of expenditure, as a whole. To consider first the Imperial and then the Provincial share would obscure any adequate picture of Indian finance. For certain purposes, however, the distinction is very significant. An Imperial deficit, for example, may render it necessary to increase taxation. But in present circumstances, a Provincial deficit merely implies that the Local Governments are drawing upon balances which have been abnormally swollen by special grants made by the Government of India for expenditure, as circumstances render it expedient, on special objects, such as education and sanitation. I am anxious to give Honourable Members the clearest presentment of what is actually happening in such matters, and I propose therefore, besides making such explanations as are called for under specific heads of revenue and expenditure, to elucidate the general financial position arrived at under the Imperial and Provincial sections of the Revised estimate and the Budget.

“7. The broad results which emerge from a comparison between the Revised estimate and the current year's Budget are brought out in the following table:—

[In millions of £ ]

	BUDGET, 1913-14.			REVISED, 1913-14.		
	Imperial.	Provincial.	Total.	Imperial.	Provincial.	Total.
Revenue . . . . .	53·044	29·280	<b>82·324</b>	53·619	30·643	<b>84·262</b>
Expenditure . . . . .	51·718	32·193	<b>83·911</b>	52·291	31·384	<b>83·675</b>
Surplus (+) or Deficit (—)	+1·326	—2·913	—1·587	+1·328	—·741	+·587

“It will be observed that, comparing the total Budget figures of current revenue and expenditure, the latter exceeded the former by nearly £1,600,000. But there was a surplus of £1,326,000 under Imperial, while the deficit of £2,913,000 under Provincial was to be drawn from the large balances at the disposal of the Local Governments. The actual aggregate revenue, however, is now expected to exceed the aggregate expenditure by £587,000, the Imperial surplus (£1,328,000) being

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[ *Sir William Meyer.* ]

almost identical with the budget expectation, while the Provincial deficit has been greatly reduced, partly by an improvement in provincial revenues and partly by underspending.

*Revenue.*

" 8. The aggregate revenue of the year—Imperial and Provincial—was estimated in the budget at £82½ million: we now expect to obtain a little over £84½ million. In analysing this result I shall ignore the minor increments of normal growth, full information being available in the Financial Secretary's Memorandum, and deal only with the heads which show material variation. In the statement which follows I have placed these in a different order from that which our accounts usually exhibit, so as to bring together (a) heads which are entirely or mainly Imperial, (b) those which are divided, and (c) those which are almost entirely Provincial.

**[In millions of £]**

REVENUE.	BUDGET, 1913-14.			REVISED, 1913-14.		
	Imperial.	Provincial.	Total.	Imperial.	Provincial.	Total.
1. Opium . . . . .	1-445	...	<b>1-445</b>	1-606	...	<b>1-606</b>
2. Customs . . . . .	6-863	...	<b>6-863</b>	7-355	...	<b>7-355</b>
3. Mint . . . . .	241	...	<b>241</b>	405	...	<b>405</b>
4. Railways—Gross receipts less working expenses; and other items . . . . .	17-622	001	<b>17-623</b>	17 518	001	<b>17-519</b>
5. Land Revenue . . . . .	8-360	13-013	<b>21-373</b>	7 704	13-303	<b>21-097</b>
6. Irrigation . . . . .	2-035	2-369	<b>4-404</b>	2-087	2-466	<b>4-553</b>
7. Assessed Taxes . . . . .	971	787	<b>1-758</b>	1-050	864	<b>1-914</b>
8. Heads classed as Miscellaneous . . . . .	335	254	<b>589</b>	430	286	<b>716</b>
9. Excise . . . . .	2-407	6-046	<b>8-453</b>	2-515	6-392	<b>8-907</b>
10. Forest . . . . .	068	1-962	<b>2-030</b>	078	2-131	<b>2-207</b>
11. Provincial Rates . . . . .	001	028	<b>029</b>	...	179	<b>179</b>

" 9. *Imperial Heads.*—I propose to deal with Opium in a separate section and need not, therefore, at this stage, do more than mention the improvement of £161,000 under this head.

" The large improvement of £492,000 under Customs reflects the prosperous conditions which have prevailed over the greater part of the country. Owing to the banking and commercial crisis, there was a temporary check in silver imports, but stocks were low and have had to be replenished. It is now expected therefore that the cautious figure taken in the budget under this sub-head will be more than realized. Sooner or later, a falling off must be expected under piecegoods, but the set-back continues to be deferred, and meanwhile a large improvement on the budget figure has been secured. Under other tariff heads generally there has been a satisfactory development, the chief contributors being metals other than gold and silver, manufactured articles and sugar.

" The same conditions of busy trade also led to a considerable fresh coinage of rupees, resulting in a credit of £136,000 in respect of mint seigniorage. Our budgets make no provision for this item of receipt, partly because it cannot be adequately forecasted, and also because it would evidently be inexpedient to disclose our anticipations in regard to possible purchases of silver during a coming year. The impending famine relief operations, again, foreshadow an increased demand for small coin, and the total improvement under " Mint " is thus raised to £164,000.

" 10. Now that the uncertainties of the opium revenue have been reduced in scale by the extinction of the China trade, the prospects of the railway revenue tend to become the dominating feature of our budgets. In the present year, if conditions had remained completely prosperous, we might well have expected a material increase in the gross railway receipts for which the budget took credit. There has, however, been a not unnatural check in the development of this revenue, following upon the

very large increments attained in the two preceding years and the set-back in economic prosperity during the closing months of 1913; and such improvement on our original expectations as has occurred towards the end of the year has been more than absorbed by the necessity for giving additional grants for working expenses. The provision for special renewals was somewhat restricted in the budget, and the railways have since had to cope with further special repair demands owing to damage from floods in parts of the country. The net receipts are thus expected to be £104,000 less than the credit taken in the budget.

"11. *Divided Heads*.—The Land Revenue collections show a total fall of £276,000, the failure fully to realise budget expectations under this head being due to suspensions in the United Provinces, necessitated by the partial failure of the *kharif* crop. If, however, we look at the Imperial share alone, there is a falling off of £656,000. To the extent of £337,000 this is due to the fact that we not only have to bear our normal share of the falling off of receipts in the United Provinces, but have guaranteed the Local Government a minimum income under the Land Revenue head, and this guarantee has come into practical operation in the current year. The loss here would have been greater had it not been to some extent counterbalanced by improved receipts in other provinces.

"The remaining decrease under Imperial (£319,000) is due to certain additional assignments to Provincial Governments, which we are now making by adjustment under this head of revenue. In the first place, we had previously undertaken to defray the initial cost of a central European lunatic asylum which is about to be constructed at Ranchi, and matters have now reached a stage at which we can set aside £67,000 towards this object. Secondly, we propose to make a further grant of £44,000 to the Madras Government in aid of the buildings expenditure under a scheme for the redistribution of districts and sub-divisions which is generally known by my name, as it was based on proposals I submitted to the Madras Government some years ago. The Government of India have financed the recurring expenditure due to that scheme through the Provincial settlement, and have already contributed £123,000 towards the initial outlay on buildings which is now estimated at about £280,000. We have now, on the representation of the Madras Government, granted the further sum above mentioned which brings our total contribution for the building item to £167,000 (Rs 25 lakhs) in all. Finally, we have had to meet certain unexpected charges, the most important of which are additional grants to Assam and Burma in connection with road-making and other operations on the North-East Frontier.

"The aggregate Provincial share of the land revenue is £380,000 in excess of the budget. This is due to some increase in revenue in the provinces which have enjoyed favourable seasonal conditions, as well as to the assignments already mentioned.

"12. There is a betterment of £149,000 under Irrigation, of which £52,000 goes to Imperial. This is due to an enhanced demand for canal water in the United Provinces consequent on the defective rainfall, and to the revision of rates in certain parts of the Punjab. Under Assessed Taxes (Income-tax) there is also an improvement of £156,000, chiefly due to the large profits realised by banks and industrial concerns in Calcutta and Bombay in the preceding year, and of this Imperial gets half. We have also obtained a substantial increase (£127,000) from Miscellaneous receipts of which Imperial secures £95,000.

"The total improvement under Excise revenue is £454,000, and is due to growth of revenue owing to prosperous conditions in most tracts, and specially in Madras and Bengal. Excise, though still a divided head in most provinces, has been wholly provincialised in Assam, Bengal and Bombay, and the result is that of the total improvement above mentioned the Imperial share is only £108,000.

"13. *Provincial Heads*.—The Local Governments obtain almost the whole benefit of the improvement under Forest (£177,000) resulting from high prices in the timber market, as well as a nominal credit of £150,000 under Provincial Rates. This latter item appertains to the United Provinces, where it was found impracticable to carry through in time the legislation required to give effect to the discontinuance of appropriations from the cesses on land for which the current year's budget provided. For the present year, therefore, these appropriations have been continued, the money so taken from the district boards being returned to them in the form of corresponding contributions which figure on the expenditure side. The intentions of the Government in this matter have thus been given effect to, though as yet by a slightly varied procedure.

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" 14 *General.*—Taking our revenues as a whole, we have no reason to be dissatisfied with the result. The abnormal receipts obtained in the last few years from the sale of opium to China have now, of course, disappeared. Excluding opium altogether, the aggregate revenues of India in 1912-13 amounted to £81,738,000. Our revenues in the current year, again excluding opium, have yielded a substantially larger amount (£82,656,000) in spite of the loss of £574,000 by the surrender to district boards of the public works cess in Bengal and in Bihar and Orissa, and of a deficient rainfall and a commercial crisis, which have brought about a diminution of land revenue payments, and must in some degree, if only for a time, retard the growth of some of our other leading heads of revenue. The fact that, in spite of these drawbacks, the Imperial surplus anticipated in the budget has nevertheless been obtained furnishes material evidence of the inherent soundness of our present financial position.

*Expenditure.*

" 15. The total expenditure, Imperial and Provincial, provided for in the Budget was £93,911,000. In the Revised estimate it is reduced to £93,675,000. This result has been obtained by an increase of £573,000 under Imperial charges, accompanied by a decrease of £509,000 under Provincial. I again append a statement of the heads which account for the chief variations :—

[ In millions of £ ]

	BUDGET, 1913-14.			REVISED, 1913-14.		
	Imperial.	Provincial.	Total.	Imperial.	Provincial.	Total.
<b>EXPENDITURE.</b>						
1. Military Services . . . . .	21·008	...	<b>21·008</b>	21·309	...	<b>21·389</b>
2. Miscellaneous . . . . .	·191	·254	<b>·445</b>	·346	·203	<b>·609</b>
3. Education . . . . .	·144	3·934	<b>4·078</b>	·119	3·123	<b>3·242</b>
4. Medical . . . . .	·163	1·858	<b>2·021</b>	·142	1·236	<b>1·378</b>
5. Civil Works . . . . .	1·076	5·506	<b>6·582</b>	1·092	5·054	<b>7·046</b>

" 16. The enhancement under Imperial is due almost entirely to the increase of £391,000 under Military Services, and of £155,000 in the Imperial share of the Miscellaneous charges. I shall deal fully with the Military outlay in a separate section of the Statement. The higher Miscellaneous expenditure arises from a payment which we find ourselves under an obligation to make in respect of the surplus revenues of the Bangalore Assigned Tract, that is, the Civil and Military Station there. This is an area within the Mysore State in which jurisdiction has been ceded to the Indian Government; the latter collect the revenues of the tract, and debit it with all charges of administration, any surplus revenue being ultimately repaid to the Mysore Durbar. It has been a question for some time past whether the indirect charges debited to this special account at one time or another were not unduly high, and the Government of India accordingly undertook a complete overhauling of the account from 1881 onwards with a view to setting this question at rest. The careful examination which has been made satisfies them that the true surplus to which Mysore has a legitimate claim has been underestimated in past years, and they have decided to pay the Durbar forthwith a sum of £200,000. The question of the balance which will remain to be paid before these arrears can be regarded as fully discharged is still under consideration. In any case, however, the amount will be small in comparison with the present payment. Apart from these two principal changes and a few ordinary fluctuations, there is nothing of importance to note in connection with Imperial expenditure, beyond the diversion to famine relief of practically the entire grant which in an ordinary year would have been charged off against Imperial as allotted to the reduction or avoidance of debt. This will be noticed again in another section, in which I shall explain the leading facts regarding our anticipated famine relief expenditure.

" 17. The underspending of the Provincial Governments falls mainly under Education and Medical, which also, together with the closely connected head of Public Works, may conveniently be reserved for separate consideration. There was likewise a considerable saving under Police, owing to the lapse of the provision for the provincialization of village police in Oudh. On the other hand, as a partial, though very incomplete, set-off to this general short expenditure, there was a rise in jail charges, distributed over all provinces; a noticeable increase under pensions, advantage being very freely taken of the new rules regarding commutation; and some additional expenditure under Political from the Imperial assignments which, as already mentioned, were given during the course of the year to meet unforeseen requirements on the North-East Frontier.

" As above mentioned, provision has been made for the payment of contributions to district boards in the United Provinces to compensate them for the loss of the share of the land cess which was appropriated for provincial purposes during the year.

*General results, Imperial and Provincial.*

" 18. The Imperial revenue which was put down at £53,044,000 in the Budget is now estimated at £53,619,000, a total increase of £575,000, but against this the expenditure has risen, as explained above, from £51,718,000 to £52,291,000. The Imperial surplus which was estimated in the Budget at £1,326,000 thus becomes £1,328,000, that is, it remains practically unchanged. The Council will realize from these figures that it would have been impossible on this occasion to grant any of the large and unexpected bounties to Provincial Governments which my predecessor was able to bestow out of his abundance, though we are glad to have been able, without unduly drawing upon our surplus, to make the non-recurring grants which I have already mentioned in dealing with the Land Revenue head, and to arrange for the immediate discharge of the arrears already mentioned as due to Mysore on account of the Bangalore Assigned Tract.

" 19. The Provincial Governments in the aggregate are now expected to obtain a revenue of £30,643,000 against £29,280,000 taken in the Budget, while their expenditure is reduced from £32,193,000 to £31,384,000. The result is that the net Provincial deficit, met by drawings from balances, which was estimated at £2,913,000 in the Budget, has now fallen to £741,000, with the consequence that the Provincial balances, which were £10,557,000 at the beginning of the year, are expected to stand at £9,816,000 at its close. Of this large closing balance, £4.3 millions roughly represents special grants given by the Government of India for expenditure on education and sanitation and other beneficent local purposes, which are still awaiting specific application.

**Budget Estimate for 1914-15.**

" 20. I now turn to the estimates for the coming year. The leading data are summarized in the subjoined table :—

[ In millions of £ ]

	REVISED, 1913-14.			BUDGET, 1914-15.		
	Imperial.	Provincial.	Total.	Imperial.	Provincial.	Total.
Revenue . . . . .	53·619	30·643	<b>84·262</b>	54·261	30·772	<b>85·033</b>
Expenditure . . . . .	52·291	31·584	<b>83·875</b>	52·981	33·981	<b>86·962</b>
Surplus (+) or Deficit (—)	+1·328	—·741	<b>+·587</b>	+1·280	—3·209	<b>—1·929</b>

" The Imperial surplus which we hope to obtain in 1914-15 is £1,280,000, and in present circumstances it is desirable to have an unallotted balance of about this amount to assist us in our heavy capital commitments. Such a surplus also serves the purpose of a reserve against unforeseen contingencies, seasonal or otherwise,

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the occurrence of which might otherwise embarrass us. On the other hand, owing to renewed provision for heavy expenditure by Local Governments from their special grants, we anticipate a Provincial deficit of £3,209,000; that is, the provincial balances will be drawn upon to this extent. The combined effect of the Imperial surplus and the Provincial overdrafts is, on the whole (account), a net excess of expenditure over current revenue by close on £2 millions.

*Revenue.*

" 21. We place the aggregate revenue of the coming year at £85,033,000 or about £ $\frac{1}{4}$  million more than the revenue as deduced in the Revised estimate. To indicate the main causes leading to this result, I append a statement showing the principal variations in the yield of our more important sources of revenue, arranging them as before with special reference to the authority, Imperial or Provincial, to which they are credited.

[ In millions of £ ]

REVENUE.	REVISED, 1913-14.			BUDGET, 1914-15.		
	Imperial.	Provincial.	Total.	Imperial.	Provincial.	Total.
1. Opium . . . . .	1·606	...	<b>1·606</b>	1·751	...	<b>1·751</b>
2. Customs . . . . .	7·355	...	<b>7·355</b>	7·237	...	<b>7·237</b>
3. Mint . . . . .	·405	...	<b>·405</b>	·250	...	<b>·250</b>
4. Post Office . . . . .	2·401	...	<b>2·401</b>	2·552	...	<b>2·552</b>
5. Railways—Gross receipts, less working expenses; and other items . . . . .	17·518	·001	<b>17·519</b>	17·326	·001	<b>17·329</b>
6. Land Revenue . . . . .	7·704	13·393	<b>21·097</b>	6·327	13·362	<b>21·709</b>
7. Stamps . . . . .	2·609	2·568	<b>5·237</b>	2·737	2·034	<b>5·371</b>
8. Excise . . . . .	2·515	0·392	<b>2·907</b>	2·604	0·545	<b>3·149</b>
9. Provincial Rates . . . . .	...	·170	<b>·170</b>	...	·030	<b>·030</b>

" 22 *Imperial Heads.*—Under Opium, we have taken credit for an improvement of £145,000 to which I shall allude in the separate section on this subject.

" Under Customs, we anticipate a decline of £118,000. In the case of cotton manufactures, a falling off in imports is very generally anticipated, and we have allowed for this by assuming a reduction in the high duty figure obtained in the current year. Under certain other sub-heads also, under which an abnormal increase has occurred this year, we have been obliged to estimate somewhat cautiously.

" The decrease of £155,000 under Mint is, in the main, the result of the practice, which I have already explained, of refraining from taking credit in our budget for any possible coinage of rupees. Under Post Office we expect an improvement of £151,000 from normal growth.

" The net receipts from Railways are put at £190,000 below the figure of the current year. As I have already explained, the estimating under this head is a matter of some anxiety, especially at a time like the present when unfavourable conditions are known to be present, though their effect upon our revenue is hardly, as yet, distinctly traceable. It is not impossible, I hope, that another term of rapid expansion awaits us in the near future; but in present circumstances it would not be sound estimating to rely on this contingency. On the other hand we are entitled to count upon some steady advance, especially in passenger traffic. On the whole, we consider it safe to assume a further growth of £570,000 above the receipts of the current year. The

whole of this however, and something over, is absorbed by an additional provision (£550,000) for working expenses and an increase (£210,000) in the surplus profits due to companies working State lines. As regards working expenses, the grant for 1913-14, as I have already stated, was somewhat restricted, and though this has been partly made good by additional grants in the current year, it is considered that a larger provision for betterment is required if the railway lines are to be continuously maintained in a state of efficiency. We have also of course to provide for the carriage of the larger volume of traffic which our increased estimate of receipts implies. In the case of surplus profits, the increase is due partly to normal expansion, but mainly to the fact that this year's figure does not really represent a full year's payments owing to a change in the statistical basis of railway transactions from the calendar to the financial year.

" 23. *Divided Heads.*—Coming now to the divided heads, I will deal first with the improvement which we expect under Land Revenue. The explanations which I have given in connection with the Revised estimate will have reminded Honourable Members that in dealing with this head we have to distinguish between two factors, namely, first, the real improvement which emerges when the aggregate receipts are considered, and secondly, the complicated adjustments which modify the normal distribution of the aggregate receipts between Imperial and Provincial but do not affect the total. Again, the practice of passing on any Imperial subventions to Local Governments by giving them more than their normal share of the land revenue receipts entails the further consequence that any special proposals in connection with a new budget must, if they involve assistance to Local Governments, be presented as transactions under this head. I will try to bring out the main facts clearly.

"In the first place, the real improvement, *i.e.*, the improvement in aggregate receipts, amounts, on the assumption that the coming monsoons will be normal, to £612,000 (the bulk of it accruing in the United Provinces, the Punjab, Bengal, Madras and the Central Provinces). The normal distribution of the total improvement between Imperial and Provincial would be £347,000 to the former and £265,000 to the latter.

"As regards the second consideration, however, the conditions which I described in connection with the Revised estimate are now in the main reversed. The Land Revenue receipts in the United Provinces are expected to approximate very closely to the guaranteed minimum, so that the further burden on Imperial on this account will be negligible. Then again, we are of course relieved this year from the non-recurring assignments given to the Local Governments in the Revised, and the new assignments—the most important of which I shall refer to shortly in connection with our budget proposals—are on a smaller scale. The result is that, owing to these differences in adjustments, the actual Imperial share of the aggregate improvement in Land Revenue will be £623,000, while there will be a decrease of £11,000 in the Provincial share.

" 24. I will now state the special measures to which we propose to give effect in connection with our budget for 1914-15. After setting aside the funds required for the adequate maintenance of the various administrative services and the railways, and reserving the revenue surplus of £1,280,000 already referred to, we find ourselves in a position to dispose of some £240,000 not thus allotted. This may seem but a meagre sum after the good fortune of the last few years, but, in the circumstances which now confront us, we ought rather to congratulate ourselves on being able to anticipate a margin of available revenue at all. It is sufficient at any rate to serve certain very useful, if relatively modest, purposes. In the first place, we have had before us a request from the Burma Government to be placed in possession of larger resources for the prosecution of a comprehensive scheme for developing communications in that Province. We have given this request our careful consideration, with reference both to the importance of the object which the Local Government has in view, and to the bearing of the proposal on the permanent provincial settlement which was introduced in 1911-12. A final decision has not yet been reached on the question of a permanent augmentation of provincial resources, but in the meantime we have decided to give the Local Government assistance in 1914-15 by means of a non-recurring grant of £100,000. I may add, however, that in any event there will be no departure from the general principles on which our permanent settlements are based.

"Secondly, we propose to provide £40,000 (recurring) for the remission of a number of miscellaneous contributions which local authorities at present pay to Local Governments as a return for services rendered by the regular provincial establishments, but

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in regard to which it is held that no recovery need hereafter be made. This is a step which follows a recommendation of the Decentralisation Commission, and I may be allowed to express my personal satisfaction at being able, in another capacity, to take a share in making the Commission's recommendation effective and in doing away with a number of troublesome, and in some cases questionable, recoveries which affect a large number of local bodies.

"Thirdly, we propose to make recurring grants of £60,000 for Education, and £40,000 for Sanitation. I need not say that it would have been a great satisfaction to the Government of India if financial conditions had permitted of a larger grant in aid of these primary objects of our policy. We fully recognize the necessity of adequate provision for the increase in expenditure which the great advance now being made in Education and Sanitation must inevitably entail. But Honourable Members will recognize, I think, that in a year like the present it is not practicable to go further than is now proposed as regards Imperial allotments.

"The great bulk of these grants, which aggregate £240,000, will be adjusted through the Land Revenue head, and I have therefore thought it convenient to deal with them here. But a portion, namely, the sanitation grant of £40,000 and £7,000 out of the Education grant, will be held in reserve for the present, and must therefore on technical grounds be treated as an addition to Imperial expenditure.

"25. I return, after this digression, to my task of explaining the principal improvements of revenue. The next head requiring mention is Stamps, under which an advance of £184,000 is expected, representing normal growth. Bengal and Madras are the chief contributors to this improvement, of which £68,000 falls to Imperial.

"The Excise revenue of the current year shows the large advance of £629,000 upon that of 1912-13. This is a head which is specially liable to be affected by adverse agricultural conditions, and in the circumstances of the coming year we have taken credit for a more moderate rate of increase, the improvement anticipated being £242,000, of which the Imperial share is £90,000. The bulk of the increase will be obtained in Madras.

"26. *Provincial Heads.*—I need only mention here that under Provincial rates, there is a nominal falling off of £149,000 which represents the disappearance of the credit in the United Provinces to which I referred in dealing with the Revised estimate. Instead of levying contributions from local boards and then repaying them by additional grants as in 1913-14, the Local Government will in future neither make the recoveries nor have to refund them.

"27. *General.*—Taking our revenues as a whole, we are budgeting for an aggregate increase of £771,000, of which the Government of India obtain £652,000 and the Provincial Governments £129,000. It is difficult to summarise without repetition the complicated facts which lie behind this bare general result, but there are one or two circumstances to which I should like to give some prominence. In the first place, it is satisfactory to note that almost every one of the larger heads contributes materially to the net advance. Secondly, the circumstances of the coming year to some extent obscure the real value of our State railways as a revenue producing asset. We have to budget with special caution as regards receipts, and to allow on the present occasion for a material addition to working expenses. Thirdly, much of the large increase under land revenue is indicative merely of recovery from the depression of the current year and does not represent a further advance. But reading the figures as a whole in the light of the facts which they represent, I think it is manifest, as I said in dealing with the Revised estimate, that they point to sound and stable fiscal conditions.

### *Expenditure.*

28. The aggregate Imperial and Provincial expenditure for which we propose to provide in 1914-15 is £38,962,000, or an increase of £3,287,000 above the expenditure of the current year. The increase under Imperial heads amounts, however, to £690,000 only, the remainder occurring under Provincial, and being due in the main to drawings on the abnormally large balances at present in the possession of Local Governments. I append a comparative statement as before. I may add that, with the experience of the current year in view, I am personally a little sceptical as to the provinces being able to spend as much as they anticipate, and notably under Education and Medical. They are however sanguine on this point, and as the

matter does not affect the Imperial surplus or diminish our balances unduly, we have accepted the estimates as they now stand.

[ In millions of £ ]

	REVISED, 1913-14.			BUDGET, 1914-15.		
	Imperial.	Provincial.	Total.	Imperial.	Provincial.	Total.
EXPENDITURE:						
1. Opium . . . . .	1-070	...	1-070	658	...	658
2. Military Services . . . . .	21-399	...	21-399	21-886	...	21-886
3. Interest on Public Debt. . . . .	8-437	876	9-313	8-669	106	9-575
4. Interest on Capital of Companies. . . . .	1-973	...	1-973	2-187	...	2-187
5. Subsidized companies; payments for labd. . . . .	0-80	0-02	0-82	1-93	0-01	1-94
6. Miscellaneous . . . . .	3-86	2-63	6-09	1-78	3-95	5-73
7. Land Revenue . . . . .	3-18	3-666	3-984	3-42	3-841	4-183
8. Forest . . . . .	0-81	1-095	1-176	0-87	1-261	1-348
9. Police . . . . .	2-13	4-623	4-866	2-67	4-936	5-203
10. Education . . . . .	1-19	3-123	3-242	1-64	3-836	4-000
11. Medical . . . . .	1-42	1-236	1-378	1-84	1-701	1-885
12. Civil Works . . . . .	1-092	5-954	7-046	1-108	6-347	7-455

" 29. *Heads mainly Imperial.*—The decline of £412,000 under Opium expenditure is dealt with in the separate section on that subject; as also the increase of £487,000 under Military Services.

" The interest on our Public Debt increases every year as new loans are raised, and with the heavy borrowings which we contemplate in 1914-15 we have to provide for an addition of £262,000 for interest on the Public Debt proper, the bulk of which falls on Imperial, as well as for £214,000 more (entirely Imperial) in connection with that portion of the Secretary of State's borrowing transactions which he effects through the agency of companies working State lines. The railway estimates also include an additional provision of £112,000 for the purchase of land for Branch line Companies.

" 30. *Divided Heads.*—Under Miscellaneous there is a decrease of £168,000 under Imperial, mainly accounted for by the non-recurrence of the exceptional payment of £200,000 which we have had to make in the current year in connection with the Bangalore surplus. The increase of the Provincial expenditure under this head includes some allowance for the remission of *takavi* loans and other indirect famine expenditure; and also provision in respect of the remission of miscellaneous contributions from local bodies to which I have already referred in reciting our new budget proposals, and which, as there stated, is made up for by an Imperial contribution under the Land Revenue head.

" 31. *Heads mainly Provincial.*—Under 3.—Land Revenue, there is an increase of £199,000, of which £175,000 is Provincial. This latter increase is distributed among the Provinces generally, the principal single item being a lump grant of £42,000 in the United Provinces for the revision of ministerial establishments.

" The Forest expenditure shows an increase of £172,000, of which a large part is due to a special scheme for the supply of railway sleepers in the United Provinces and is represented by counterbalancing receipts.

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" Under Police, there is also a large increase, £337,000. This again is spread over every province, but a large part is due to provision for a number of reforms in Bengal, and for the provincialization of village police in Oudh, which had to be deferred in the current year.

" The increases, aggregating £1,674,000, under Education, Medical and Civil Works will be considered in the special section devoted to these heads.

" The Budget also includes substantial provision for famine relief expenditure, the funds for the Imperial share of this outlay being found, as in the current year, by diverting the normal provision for reduction or avoidance of debt. The figures will be given in the separate section on this subject.

" 32. I now turn to certain heads which require special comment.

### A.—Military Services.

" 33. To commence with, I present the usual statement showing the gross and net expenditure on Military Services for the coming year and the four years preceding.

	Gross.					NET, i.e. DEDUCT- ING RECEIPTS.
	Army.	Marine.	Military Works.	Special Defences.	Total.	All Military heads.
	£	£	£	£	£	£
1910-11 . . . . .	19,181,780	445,807	900,437	7,987	20,486,071	19,265,042
1911-12 . . . . .	19,536,546	450,728	909,657	4,706	20,901,637	19,558,580
1912-13 . . . . .	19,576,526	479,928	887,379	9,267	20,953,100	19,565,466
1913-14 (Budget) . . . . .	19,555,900	478,800	949,100	24,500	21,007,800	19,646,800
1913-14 (Revised) . . . . .	19,920,300	498,700	955,900	24,300	21,399,200	20,019,400
1914-15 (Budget) . . . . .	20,269,100	521,900	1,062,100	33,000	21,886,100	20,500,000

" 34. There is thus a net increase of £373,000 in 1913-14 over budget anticipations, the result of a rise of £19,000 in receipts and of £392,000 in gross expenditure. The increased expenditure is mainly due to the fact that when fixing the budget estimate for military food and fodder charges, my predecessor anticipated that, thanks to good seasons, prices would reach a lower level in the current year than had been attained in 1912-13. This anticipation has unfortunately not been fulfilled; and under this particular item we are £338,000 worse than the budget. There has also been an unforeseen additional expenditure of £43,000 in connection with special services. While the outlay on arms traffic operations has been somewhat smaller than was anticipated, this saving has not sufficed to counterbalance the extra charges involved in the early return of Indian cavalry from Persia, where their cost was partly met by His Majesty's Government, the despatch of reinforcing troops for Muskat, the prolonged employment of work parties on the North-East Frontier and the concentration of troops at Dacca.

" 35. The net Military budget for the coming year has been fixed at £20½ millions, a sum which represents an advance of £481,000 upon the net expenditure now anticipated in the current year and of £853,000 above the standard adopted in framing the budget last March. There are two main reasons for this excess above the budget total for 1913-14. In the first place, we are again faced with a high figure for the provisioning of the army, and have to provide an additional £362,000 on this account, as present conditions evidently point to an even higher scale of prices than those of the current year. Secondly, we have increased the grant for special military expenditure by £423,000, or by about £350,000, if we exclude

certain special store liabilities carried forward from the current year, to meet which we have reduced our ordinary demands for 1914-15 by making advance purchases this year. The main factor in this large addition is the provision of £117,000 more for the purchase of new rifles, a measure of admitted urgency. We have also to provide £85,000 in all for additions to the pay of British Service officers which will have to follow the concessions recently made in this direction at home and which it is proposed to apply, as there, from the 1st January last. Among other large requirements I may mention the provision of a dredger and station ship for the Royal Indian Marine, towards which we have provided £60,000, and military aviation which obtains £23,000 more than in the current year. We also include under special military expenditure the cost of the new cantonment at Delhi. The greater part (£73,000) of the grant of £107,000 for this purpose in the current year has been spent on the acquisition of land: in 1914-15 more rapid progress in construction can be expected, and the total grant is being raised to £193,000.

"The balance of the aggregate provision for special military expenditure will be mainly applied to the supply of army stores and equipment, and to the continuance of building works in progress, with special reference to the improvement of the accommodation of Indian troops and followers, a measure for which £87,000 is again being set aside as in previous years.

"The reasons for proposing a higher standard of expenditure are thus of a readily definable nature, and to some extent, I hope, special and temporary. Our proposals at any rate imply no setting aside of the Army in India Committee's recommendations. We have not yet been in a position to deal with these fully. We shall have to consider them with great care and subject to the fundamental consideration that we cannot, for the sake of any immediate money gain, do anything which would weaken our military position. We have also to await the opinions of Sir Beauchamp Duff whom, I am sure, we shall all welcome very cordially on his approaching return to India to take up the high office of Commander-in-Chief and Army Member.

"Time does not permit me to go into a detailed study of the past course of military expenditure, though the increased outlay which we are now proposing would have made me glad to do so, for, if we look back a few years, we find that it is not unprecedented: in 1904-05 the net expenditure amounted to an even higher figure (£20,896,000).

### B.—Opium.

"36. An important feature of the Financial Statements presented by my predecessor was an account of the position as regards opium. Last year, however, Sir Guy Fleetwood Wilson pronounced the funeral oration of the China trade. We have ceased, it is true, to sell opium for export to that country, but one of the many embarrassing problems raised by our long connection with China in this matter still remains for solution. I refer to the question of the disposal of the stocks of Indian opium which have accumulated in the China ports. These stocks, which amounted to over 26,000 chests at the beginning of 1913, have now been substantially reduced, but over 12,000 chests, representing a large amount of locked-up capital, still remain. This opium has been imported in pursuance of diplomatic engagements which have been faithfully observed on our side; indeed, as the Council is well aware, we have made concessions that went far beyond our original obligations. In China, on the other hand, cultivation still continues in several of the provinces, and vigorous attempts to carry out a prohibitionist policy have no doubt been, there is still a large local demand for opium and a considerable amount of local production. The accumulations of Indian opium are due in fact not to any excess supply, but to impediments which have been placed in the way of their passage into consumption which is legitimate, and provided for by treaty, in areas in which Chinese production still continues.

"37. There still of course remains the much less remunerative trade with other Far Eastern countries such as the Straits Settlements, Hong Kong and the Dutch East Indies. Now that the China export trade has ceased, we can hope to put the balance of the export trade on a more settled footing. As explained by my predecessor, the amount of non-China exports fixed for 1913 was reduced from 13,200 chests—the number exported in 1912—to 9,000 chests only. This was done as a purely temporary measure, with special reference to the immediate situation in China—a situation which

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it does not seem to have affected in any real way. The non-China markets on the other hand have been much disturbed by the drastic curtailment of legitimate supplies, and we have had to turn our attention to that side of the case. In most of these other countries which take our opium the drug is a Government monopoly, its use and sale being governed by regulations and restrictions as in India. The sudden reduction in the supply of uncertified opium naturally put those countries to considerable inconvenience, for they found great difficulty in obtaining sufficient opium to work their monopolies, and were obliged in some cases to make up the deficiency by turning to Persian opium. In deference, therefore, to the strong representations of the Colonial Governments, and to prevent an increasing encroachment on our remaining markets, we decided to revert in 1914 to the number of chests (13,200) which were exported in 1912. This number, so far as our information goes—and the change was not made without careful consideration based on the most reliable figures available—is not in excess of the legitimate requirements of these countries, and it is indeed actually less than the amount which we were selling to them a few years back.

“ We estimated that the 9,000 chests to be sold during the current financial year would realise on an average R1,800 a chest. The disturbance of trade expectations caused by the drastic reduction of the sales caused, however, a large though temporary inflation of prices, and at the sale held in April 1913, R3,011 per chest was realised. Thereafter the market remained unsettled, and prices, though still high, were extremely fluctuating, but with a general downward trend, until the announcement of our intention to revert to an export of 13,200 chests during 1914, when a heavy further fall occurred. On the whole we anticipate that an average price of R2,066 will be realised during the financial year, and the improvement of £161,000 in 1913-14 to which I have already referred is due to this cause.

“ As regards the coming year, prospects are still very uncertain, and in estimating for 1914-15 we have thought it best to follow closely the indications supplied by recent sales. We have therefore assumed that the 13,200 chests will be sold at an average of R1,600 per chest. This accounts for an improvement of £168,000 over the sale proceeds of 1913-14, which, as already mentioned, represent a much smaller number of chests. The actual increase (£145,000) under the head as a whole is, however, somewhat less, owing to this year's revenue having been enhanced by arrear collections.

“ 38. My predecessor mentioned last year that it had been decided to compensate the Malwa States for the premature closing down of the China trade by purchasing from them the amount of opium by which their exports to China in 1913 might fall short of the number of chests which had been assigned to them in our programme for that year. We accordingly purchased some 12,000 chests at an average price of about R650 per chest. Malwa opium is by its constitution unsuited for consumption in the non-China markets, and we are, therefore, endeavouring to utilise the opium so purchased by blending it with the opium grown in the United Provinces, for issue as excise opium. The necessity for such a purchase does not arise in 1914-15 and our opium expenditure is thereby reduced to the extent of £518,000. On the other hand, the long continued rise in the value of agricultural produce generally has compelled us to enhance the price paid to cultivators in the United Provinces for raw opium juice from the rate of R6 a seer, which has been in force ever since 1894, to R7-8 a seer, and the additional expenditure involved by this higher rate, and also by the better yield which is now anticipated, to some extent counterbalances the saving already mentioned. The net result is therefore a decrease in expenditure of £412,000 as compared with the Revised.

### C.—Famine Relief.

“ 39. I have already explained how the faulty distribution and premature cessation of the monsoon have led to famine conditions in certain areas. Fortunately, the relatively limited area of drought, good crops in the previous year, and the increased staying power of the people have rendered the calamity much less serious than it would otherwise have been. In the United Provinces the worst tract comprises an area of 46,000 square miles and 19 million people, and may be taken to include the whole of the Agra, Rohilkhand and Bundelkhand Divisions, and parts of the Allahabad and Lucknow Divisions. The failure of the monsoon in the parts most affected in this tract is worse than in the famine of 1907-08, but stocks are ample and the people are in a better condition to face misfortune, and actual famine conditions have hitherto

been confined to the four districts of Jalaun, Banda, Hamirpur and Etawah. Scarcity has been declared in seven other districts of the United Provinces, but test works have attracted fewer persons than was originally expected, and gratuitous relief in these districts is still on a comparatively small scale. The scarcity area also includes several districts of the Bombay Presidency, but distress is likely to be acute in the Sholapur district only. In the Central Provinces the situation was improved by an opportune fall of rain at the beginning of December, and it is not apprehended that direct relief will be necessary except on a small scale in the districts of Jubbulpore, Saugor and Damoh. Test works have also been opened in the Merwara district in Ajmere, and though actual famine has not been declared in the Punjab, railway concessions for fodder have been granted in the eastern portion of that Province, as well as in other scarcity areas.

"40. The occurrence of famine and widespread scarcity affects our finances in several ways directly, and in many indirectly. In the first place, it involves at once the distribution of agricultural advances on a largely increased scale, and the direct outgoings on this account have already amounted to about ₹125 lakhs, of which the United Provinces have taken 115 and the Central Provinces 7. Secondly, it entails suspensions, and ultimately considerable remissions, of land revenue. In 1913-14 we are suspending altogether ₹85 lakhs, mainly on this account: in 1914-15 the budget provides for further suspensions of ₹33 lakhs, but against this it is expected that, given a favourable monsoon, ₹51 lakhs of the previous suspensions will be recovered. The definite remissions provided for amount to ₹20 lakhs in 1913-14, and ₹54 lakhs in 1914-15. Thirdly, there is the actual expenditure on famine relief in which, as I may explain incidentally, we also include the cost to Government of the reduction of railway rates for the carriage of fodder, this being now an accepted method of dealing with the scarcity of fodder which accompanies famine conditions. Under the head "33—Famine Relief" an expenditure of ₹29 lakhs is anticipated in 1913-14 and ₹45 lakhs in 1914-15 or in all ₹74 lakhs, the greater part of this outlay—some ₹20 lakhs in the current year and ₹35 lakhs in 1914-15—being incurred in the United Provinces.

"41. Then again, on the occurrence of famine, we have to suspend a part of the full provision which we make in normal years for famine insurance. As Honourable Members are aware, out of the million pounds a year devoted to this purpose, half is spent on protective irrigation works and, where necessary, protective railways. This expenditure goes on unchecked during famine times. The remaining half is actually spent, in good years, wholly on productive capital undertakings, being treated in our accounts as utilised in the reduction or avoidance of debt. In a famine year, however, any expenditure on actual famine relief up to a maximum of about £½ million (₹37½ lakhs) is accompanied by a corresponding curtailment of the allotment for reduction or avoidance of debt, and only the balance of the half million remains available for productive capital works. It is expected that the Imperial share of famine relief expenditure will amount to some ₹28½ lakhs in the current year and ₹30 lakhs in 1914-15, a further balance of ₹15½ lakhs being Provincial. Thus, unless these anticipations are disappointed, the outlay on direct famine relief will not, in itself, involve a deterioration in the Imperial revenue account, as the whole of the funds required will be found by diverting a portion of the normal provision for reduction or avoidance of debt. Some small expenditure (£47,000) on famine relief was in fact provided for, in this way, in the current year's Budget.

"42. The figures also illustrate the working of the system of Provincial famine credits. It is too complicated a system for me to describe in detail here. But, as applied in actual practice at a time like the present, it produces this definite result that while the United Provinces, the Punjab, Bombay and the Central Provinces, all expect to have a certain amount of famine expenditure to meet in the current year and in 1914-15, the funds will be found in the last three cases entirely from Imperial resources. In the case of the United Provinces, the first ₹19 lakhs of famine relief expenditure in the current year will be an Imperial charge. This will exhaust the amount now at credit of the Local Government, and provincial resources will have to find about ₹½ lakh in the current year and nearly half the entire expenditure anticipated in the province in 1914-15, i.e., about 15 lakhs out of 85. The Local Governments, though not wholly exempted from responsibility in regard to famine relief expenditure when serious distress occurs, are at any rate relieved of a very large part of the burden which under previous arrangements they were expected to bear unaided.

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### D.—Expenditure from Special Grants (Education, Medical, etc.).

“ 43. The heads of Education, Medical and Civil Works have been reserved for separate consideration for two reasons. In the first place, the bulk of the expenditure of the Local Governments from the special grants given by the Government of India falls under these heads. Secondly, to obtain the true outlay on education and sanitation, it is necessary to take account of the civil works expenditure also, as much of the provision made in successive budgets for the former purposes is eventually transferred, when the expenditure comes to be incurred, to the public works head, and allotted to the construction of schools and other works, or made over to local bodies by direct grants which it is the practice to bring to account as civil works charges. The following table shows the expenditure under these heads from 1910-11 onwards. I have chosen that year as the starting point of the comparison, because it is the last year before these special grants began to be given by the Government of India on a large scale.

[ In thousands of £ ]

	EDUCATION.			MEDICAL.			CIVIL WORKS.		
	Imperial.	Provincial.	TOTAL.	Imperial.	Provincial.	TOTAL.	Imperial.	Provincial.	TOTAL.
1910-11 . . . . .	78	1,778	1,846	78	905	983	714	3,823	4,537
1911-12 . . . . .	58	1,963	2,021	67	1,068	1,135	824	4,619	5,453
1912-13 . . . . .	120	2,490	2,610	185	1,142	1,327	1,124	4,926	6,080
1913-14 Budget . . . . .	144	3,924	4,078	163	1,858	2,021	1,076	5,506	6,582
1913-14 Revised . . . . .	119	3,122	3,242	142	1,236	1,378	1,092	5,954	7,046
1914-15 Budget . . . . .	164	3,826	4,000	124	1,701	1,825	1,108	6,247	7,455

“ 44. It will be seen that since 1910-11 the scale of the expenditure under Education and Medical has practically doubled; and that there has also been an increase of 64 per cent under Civil Works. To illustrate the extent to which this additional expenditure is being financed by special grants, I append the further figures below. These apply to Provincial outlay only, as the increase on the Imperial side, which includes the provision for minor administrations, is, speaking generally, supplementary to the expenditure met from special grants, except that, as already explained, the Imperial figures for 1914-15 include such portions of the new grants as are still undistributed.

#### *Expenditure from special Imperial grants included in provincial expenditure.*

[ In thousands of £ ]

	EDUCATION.	MEDICAL.	CIVIL WORKS.		
			Education.	Medical.	Other objects.
1911-12 . . . . .	144	136	70	40	142
1912-13 . . . . .	488	108	199	222	290
1913-14, Revised . . . . .	920	185	265	341	517
1914-15, Budget . . . . .	1,604	526	252	283	710

“ 45. These figures have been specially compiled for the present purpose, and must not be regarded as claiming absolute accuracy. From this point of view, they are not altogether suitable for inclusion in a Financial Statement, which should ordinarily deal with strict accounts figures. But the matter is one of very great interest, and Honourable Members will, I think, feel with me that it is worth attempting to clear it up in some degree.

“ Taking the two tables together, and comparing 1914-15 with 1910-11, it will be seen that the direct expenditure on Education has increased by £2,154,000. Some further educational expenditure is also included, as already stated, under the Civil Works head, of which £252,000 can be distinguished as it has been incurred from

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the special grants. Thus, there is a known increase, in all, of about £2,406,000. Of this amount £2,315,000 is Provincial, and is being financed to the extent of £1,856,000 from special grants given by the Central Government.

"Similarly, the Medical expenditure, which of course includes sanitation, has increased by £902,000 directly, or £1,165,000 including again the Civil Works portion of the special grants. Of this increase, £1,059,000 is Provincial, and is being financed to the extent of £789,000 from special grants.

"The same data will serve to elucidate the figures under Civil Works. The total increase under this head since 1910-11 is shown to be £2,918,000, of which £2,524,000 is Provincial. Of the latter sum, about £515,000 is provided, as already stated, from the special grants given for Education and Sanitation and £710,000 from special grants for miscellaneous purposes. The remainder of the increase represents a general enhancement of the scale of administrative outlay rendered possible by the favourable settlements now in force.

"46. In thus comparing the Budget provision for expenditure on Education and Sanitation which is found possible in 1914-15 with the standard previously existing; I must guard myself against seeming to regard the higher figures of the coming year as necessarily representing a permanently established standard. That of course is not the case, as the provision for 1914-15 is found to a considerable extent from non-recurring grants, which are likely to be rapidly exhausted if the Local Governments succeed in developing their spending capacity to the extent which they anticipate. I should like to show the Council the actual position on this point. For this purpose I append a further set of figures showing the aggregate special grants made to the provinces during the four years ending with 1914-15, and the margin which will still be left from these special resources at the end of that year. Two preliminary explanations, however, are required on minor points. First, those grants which were announced in March 1911 in connection with the Financial Statement of 1911-12, but technically given in the Revised estimate of 1910-11, are treated as belonging to the year 1911-12, *i.e.*, as coming within the period mentioned, any trifling expenditure from such grants at the close of 1910-11 being of course excluded. Secondly, as I have already explained, a portion of the recurring Education grant of 1914-15 and the whole of the recurring grant for Sanitation remain as yet unallotted, and have therefore to be treated for the present as Imperial. The figures for recurring grants given below will thus be somewhat enhanced when this distribution is made.

[ In thousands of £ ]

	TOTAL GRANTS GIVEN (1911-12 TO 1914-15).		TOTAL EXPENDITURE INCURRED* (1911-12 TO 1914-15).	BALANCE EXPECTED TO BE AVAILABLE ON 1ST APRIL 1915.
	Recurring.	Non-recurring.	Non-recurring.	Non-recurring.
(1) Education . . . . .	756	3,146	2,221	925
(2) Sanitation . . . . .	245	1,687	1,244	443
(3) Medical relief, etc. . . . .	...	58	58	...
(4) Agriculture, etc. . . . .	...	177	169	8
(5) Grants for other special purposes . . . . .	...	1,545	1,325	220
(6) Grants for general purposes ("Discretionary grants"). . . . .	...	667	493	174
<b>TOTAL</b> . . . . .	<b>1,001</b>	<b>7,280</b>	<b>5,510</b>	<b>1,770</b>
<i>Add—Savings on recurring grants during foregoing period (about)</i> . . . . .				108
<b>Total amount expected to be available from special grants on the 1st April 1915</b> . . . . .				<b>1,878</b>

\*Non-recurring figures only are given, as the recurring grants are understood to have now been fully worked up to, any savings obtained from those grants before the corresponding expenditure had been fully attained being added at the foot of the Statement.

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" 47. The figures bring out clearly the fact that the Local Governments have already received very material assistance in regard to the recurring outlay which the progressive policy in Education and Sanitation must entail. For the future, they can rely, first, on the recurring grants already given; secondly, for a time at any rate, on the large unspent balances which they have still in hand, and thirdly on the growth of their own revenues—a factor which must not be entirely neglected. I have already indicated that I hope that next year, if circumstances are propitious, I may be in a position to give stronger practical proof of the Government of India's continued sympathy in this matter. Meanwhile, the large donations already made have gone far beyond the immediate spending power of the Local Governments, and it cannot be said that further advance is being prejudiced for want of funds.

" 48. Incidentally, the foregoing paragraphs and the figures cited therein forcibly illustrate the position brought out in the opening part of my speech, *viz.*, that it is impossible, in present circumstances, to attempt to discriminate too definitely between Imperial and Provincial figures in the Budget synopsis. If we were to look at the first table in this section by itself, it would *prima facie* appear that there had been an enormous increase in Provincial expenditure under Education, Medical and Civil Works; and that the increase under Imperial, though proportionately much the same, had been, in itself, but small. The figures subsequently adduced show, however, that the greater part of the aggregate increase in Provincial expenditure has ultimately come out of grants made from the Imperial exchequer.

### **E.—Financial position of the Provinces.**

" 49. As stated in connection with the Revised estimate, the aggregate Provincial balances on the 1st April next will amount to £9·8 million, and as the budget provides for overdrawing to the extent of £3·2 million, the closing balance on the 31st March 1915 becomes £6·6 million. For details, I would refer to Statement D (Financial Statement). I also draw the attention of the Council to a statement at the end of the Financial Secretary's memorandum, which gives a bird's-eye view of the financial position of each province, exhibiting receipts and expenditure as well as balances. These statements afford further evidence of what I have more than once drawn attention to, the prosperous condition of the provinces. The only further remark I have to make is that the provinces constituted by the redistribution arrangements announced at the Delhi Durbar, *viz.*, Bengal, Bihar and Orissa, and Assam are at present on temporary financial settlements. These are to be revised and put on a permanent basis from the 1st April 1915, when sufficient time will have passed since the constitution of the provinces in question to enable such a step to be safely undertaken. The necessary investigations will be made during the coming year.

### **Capital expenditure—General review.**

" 50. I now turn to a different subject. I have dealt so far with the revenues of the current and the coming years and with the administrative expenditure charged against them. But, as Honourable Members are well aware, there is a large field of governmental activity outside the revenue account. Every year heavy capital expenditure is incurred on Railways and Irrigation works, to which the construction of new Delhi has now been added. There are also other non-revenue issues as, for instance, when we repay temporary debt, or grant loans to local bodies or agriculturists, or authorise the Local Governments to draw on the balances which they bank with us. All these undertakings and obligations have to be financed. The subject has sometimes perhaps been regarded as technical or of secondary importance. On this occasion, however, it presents the most critical problem which we have had to face in framing the financial arrangements of the year.

" 51. In our revenue budgets we can rely in ordinary years upon inherently progressive revenues from which to meet our ever-growing expenditure. In the case of the capital budget, if I may so call it, we have, again, to provide for expanding expenditure. There is a strong and natural demand for increased outlay on productive railways and irrigation works, and that demand has our fullest support. But it has to be clearly realised that the corresponding assets are not themselves automatically expanding. To a large extent, indeed, they may almost be described as fortuitous, and it is a mistake to expect that our productive capital expenditure can go up by leaps and bounds. We

must be well content if we can make some advance from time to time, and meanwhile secure the ground which has been gained.

"52. The circumstances of the coming year illustrate this in a striking way. My predecessor was able to provide in the present year for a railway programme of £12 million, and the announcement made sometime ago that this figure will be repeated in 1914-15, has perhaps been regarded as merely the natural and normal course for us to take. Conditions to-day, however, are totally different, and the question whether we could in fact finance such a programme has been a matter of no little anxiety to the Secretary of State and to ourselves. The change in the situation can be summed up in a sentence. On the 1st April 1913 my predecessor could count on £6½ million more in balances than we can look for on the 1st April next; on the other hand, the capital obligations, apart from railways, which he undertook in 1913-14, were about £1½ million more than those provided for by us in 1914-15. Thus we start at a net disadvantage of no less than £5 million: the actual difference would in fact have been £6½ million were it not that the Secretary of State has anticipated a portion of his borrowing programme for the coming year by floating a loan of £2 million through the Bengal Nagpur Railway Company in January, more than £1½ million of which will go to swell his closing balance for the current year. I shall deal with the permanent significance of this deterioration of our ways and means position, later, and will merely remark at this point that it is not primarily the outcome of an unfavourable monsoon; it was in fact part of the original budget arrangements to draw on accumulated balances to the extent of £11 million and so work down to a normal figure. Thus the problem which faced us was not an unexpected one. In the case of 1914-15 it meant this: how could we make good the defect of £6½ million to which I have just referred? More generally, and looking a little beyond the year which is just ahead of us, can we expect to finance a railway programme of £12 million at all except in years when we happen to receive abnormal assistance from balances, i.e., from unexpectedly large surpluses, from heavy lapses, and so forth?

"53. Our present decisions are three-fold. First, as I mentioned above, we have decided to maintain the £12 million railway standard. Secondly, the Secretary of State has agreed to borrow, directly or through Railway Companies, about £8 million in England for the requirements of 1914-15—and, as just stated, has already raised a part of this sum—as against £3 million of sterling borrowing budgeted for in the current year; and we hope to borrow R5 crores in India as against R3 crores in 1918-14. Thirdly, we are taking steps to attract increased deposits through the Postal Savings Banks. I should like to say something on each of these points, which constitute the principal departures of policy announced in this Financial Statement.

"54. First as regards the railway programme. We are extremely reluctant to go back, even temporarily, on a standard once attained, notwithstanding that that standard was only reached this year, and under totally exceptional conditions. Whether it will be possible to maintain it in subsequent years I do not know and can in no sense guarantee. I can only assure the Council of my earnest wish to do so, if it should be practicable. I must also warn them, however, of the difficulties implied. This figure involves a large advance on anything we have really been accustomed to in the past. From 1908-09 to 1912-13 inclusive, the average budget provision for railway capital expenditure was something under £10 million, and there was no observable tendency in this period to any progressive increase. The actual expenditure—and this is an important point—was considerably less. It averaged only about £8½ million, the lapses in one year going to swell the budget provision of the next. The Railway Board have lately given great attention to this question of avoiding lapses. They feel—and I agree with them absolutely—that it is far more important to spend the money they get in the year for which it is allotted than to count on getting some of it again a year later. As a result of this, there was fairly full expenditure in 1912-13, and in the current year we expect that the budget grant will be fully utilised, and indeed somewhat exceeded. Accordingly, when we now budget for a programme of £12 million, we anticipate that it will be spent; and the point which I put forward is that in arranging to finance so high a programme, under conditions which give us little abnormal and fortuitous help, we are really advancing the effective standard of railway capital expenditure in two ways. We are in the first place raising our budget provision to a level attained for the first time this year, and secondly we have made arrangements which debar us from counting on any material lapse in that figure.

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" 55. Next as regards our borrowing programme. The rupee loan of 5 crores which we propose to issue represents a record demand on the Indian loan market. The highest figure yet reached was 4½ crores in 1906-07, and after that there was a reaction which culminated in a loan of 1½ crores only in 1910-11. Since then there has been some advance, but it is only during the last two years that we have reached as much as 3 crores again. In some quarters it may be thought that existing conditions hardly warrant such a big step forward as that which we propose to take, but to this I would reply that the loss of confidence in banking deposits and investments at alluring rates of interest, which the present crisis has brought about, must tend to increase the demand for—to use a convenient term—gilt-edged securities. Now the only competitors we in India have in this field are the loans issued by the Presidency Municipal Corporations and Port and Improvement Trusts. In England, on the other hand, India sterling stock is subject to the competition of a great variety of issues of like character, and as evidence of the material difference which this circumstance has brought about, I may cite the fact that although the Secretary of State has abstained this year from any direct borrowing, he did allow borrowing through companies the price of our sterling securities at Home has for some time stood materially below the quotations for our rupee paper, whereas formerly the relative position used to be the other way. An increase in rupee borrowing is therefore justified not merely by the general considerations which prompt every country to keep as much of its public debt as possible in the hands of its own people, but by the fact that of late it has been more economical to borrow in India than in London. I may point too to the fact that the marked success of our loan this last year showed that the Government would have been justified in applying to the Indian market for a larger sum. Having regard to these considerations, and after consulting those to whose advice we naturally look in these matters, we have determined to make the important advance that I have indicated, believing that in present circumstances we ought to obtain greater assistance from Indian capital towards our productive outlay even though we may have to pay somewhat more for it in the shape of the price of our loan.

" 56. As regards sterling borrowing, the position is, as I have said, materially different at present, and the amount which can be expediently raised in London in any particular year must be left to the judgment of the Secretary of State and his expert advisers. I may say that he, like ourselves, is fully conscious of the desirability of obtaining as much money as possible for productive purposes in the shape of loans, and this is shown by the statement I have already made as regards next year's Home borrowings. I can give no assurance, however, that borrowing on the scale now proposed will be feasible in future years. That must depend on a variety of circumstances which cannot be prognosticated. One consideration, of which the force will be generally recognised, is that the Secretary of State cannot in any one year undertake to issue loans on so large a scale as to create the risk of injuring the market for his loans in subsequent years. For the practical decisions required each year a great deal of skill, vigilance, and experience are necessary; and regard must be paid to the fact that market conditions change sometimes with dramatic suddenness, as was witnessed, for instance, at the beginning of February, when there was a sudden boom in gilt-edged securities which sent our sterling paper up several points. But the general principle, recognised alike by the Secretary of State and the Government of India, is that our borrowing policy must be one of reasonable courage tempered by reasonable caution, and I lay equal stress on both these factors.

" 57. I am of course not unmindful of the fact that the Mackay India Office Committee of 1907-08 recommended that the programme of capital expenditure on railways should be fixed at £12½ million per annum, and that this decision was endorsed by the Government of India and accepted by the Secretary of State. I must point out, however, that in calculating the resources which would be required in order to finance a capital expenditure programme of this amount the Mackay Committee postulated that the Secretary of State would be able to raise sums averaging £9 million per annum in England either directly or through Railway Companies. But of late years the circumstances of the market have been such that the Secretary of State has been quite unable to comply with this anticipation. Thus in 1910-11 his net borrowings, including Companies' transactions, amounted to £5 million only.\* In

\* I arrive at 'net borrowing' by deducting from the total sums raised in a year the amounts necessary for the repayment at maturity of India bills, India bonds, and debenture bonds originally issued by Guaranteed Railway Companies whose contracts with the State had been determined by purchase or otherwise.

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1911-12 the net borrowing was *nil*, while in 1912-13, as against £3½ million raised, £6,500,000 were paid off. Further, among the assets which the Mackay Committee took into account was £1 million per annum from net profit on coinage, to be diverted from the Gold Standard Reserve and devoted to capital outlay. It was subsequently decided, however, for reasons which were fully explained in correspondence laid before the Royal Commission on Indian Finance and Currency, that the use for this purpose of part of the profits of coinage should be postponed until the Gold Standard Reserve had risen beyond its present level: and we have thus lost another asset on which the £12½ million Railway programme was dependent.

“ 58. Our third decision relates to the Postal Savings Banks. Until some three years ago, the highest sum which a depositor might place in the Savings Bank in a single year was R200. This was a gross amount, *i.e.*, quite independent of the sums withdrawn in the year. In January 1911 this limit was raised to R500, and the effect has been very striking. The annual deposits have greatly increased, and it is clear that the concession has added to the practical utility of the Savings Bank system. We propose now to go further in the same direction by raising the limit on annual deposits from R500 *gross* to R750 *net*, and also to raise the total amount a man may hold in ordinary deposit at the Post Office from R2,000 to R5,000, other consequential changes, which I need not detail, being also made. We are not relying upon immediate help in the coming year from this measure in financing our capital undertakings, and we are not yet in a position to estimate the actual amount of additional deposits which it will bring in. I regard it however as a valuable, though subsidiary, means of fortifying our position in the future; and it is independently justified by the evidence we have that small depositors whose apprehensions have been roused by the recent banking crisis are already seeking the security which the Government Savings Bank system affords.

“ 59. So much for the coming year. Honourable Members will ask—and I have naturally asked myself—what we are to expect later on. Are the less favourable conditions of the moment likely to prove permanent? This is a question to which I think no categorical answer can be given. But the matter is certainly worth examination. In the first place, we have obtained in the last few years a series of unexpectedly large surpluses, largely from Opium windfalls. These windfalls have now ceased, and to that extent at any rate future prospects are less favourable. Then, again, the whole period of my predecessor's régime was, broadly speaking, one in which the Provincial Governments were building up ever-increasing balances, partly through the unexpectedly rapid growth of their own revenues and partly through Imperial subventions. On the 1st April 1909 these balances stood at £2½ million; by the 1st April 1913 they had risen to £10½ million. These balances are now likely to be rapidly spent. The effect on our ways and means position is precisely parallel to what happens when a depositor in a bank gradually accumulates a large deposit and then begins to draw on it freely. The bank's own operations, if this were done on a sufficiently large scale, would largely expand during the period of accumulation, and would have to be correspondingly curtailed when the period of withdrawal began. This of course must be a temporary phase, for no Local Government can persistently overspend. But the Provincial balances are still very high, and it may be two or three years before we get back to a normal state of things. Thirdly, as I have already explained, when we budget for a big Railway programme, we must now expect that the grant will be very fully spent. All these factors must tend to check the accumulation of balances and the expansion of our capital programmes in the near future.

“ 60. On the other hand, we are now in a very favourable position as regards the discharge of debt. The payments on this account during the five years ending with the current year have averaged close on £3 million a year. In particular the Secretary of State, thanks to the possession for the time being of large balances, was able between the years 1910-11 and 1912-13 to repay, to the extent of £6 million, India bills which had been issued in 1907-08 and 1908-09, to cope with the special adverse conditions then existing in connection with a large deficit and the exchange crisis. He has also paid off a considerable amount of debentures on certain railway lines which had been purchased by Government. So far therefore we have our hands materially strengthened as regards the future. In the coming year we have to set aside only £694,000 for discharge of debt, and this amount is not likely to be appreciably increased hereafter.

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Another factor which has gone to swell the surpluses of the last two or three years has been the unexpectedly rapid growth of railway revenue; and as we have to estimate with reasonable caution under this difficult head, the same result may, let us hope, recur. Here, perhaps, we may let the question rest at present. With the prospect of several years of office before me, I do not want to go too far in the direction of prophecy. I think I have said enough to justify the importance which I attach to this portion of the Financial Statement, and the claims which it has upon the attention of the Council; and, having thus dealt with the questions of policy involved, I will now pass on to the more ordinary aspects of the subject.

*Revised Estimate, 1913-14.*

“ 61. I compare below the budget programme of capital and other non-revenue issues in 1913-14 with our present estimate of the actual outlay :—

	Budget, 1913-14.	Revised, 1913-14.
	£	£
Capital outlay on—		
(a) Railways . . . . .	12,000,000	12,167,000
(b) Irrigation . . . . .	1,467,000	1,330,000
(c) Delhi . . . . .	1,333,000	505,000
Repayment of railway debentures, India Bonds, etc.	1,868,000	1,878,000
Outlay from Provincial balances . . . . .	2,913,000	741,000
Local loans account, Imperial and Provincial . . . . .	106,000*	605,000*
TOTAL . . . . .	19,887,000	17,226,000

“ I have already touched on the most salient features of this comparison : that is, the full expenditure on railways, the heavy lapses in the provision for Provincial drawings, and the large payment in discharge of debt. The revised estimate under railways shows indeed a slight increase over the budget, due to a decision to regrant to a certain extent the lapses of the preceding year. A heavy lapse also occurred in the provision for new Delhi, the progress there being less rapid than my predecessor had anticipated. The last entry in the above table includes in the Revised the larger net *takavi* advances for famine purposes : their full effect has been partly counterbalanced by smaller issues or larger recoveries in non-famine tracts.

“ 62. I have also mentioned that this programme was to be financed to the extent of £11 million from the surplus cash balances accumulated in previous years. Apart from this, my predecessor looked forward mainly to the provision (in round figures) of £1½ million from the Imperial surplus of the year; £2 million from the rupee loan, and £3 million from sterling borrowing by companies working State lines; £1½ million from unfunded debt transactions, these, as already stated, being to a large extent receipts of the Post Office Savings Bank; and about £½ million from that portion of the famine insurance grant which can be set aside in prosperous years for the reduction or avoidance of debt. These anticipations have not been exactly fulfilled. Savings Bank deposits have improved by about £¼ million more than was anticipated, owing largely to the stimulus given by the loss of confidence in other investments as the result of the banking crisis. The allotment for reduction of debt has been reduced by the necessity for diverting a portion of the funds to actual famine relief expenditure. Also, owing to the heavy lapses in expenditure and improvements in Provincial revenues, our aggregate cash balances were drawn upon to the extent of about £6·7 million only — a figure which would have been £8½ million but for the addition obtained from the recent issue of railway debentures. Thus we open the coming year with some surplus cash in hand.

\* The figures here represent net outgoings.

*Budget Estimate, 1914-15.*

" 63. The following statement indicates our capital programme in the coming year and the funds on which we rely for financing it :—

<i>Outlay.</i>	£ : Million.	<i>Assets.</i>	£ : Million.
Capital outlay on (a) Railways . . . . .	12·0	From balances† . . . . .	4·6
(b) Irrigation . . . . .	1·2	Imperial surplus of 1914-15 . . . . .	1·3
(c) Delhi . . . . .	·7	Rupee loan . . . . .	3·3
Repayment of India Bonds, etc. . . . .	·7	Sterling borrowings . . . . .	6·2
Outlay from Provincial balances . . . . .	3·2	Unfunded debt . . . . .	1·8
Local Loans Account, Imperial and Provincial . . . . .	·1*	Famine insurance allotment (·2) and minor items . . . . .	·7
<b>TOTAL</b>	<b>17·9</b>	<b>TOTAL</b>	<b>17·9</b>

"Our aggregate capital commitments will thus amount to £17,939,000 or practically £18 million. It will be seen that while maintaining the railway programme at this year's figure, we make a reduced provision for productive Irrigation works (£1,200,000) and for the construction of the new capital at Delhi (£667,000). The allotments proposed are, however, in each case, as much as our technical advisers consider that they can spend. I have already referred to the large provision we have again to make for Provincial drawings and to the satisfactory position in regard to the repayment of debt.

"As regards the assets, the only further point which remains for me to notice is the reduced provision from the famine insurance grant, which is mainly due to the continued necessity for applying a portion of the usual allotment to the direct relief of famine.

"I have also to add that the announcements made as to our intended borrowings at Home and in India are subject to the usual reservation that the amounts may be varied later on if circumstances render this advisable.

"64 I now proceed to add some special remarks on the three main heads of capital expenditure.

**A.—Railways.**

"65. The following statement gives the figures of railway capital expenditure on State-owned lines included within the railway programme for the coming year and the four years preceding :—

	1910-11.	1911-12.	1912-13.	1913-14 (Revised).	1914-15 (Budget).
	£	£	£	£	£
Open Lines including Rolling Stock . . . . .	5,002,843	5,058,390	7,184,200	10,000,600	10,612,500
Lines under construction —					
(a) Started in previous years . . . . .	2,055,264	2,403,853	2,658,700	2,004,000	1,320,900
(b) Started in current year . . . . .	387,821	452,150	103,200	162,100	66,600
	<b>7,445,928</b>	<b>7,914,393</b>	<b>9,896,100</b>	<b>12,166,700</b>	<b>12,000,000</b>

\* This figure represents net outgoings.

† Including the £1½ million (about) obtained this year for next year's programme through the Bengal Nagpur Railway's debenture issue already referred to.

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"66. I have already dealt fully with the considerations which have governed the fixing of the next year's grant and the financing of it. The greater part of the money included within the railway programme is as usual devoted to the improvement of open lines and rolling stock.

"The bulk of the amount set aside for the advance of lines already under construction is allotted to the Lower Ganges Bridge (₹47 lakhs), the Burdwan-Howrah Railway (₹39 lakhs), and the Itarsi-Nagpur Railway (₹35 lakhs), while smaller amounts go to the Bhairab-Tangi Railway, the Southern Shan States Extension, and the Bombay Harbour Branch extension of the Great Indian Peninsula Railway and other schemes. We estimate that, on this basis, we shall have in all 26,466 miles of railway in which the State is directly interested open on the 31st March 1915, against 26,172 miles at the end of the current year, and 24,873 miles 4 years ago. These figures may perhaps seem to indicate unduly slow progress in railway extension. It has to be remembered, however, that the new construction here referred to is that of State-owned lines covered by our railway programme, and the figures take no account of the operations of private companies such as those created under the branch line terms which are now giving such a welcome stimulus to private enterprise. During the current year, the new lines sanctioned under these terms and the new feeder lines financed by District Boards in Madras comprise seven different undertakings, with a total intended mileage of 292; and there is ample reason for anticipating a similar development in 1914-15. The total addition to the railway mileage of the country obtained during the last five years by utilising agencies whose operations are excluded from our railway programme has been 1,131 miles. Of this mileage about three-fourths has been constructed by companies floated on branch line terms, while the payments which the Government have had to make by way of rebate or in pursuance of a guarantee have been insignificant. An important condition of this method of extending the Indian railway system is that the branch line companies must be floated in India on a rupee basis: their increasing popularity thus affords a valuable means of supplementing our State railway programme and of relieving our direct demands upon the London money market.

"67. On the whole, I think our critics have no reason to be impatient. A considerable advance is being made as regards direct programme outlay, while the operations under the revised branch line terms may be regarded as practically a new development and already a very promising one. The following figures show the capital outlay on all State lines up to the end of each year from 1910-11, and the net return obtained after deducting working expenses and interest charges:—

[ In thousands of £ ]

	1910-11.	1911-12.	1912-13.	1913-14.	1914-15.
Capital outlay to end of each year	300,996	308,961	318,903	331,083	343,036
Net profit from railways during the year after meeting all charges including interest.	2,017	3,788	4,803	4,650	3,921
Percentage of net profit to capital outlay	·67	1·23	1·51	1·40	1·14

"The net profit has thus varied from about  $\frac{3}{4}$  per cent to  $1\frac{1}{2}$  per cent in the years mentioned. In 1909-10 it amounted to  $\frac{1}{2}$  per cent only, and in 1908-09 it disappeared and was replaced by a deficit. My predecessor uttered a warning on this subject last year, and I need not repeat what he then said. Briefly, although the net profits we have derived from railways in recent years are *per se* imposing, they represent but a small margin of profit on the total capital involved, and that margin may be materially affected by trade or climatic circumstances beyond our control. In fact, as I have already remarked, now that we are free from the vagaries of opium, the net railway receipts form the portion of our budget which it is most difficult to forecast with exactitude, or rely on with certainty. On the other hand, it is right to remember that the foregoing figures include some capital outlay on protective railways and also that the interest charges taken into account in this calculation include certain annuity and sinking fund payments which are really of a capital

nature, amounting as they do to the discharge of debt. If calculated on a strictly commercial basis, the percentage of net profit would thus be somewhat higher than these figures indicate.

"68. It is urged by some critics that the railway profits ought to be employed on improving and enlarging our railway estate. The answer is that this is, as a matter of fact, what we have done. If we take recent years, the total amount which we have devoted towards our capital programme from current revenues, and from balances which represent previous revenue surpluses, much exceeds the amount of profit which the railways have given us. On the other side, it may be urged that this policy is an undesirable one, and that in view of the productive character of railways and irrigation works we ought to find fresh capital outlay therefor exclusively, or at any rate more largely, by borrowing. That is a proposition for which theoretically there is much to be said; but as I have endeavoured to show previously, its application as a matter of practical policy in recent years would have very materially curtailed the development of railways which we regard as a primary necessity of the economic development of the country. Admitting too that revenue surpluses ought eventually to be applied to the benefit of the community, it does not follow that benefits of this character should be exclusively confined to reduction of taxation, or expenditure on such matters, important as they are, as education and sanitation. The community is equally benefited by an extension of railway facilities which expands trade, mitigates the effects of famine and adds to the personal convenience of Indian travellers. It seems to me that in this matter we must avoid doctrinaire considerations on either side, and take the course which existing circumstances indicate as the most expedient.

### B.—Irrigation.

"69. The financial position of our great irrigation undertakings may be gathered from the following table, which brings up to date the information given in previous Financial Statements. The figures are in thousands of pounds.

Particulars.	1910-11.	1911-12.	1912-13.	1913-14. (Revised.)	1914-15. (Budget.)
<i>Productive Works.</i>					
Capital outlay to end of each year	30,336	31,929	33,347	34,693	35,907
Total receipts, including land revenue due to irrigation	3,407	3,602	4,065	4,184	4,182
Total expenses, including interest on debt	2,085	2,163	2,263	2,319	2,374
Net profit	1,322	1,499	1,802	1,865	1,808
Percentage of net profit to capital outlay	4.35	4.70	5.40	5.37	5.03
<i>Protective Works.</i>					
Capital outlay to end of each year	3,444	3,804	4,205	4,754	5,277
Total receipts, including land revenue due to irrigation	59	71	81	108	101
Total expenses, including interest on debt	140	165	188	214	240
Net loss	81	94	107	106	139
Percentage of net loss to capital outlay	2.35	2.48	2.55	2.23	2.63
<i>Minor Works and Navigation.</i>					
Direct receipts	229	247	266	261	276
Expenditure	878	830	842	913	970
Net loss	649	589	576	652	694

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"70 Taking productive and protective works together, on the 31st March 1913, 60,488 miles of main and branch canals and distributaries had been constructed, which will, it is expected, be increased to 61,582 miles by the end of the current year. They commanded an area of more than 50 million acres of culturable land, of which nearly 24 million acres were irrigated in 1912-13 and an almost equal amount during the present financial year. It will be observed that while the percentage of net profit on productive works continues large, it has somewhat diminished of late, owing to recent projects not having yet had time to afford their ultimately expected return and to relatively less remunerative schemes being now undertaken. A similar explanation applies to the increasing net loss under protective works.

"71. In addition to the canals in operation, there are 43 projects which are either under construction, awaiting sanction, or being examined by the professional advisers of Government. Of these 5 are minor works. The major works, of which 18 are productive and 20 protective, are designed to irrigate nearly 10 million acres at a total cost of nearly £38 million.

"72. Although no important projects were sanctioned during the year, satisfactory progress continues to be made with the works under construction. Of the three branches of the Punjab triple canals project, the Lower Bari Doab canal was opened in April 1913. The Upper Jhelum canal is practically complete except for the head-regulator and rock-cutting at Mangla, and will, it is hoped, come into operation in the autumn of the present year. The third branch in the link, *viz.*, the Upper Chenab canal, was opened by His Excellency the Viceroy in April 1912.

"The Upper Swat River canal in the North-West Frontier Province is nearing completion and will be opened in April next. The great tunnel which conveys the supplies of the main canal of this system through the Malakand hill was finally pierced last September. This tunnel is more than two miles long and has taken 4½ years in construction. Good progress has also been made with the various irrigation works which are being undertaken in other parts of India, the principal of which are the Tandula and Mahanadi canals in the Central Provinces, and the Godavari, Pravara and Nira Right Bank systems in the Bombay Deccan. In the Punjab experiments are being made in order to demonstrate the practicability or otherwise of making canal channels waterproof by lining certain reaches where excessive leakage now occurs, and if they are successful, valuable water which is at present lost will be available for an extension of irrigation.

"73. Of the works under consideration, it has been decided not to proceed with the Sukkur Barrage and the Rohri canal project as at present designed. The Cauvery Reservoir and the Sarda-Ganges-Jumna feeders projects, are still awaiting the settlement of various points in which the Native States are interested. The Kistna Reservoir project is undergoing further investigation. In the Punjab, surveys are now in active progress with a view to the preparation of a detailed project estimate for the great Sutlej valley scheme, a work which contemplates the utilisation of the waters of the Sutlej and Beas rivers for the improvement of the supplies of the several inundation canals now dependent on the former river, and for an extension of irrigation into the desert tracts lying to the south. Investigations are also being made into the possibility of constructing a large storage dam at Koch, in the Nahan State, to supplement the supplies of the Western Jumna Canal.

### C.—Delhi Expenditure.

"74. The expenditure chargeable to the capital head "51.—Initial Expenditure on the New Capital" during the current year will now, it is anticipated, amount to only ₹75½ lakhs, as compared with a budget provision of ₹2,00 lakhs. I may briefly indicate what this expenditure represents.

"75. The Imperial Delhi Committee was constituted as the executive agency to carry out the work of constructing the new capital with effect from the 1st April 1913. Its first duty was to assemble and organize its own office, as well as a specially selected staff of engineers and subordinates, draughtsmen and clerks. The staff as it assembled was set to work on the extensive survey and levelling operations and other preliminaries essential to the preparation of the estimates for the new city. In May 1913 the Committee framed a preliminary forecast of their expenditure during the year, amounting to ₹89½ lakhs, and were authorised to incur expenditure up

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to this amount. It was in fact recognized at a very early date that the full budget provision would not prove to be required. The actual expenditure includes some R43 lakhs for works and R22 lakhs for land acquisition, the remaining R10 lakhs representing establishment and miscellaneous charges. The work set in hand comprises the purchase of a considerable quantity of plant and machinery, including a light construction-railway, steam rollers, rock-drilling plant and the like; the laying out of construction roads; the filling of depressions; the preparation of the site of the central buildings; and the provision of a temporary supply of water and of electric power for machinery and lighting purposes. An arboricultural nursery has also been established to supply trees for the parks and avenues of the new capital. Considerable attention has been paid to the requirements of the large labour force which has been assembled and will continue to grow; and with a view to preventing any possible outbreak of epidemic disease, a special sanitary staff is employed under the direction of the Chief Engineer. In addition to the foregoing work, the Committee have framed and submitted a project estimate for the new city as a whole, and that estimate is now under the consideration of the Government of India.

"76. The land acquisition operations were already on foot during 1912-13, and a sum of close on R14 lakhs was expended during that year. The further expenditure of R22 lakhs expected during 1913-14 will nearly complete this branch of the work.

"As already stated, an allotment of R1 crore is to be made for the continuance of these operations in 1914-15. Apart from further purchases of tools and plant, the Committee hope to make substantial progress in the collection of material for, and in preliminary work on, road-lighting, water-supply, sewage and drainage and irrigation systems, and in the construction of new roads. A considerable sum will probably be expended upon the construction of service roads, the preparation of the site and miscellaneous works. The exact degree of progress to be expected in work immediately connected with the intended buildings cannot of course be settled with any precision until the project estimate has been fully considered and eventually sanctioned.

"77. In paragraph 15 of his last Financial Statement, my predecessor referred to the Government of India's undertaking to give a full account of the expenditure in connection with Delhi. This matter has been under careful examination since, and the exact form of the account is now under reference to the Secretary of State. In the meantime, the Financial Secretary's Memorandum embodies figures in much the same shape as those given last year.

### **Cash Balances and Secretary of State's Council Drawings.**

"78. I shall not dwell at any length on the question of cash balances and Council Bills in view of the full examination already made of the factors which go to make up our ways and means position. I must refer, however, to the steady reduction of our balances as a point of interest in itself in view of the public attention which has been directed to this question. We started this year with a balance in India of £19,293,000. This is expected to fall by the 31st March to £14,991,000, and by the end of the coming year to £12,701,000. The minimum balance in India to which, in accordance with past practice, we regard it as expedient to work at the opening of a financial year is £12½ million, so that we shall have no large margin on hand unless the Local Governments are again, as in the present year, unable to use a large portion of the provision for expenditure from special grants. The same process has been taking place with the balance held by the Secretary of State. This amounted at the beginning of the current year to £8,784,000 and will be reduced at its close to £6,433,000. Apart therefore from the advance borrowing of about £1½ million already referred to, it is now approaching its working minimum which is usually taken at about £4,000,000, and the estimated balance on the 31st March 1915 (£4,090,000) is actually at that level. Thus in our aggregate balances, which stood at £28,077,000 on the 1st April last, we expect a reduction of over £6½ million in the current year and of £4½ million more in 1914-15.

"These figures do not include sums held in the Home balance on behalf of the Gold Standard Reserve. These amounted to about £1 million on the 1st April last, but will be reduced by investment to a negligible figure before the end of the year.

"79. The Secretary of State's Council drawings were estimated in the budget at £21,650,000, this estimate covering only such drawings as were required for treasury

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purposes. He now expects to sell bills to the extent of £30,250,000, the bulk of the increase being due to additional requirements for the purchase of silver and to the remittance to England of the profit on the corresponding rupee coinage. His drawings during 1914-15, estimating again on the basis of treasury requirements, are put at £20,000,000, but in addition he will as usual sell additional bills on India, so far as our resources may permit, if there is sufficient demand for them. I may repeat that all these announcements about loans and drawings are subject to the usual reservations, full discretion being retained to vary the amounts in such manner as may be found advisable.

**Exchange, Currency and Coinage.**

"80. On the subject of exchange I have little to say. The rupee fell slightly below its par value during June and July, but the abnormal jute prices created an exceptionally brisk demand for money from September onwards, and the average rate for the Secretary of State's drawings for the year as a whole is now expected to work out to 16·066d. the rupee.

"81. The following statement shows the gross circulation of our currency notes for the last five years, and I also add 'net' figures which exclude the holdings of our reserve treasuries and of the Presidency Banks at their head offices and thus give a clearer indication of the extent to which currency notes are in active use:—

[ In crores of rupees ]

	Gross Circulation.					Net Circulation.				
	1909-10.	1910-11.	1911-12.	1912-13.	1913-14. Ten months.	1909-10.	1910-11.	1911-12.	1912-13.	1913-14. Ten months.
Average . . . . .	49·66	54·85	57·37	65·62	65·53	38·88	40·82	44·24	47·91	48·65
Maximum . . . . .	54·41	59·16	61·36	68·98	69·90	42·66	43·37	47·51	62·19	52·72
Minimum . . . . .	43·65	49·67	54·69	58·34	61·80	36·07	38·52	40·71	44·84	46·08

"82. The rapid growth of the net circulation in the last few years affords a gratifying testimony to the success of the policy, initiated by Sir Edward Law and greatly developed by my predecessor, of giving a universal currency to the more popular denominations of notes, viz., those from Rs to Rs100, though the effect could hardly have been so complete as now appears were it not for an independent and very welcome tendency in some parts of the country to use notes in preference to rupees. As regards gold, the following statement shows the net imports of gold coin during the last five years and the amounts held at the end of each year in our currency reserve:—

[ In thousands of £ ]

	1909-10.	1910-11.	1911-12.	1912-13.	1913-14.
Net imports of sovereigns and half sovereigns . . . . .	9,213	8,162	18,228	15,236	4,838*
Amount of gold in { In India . . . . .	6,202	6,186	15,554	19,568	15,006†
{ In England . . . . .	2,500	5,045	5,700	6,100	6,100

\* Up to December 1913.

† On 15th February 1914.

"83. There has been a very heavy fall in the net imports of gold coin as compared with the high figures to which the extraordinary trade activities of the two preceding years have accustomed us. In addition, the Secretary of State has intercepted some of the gold which would otherwise have reached India by selling bills against gold in

transit. A certain amount was also exported during the slack season. The tendency has thus been, for the time being, for the steady issue of gold for circulation to go on unbalanced by fresh receipts, with the result that our holding of gold in India has to some extent fallen back from the high level of a year ago. It still amounts, however, to the large figure of £15 million; and this reduction is not therefore a matter of concern.

"There is considerable evidence of an increasing use of gold for currency purposes, especially in the Punjab and Western India, as to which I may refer Honourable Members to the interesting comments contained in the last report of the Comptroller General. I will not enter here into the vexed question whether gold or notes are the better substitute for rupee currency or whether there is not room for both. This, and other matters which may materially affect our future currency and financial transactions, will be considered in connection with the Report of the Royal Commission, in whose proceedings, as I should like to testify, India has been strongly and worthily represented, both as regards the actual personnel of the Commission and by the evidence given by numerous witnesses connected with this country, officials and non-officials, Europeans and Indians. I will merely say at present that anything which reduces the demand for actual rupees in financing our great crops such as jute, rice and cotton, advantages us by diminishing the inconveniences attendant upon sudden heavy coinage.

"84. As Honourable Members are aware, the demand for rupees, which had for some time been in abeyance, revived during 1912-13, and no less than ₹15½ crores of fresh coinage were then added to the silver currency. The abnormal value of jute led to an unprecedented absorption in the autumn months of the current year, and further new coinage amounting to over ₹10 crores was undertaken. The coinage transactions of the two years have resulted in a profit of close on £5½ million, and have thus considerably strengthened our Gold Standard Reserve, as will be seen from the following figures showing the closing balance of the reserve at the end of each of the last five years :—

[ In thousands of £ ]

	1909-10.	1910-11.	1911-12.	1912-13.	1913-14 (up to 31st January).
Closing balance . . . . .	18,764	19,260	19,756	22,807*	25,075*

\* From 1912-13 onwards securities held in the Gold Standard Reserve have been valued at the current market price instead of at their purchase price.

"Taking the Paper Currency and the Gold Standard Reserves together, we at present have a total holding of £26 million in actual gold and £18½ million in sterling securities, and are thus in a strong position to deal with an exchange crisis, should such a crisis unhappily arise. Here, again, however, I touch upon questions—such as the form and magnitude of the gold reserve, the necessity for its silver branch, the question of an Indian Mint, and so forth—which await consideration in connection with the Report of the Royal Commission and cannot therefore be usefully discussed at present.

### Banking.

"85. I must now refer to certain aspects of the banking and commercial crisis in Northern and Western India. The main facts of this calamity are well known. The effect of the downfall, in September, of the People's Bank in the Punjab, with its seventy branches and its crore and a quarter of deposits, was far-reaching. The new tendency on the part of the Indian people to invest money instead of hoarding it received a rude shock, and wherever the operations of the People's Bank and of its allied institutions extended, there was a weakening, if not a collapse, of confidence in almost every institution bearing the name of bank. This damage to credit not only spread in some cases to depositors in banks which were conducted on honest and generally sound lines, but in some degree affected the ordinary operations of trade, and especially of the smaller traders who had chiefly benefited by the extension of credit facilities which attended the rapid development of banking institutions during the last decade.

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[ *Sir William Meyer.* ]

“ It was not long before the crisis spread to Western India. The failure of the People's Bank had affected the Bombay Presidency through its branches in Sind, and in Bombay itself there were special conditions conducing to the occurrence of a monetary crisis. The first open sign of trouble there was the failure of the Credit Bank in the first week of October, subsequently followed by that of several other banks, one of which, the Indian Specie Bank, had acquired considerable prestige by the daring and apparently successful operations of its Manager. These events were concomitant with the failure of a number of large traders and brokers, and with the complete dislocation of the share market and a general contraction of credit.

“ The underlying causes of the disasters are still in many instances the subject of judicial enquiry, and the future regulation of banking methods in India is also a separate question, which was already under the consideration of my Honourable Colleague the Commerce Member before these events occurred. I have refrained therefore from entering into such matters, and will only say that I trust that the misfortunes which have overtaken the country will bear salutary fruit hereafter in a sounder and more efficient system of local banking, and that, as was said by His Excellency the Viceroy at Madras last November, the failure of badly managed institutions will not lead investors to withdraw their confidence from those that are intrinsically sound.

“ I can, however, without objection refer more fully to the attitude of Government throughout this crisis, and to the handling of the situation by the Presidency Banks of Bengal and Bombay.

‘ 86. I may preface what I have to say by reminding the Council that the Presidency Banks stand in a special relation to the Government of India. They are the only banks in which the Government places portions of its balances, and the sums so lodged with them form an important element in their total deposits. Accordingly we have been in very close touch throughout with the Bengal and Bombay Presidency banks, and the fact that there has been no direct and open intervention by Government during the present crisis does not by any means imply that we have not carefully and anxiously watched the situation and done what we can to alleviate it. As soon as the crisis developed we made arrangements to increase considerably the ordinary interest-free balances which we keep with the Presidency Banks, so as to enable them to render such assistance as they might deem necessary to institutions which, though quite solvent if given sufficient breathing space, were in temporary difficulties owing to a panic among their depositors. Before the crisis arose, moreover, we had applied to the Secretary of State for permission to make loans to the Presidency Banks up to three million pounds sterling from our balances during the busy trade season. We took that step without any reference to the particular events of this autumn, and because we desired to do all we could to relieve the money stringency which is always felt in India during the cold weather months of a prosperous year. But the fact that the Secretary of State had permitted us to lend these sums to the Presidency Banks at a rate of interest below the current bank rate, and that this further assistance was widely known to be in reserve and immediately available has, I am assured, materially strengthened their hands in dealing with the crisis. I claim therefore that, as a means of buttressing public confidence, this loan-policy has been a success, even though the conditions of the market have been such as to render actual loans unnecessary.

“ 87. Here perhaps I may emphasise the fact that, as things are at present, it is impossible for the Government to assist banking institutions otherwise than through the Presidency Banks. Government officers are not banking experts, nor have they the local knowledge which is necessary to enable them to judge whether or not a particular bank is being conducted on sound lines and is therefore a legitimate object of assistance. The Government's resources are, moreover, limited, and if we once began to deal direct with particular private banks, not only would it be impossible to draw a line between those institutions with which we can, and those with which we cannot, safely place our money, but the funds at our disposal would be rapidly dissipated. Our policy therefore has been that a banking institution which desires assistance must apply to the banker's bank, that is to say, to the Presidency Bank; while we, on the other hand, have done all we can to ensure that the latter shall be in a position to give the requisite assistance if it considers it necessary and reasonably safe. Our confidence in the Presidency Banks has not been misplaced, and I am only voicing general commercial opinion when I express

our gratitude to the authorities of those banks for the calmness and public spirit with which they have met the situation.

"88. In view of the recent revival of the old question of a State Bank, it will not be without interest to consider how far the existence of such a bank might have affected the situation which I have just described. On the one side it may be argued that, by their present dissociation from any direct concern in or control of banking enterprises, the Government have been saved from some rather embarrassing demands. As I have said, by our present relation with the Presidency Banks, we have been enabled to ensure that assistance is given at the right time and in the right place, and that the resources available for giving that assistance are not dissipated in fruitless endeavours to bolster up unsound concerns; but with an institution known as a "State" Bank, the very name of which would popularly be held to connote State responsibility, it may be urged that Government would have been expected to intervene as *deus ex machina*, and that its assistance, when given, would almost of necessity have been far less discriminating. On the other hand, the advocates of a "State," or, as I should prefer to call it a "Central," Bank will no doubt find much in recent events to justify their views. *Prima facie*, it may well be urged that, in such a crisis as that through which we have been passing, there ought to be a centralised and comprehensive handling of the whole situation, and a unification of resources with a view to their being applied wherever they are most needed at any moment, as opposed to the existing system under which each Presidency Bank's sphere of operations is confined to the particular territory with which it deals, while its power of giving assistance is materially circumscribed by the restrictions of the present law. The question of a Central Bank will have to be considered by the Government of India with reference to the Report of the Royal Commission on Indian finance, and for the present I am bound to keep an absolutely open mind thereon. The observations I have made above must not therefore be taken as implying any bias one way or the other, but merely as indicating that when the question comes up for settlement the bearing upon it of our recent experiences cannot be disregarded.

"89. The progress of local co-operative credit associations affords a pleasing contrast to the set-back in banking development. The number of co-operative societies during the last year for which statistics are available, has increased by 4,147, or over 50 per cent, and their aggregate capital by nearly two crores. Taking a retrospect of five years, we find that there were in 1908-09, 2,008, societies with a capital of 80 lakhs, as against 12,324 societies in 1912-13 with 5,34 lakhs. The progress in this respect has been most marked in the Punjab, but has also been very remarkable in other provinces. One great advantage of these societies is that in times of distress they provide a very useful assistance in the distribution of *takavi* loans, since these can be disbursed more freely and confidently when the persons taking the loans are the members of such an association. Another very welcome sign of progress is the fact that co-operation seems now on the point of extending beyond the mere facilitation of loans of needful capital to the individual agriculturist, and to be about to take a further advance in the direction of common action in regard to implements necessary for production, and eventually in the direction of concerted disposal of produce.

### **Changes in Financial organization.**

"90. Lastly, there are some interesting questions of financial organization which I should like briefly to notice. In the first place, we have already made an important change in the functions of our Comptroller and Auditor General, and certain further changes are impending. This officer has hitherto been not merely our chief officer of audit and account, but has had to deal with a number of questions of financial administration, as, for example, the requirements of coinage, the management of the paper currency system, the movement of funds from one place to another, and resource and ways and means operations generally. These multifarious duties had developed to a point when they could no longer be adequately performed by a single officer, while an arrangement which imposed executive duties of an entirely extraneous nature upon the principal officer of audit could not be regarded as thoroughly satisfactory from the audit point of view. On the other hand, from the point of view of finance, the Government of India felt it very desirable to have the assistance of an expert in currency and financial questions who would be in close touch with the commercial community and trade movements and could devote his whole time to the study of such

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PILGRIMAGE.

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matters. It was decided therefore to allot the Comptroller General's miscellaneous duties to a whole-time officer designated Controller of Currency, and this appointment was created on the 1st January last. The exact functions and position of the Auditor General remain to be finally settled, but it has already been decided that his status and pay will be materially raised, that he will be appointed by the Governor General subject to the approval of the Secretary of State, that he will not be removable whether by way of promotion or otherwise except with the Secretary of State's sanction, and that his annual appropriation reports on the expenditure of India will in future be addressed directly to the Secretary of State and considered by him. These are very important changes and will, I trust, broaden as well as strengthen the conception of audit throughout the whole personnel of the Department.

"91. A change was also made, on the 1st October last, in the organization of the Branch of the Finance Department which deals with military finance, with a view to facilitating certain minor adjustments of procedure in army administration, the Joint Secretaryship for Military Finance being converted into a Financial Advisership on the same status and pay, and corresponding changes being made in the designations of the junior appointments. The change did not materially affect the general arrangements for dealing with financial questions in which the Army is interested, and there has been no loosening of financial control).

### Conclusion.

"92. I should like finally to express to the Council my great obligation, both in regard to the preparation of this Budget and in my daily work since I assumed office, to my most zealous, loyal and able co-adjutor, the Honourable Mr. Brunyate. I am also greatly indebted to the officers of the Department as a whole for loyal and efficient co-operation. I wish to make special mention of two of these as they are about to leave their present posts. Mr. Ashmore, the Deputy Financial Adviser in the Military Finance Branch, is going to take a long and well earned leave. His intimate knowledge of army matters, combined with great ability and ceaseless industry, has been of the utmost advantage to the Finance Department in dealing with questions connected with the army; and I may say, too, that he has also been most helpful to the Army Department and the branches of Army Head-quarters. Within a few months, too, Colonel Marlow, the Military Accountant General, will be retiring from the service, after having held that post with the utmost credit for seven years, his useful work having lately been crowned by a scheme of reorganisation that will, we hope, materially reduce the expenditure on the Military Accounts establishments, while it will bring these into closer and more effective contact with the executive branches of the army. I am sure that the good wishes of the Council will accompany Colonel Marlow in the leisure he has so well deserved.

"I should like to say also that the recent visit to this country of Mr. Lionel Abrahams, the Assistant Under Secretary of State for India, has been of the utmost assistance in clearing up a variety of railway questions having a financial aspect, and of strictly financial matters, in regard to which we might otherwise have had much correspondence with the India Office. As a member of the Government with whom Mr. Abrahams has necessarily come very much into contact, I take this opportunity of publicly expressing my sense of the great utility of his visit.

"93. With these remarks I conclude. My statement has been somewhat longer than has been usual of late years. But the circumstances of this year are peculiar, and I felt it desirable, at the outset of my term of office, to take the Council into full confidence in regard to our capital expenditure and other matters of financial policy outside the Budget proper."

### RESOLUTION ON THE *HADJ* PILGRIMAGE.

**The Hon'ble Sir Fazulbhoj Currimbhoj :—**"My Lord, the Resolution I have undertaken to move runs thus :—

That this Council recommends to the Governor General in Council that a mixed Committee of Officials and representative Mohammedans of different centres be appointed to inquire into the whole question of the difficulties of the *Hadj* at the various stages of the pilgrimage and to suggest means of removing these difficulties.

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ON THE OPENING OF THE PORT OF CALCUTTA TO  
MOHAMMEDAN PILGRIMS.

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"A thorough investigation of the whole question of the pilgrim difficulty is a necessary step in the interests of over 66 millions of Indian Mussulmans to whom the *Hadji* is a paramount religious duty, and regarding the troubles connected with which they entertain very strong feeling. But there have been important developments since I gave notice of the Resolution which make it undesirable that I should press it. Both the Government of Bombay and the Government of India, I am glad to acknowledge, have always evinced a keen interest in the subject and a commendable desire to remove or mitigate the evils. Now the difficulties experienced by the *Hadji* fall into three groups according to the different stages of the journey. First of all, there are the difficulties of securing a passage out, at a moderate cost with reasonable assurances of punctuality in sailing, then the inconveniences of the voyage due to the slowness and unseaworthiness of the vessels employed as also to the shabby treatment the pilgrims receive, and, lastly, the various troubles at Jeddah beginning with the quarantine at Kamerun.

"The Bombay Government are at present engaged in elaborating a scheme which, in their opinion, offers the best promise of an immediate solution of the difficulty of the first two stages. Any criticism of that scheme in ignorance of the details must be obviously premature. The details are not even complete. Enthusiasm in the cause will not make us oblivious of our clear interest not to embarrass Government by insisting now upon a commission of inquiry. The appointment of a commission will necessarily interfere with the Government programme of reform, and delay for another couple of years, if not indefinitely, the application of an effective remedy. And that is opposed to our interest.

"These considerations have induced me to withdraw the Resolution, and My Lord, I now beg leave to withdraw the Resolution."

Permission was granted to the withdrawal of the Resolution.

The Council adjourned for lunch, and, after lunch, the Hon'ble Sir Robert Carlyle presided.

**RESOLUTION ON THE OPENING OF THE PORT OF  
CALCUTTA TO MOHAMMEDAN PILGRIMS.**

**The Hon'ble Sir Ibrahim Rahimtoola:**—"Sir, I beg to move that this Council recommends to the Governor General in Council that the Port of Calcutta be thrown open for the embarkation of Mohammedan Pilgrims proceeding to Mecca on pilgrimage.

"Following the analogy which the Hon'ble the Finance Minister recently applied, I may be permitted to say that this is my second attempt to capture the wicket of the Hon'ble Member for sanitation. Last year when I made the first attempt, I thought I had succeeded in getting him held behind the wickets, but when an appeal was made to the umpire, who happened to be the Government of Bengal, the Hon'ble Member was given 'not out' I am therefore obliged to return to the attack this year. I do so with the full knowledge that it is next to impossible to capture the Hon'ble Member's wicket, in view of the fact that he has command of powerful eloquence, that he has also the support of a solid official majority, and that there is an obvious bias in the umpire; but I am encouraged to return to the attack in the firm conviction that his admitted sympathy for the pilgrims, which has been proved by many actions which his Department has taken, and the force of the facts and arguments of a convincing character which I propose to advance, will make him yield his wicket in spite of the bias of the umpire. Sir, I have said that I rely upon the sympathy of the Hon'ble Member in enabling me to successfully carry my point for many reasons. I will invite this Council's attention to only one fact in this connection, namely the order which the Hon'ble Member passed on the recommendations of the Government of Bombay in which they asked for the sanction of the Government of India to give a monopoly of the pilgrim traffic to one steam-ship company and to insist upon compulsory return tickets. We gratefully acknowledge the consideration of the Hon'ble Member when he ordered that the opinions of leading Mussulmans should be taken before

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any action on the lines recommended would be sanctioned by the Government of India. The result of this reference to Muslim opinion is known and the matter has had in consequence to be hung up pending a new scheme which I understand the Government of Bombay are now preparing. It will be obvious that when I say I am encouraged in the hope of success in capturing the Hon'ble Member's wicket, I am on very good ground, because I hope to be able, by adducing facts and convincing arguments, to show to him that the little measure of relief that I am advocating should be allowed.

"Sir, I do not wish to recapitulate the arguments which I advanced last year and as a result of which the Hon'ble Member accepted my Resolution in a modified form. I will however briefly touch upon some of the points which I then made and which appealed to him sufficiently to modify his opposition and accept a modified resolution.

"The first fact that clearly comes out is that before 1896, the year of plague, the Port of Calcutta was open to the pilgrim traffic and that it was not on the ground of the smallness of the traffic which passed through Calcutta that the port was closed. If the port had been closed on the ground that sufficient traffic did not exist, I recognise that my task would be a more difficult one in convincing the Hon'ble Member that circumstances had so largely changed as to necessitate reconsideration. But the Port of Calcutta was closed on the ground that plague had broken out and that the pilgrim traffic had to be centred in one particular spot. The restrictions in regard to plague continued for some years, but when practically normal conditions were restored the prohibition of embarking from Calcutta is continued. My question therefore is why this measure, which was temporarily adopted to meet a special contingency, is still enforced and the demand on our part to return to the *status quo* which existed before plague broke out is resisted. I pointed out last year that the circumstances which prevailed before 1896 had changed. The extent of pilgrim traffic from Bombay has largely increased

"The passage rates have substantially risen because a heavier strain is put upon the available steamer accommodation in the Bombay waters than existed before. That the contingency which was not only very rare but practically non-existent before 1896, has arisen, namely, that pilgrims, after going to Bombay, have found that they are unable, either in consequence of want of steamer accommodation available or in consequence of the prevailing high rates of passage money, to proceed on pilgrimage. After having incurred the expense of going to Bombay from long distances and staying there for a considerable time many pilgrims are obliged to return disappointed to their homes. This contingency, I beg to repeat, did not exist before 1896, and therefore some special measures are necessarily called for to prevent a continuance of such a state of things from year to year. Sir, how serious this point is may be judged from certain statements which I obtained in the Bombay Legislative Council, showing the number of pilgrims who left for the *hadj* and returned to Bombay and the passage rates, etc., for the last 25 years since 1888. From 1888 to 1896 the passage rates and the number of pilgrims who were obliged to return from Bombay disappointed in their desire to go to Mecca is stated to be not available. The year 1903-04, in which 16,647 pilgrims left Bombay for Jeddah, is the first year from which official statistics are furnished; and I will quote them for the information of this Council. In 1903-04, the first year of the statistics, so many as 1,800 pilgrims were stranded in Bombay and were unable to proceed to Mecca. In the year 1904-05 the total number of pilgrims who left for Jeddah was 12,293 and only 140 pilgrims were stranded. For 1905-06 and 1907 no figures are given. In 1909, 250 pilgrims were obliged to return to their homes from Bombay; in 1910 there were none under this head. In 1911, 22,856 pilgrims proceeded to Mecca, and so many as 5,000 pilgrims were obliged to return disappointed from Bombay without being able to proceed on pilgrimage, after having spent considerable sums of money in reaching Bombay and undergoing many hardships in that city, during their long stay in the hope of being able to depart on their holy mission. I venture

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to submit that when such a fact exists, and is confirmed by official figures, it calls for immediate consideration and the application of effective remedies. Last year, the year during which my Hon'ble friend Mr. Ghuznavi, with great public spirit, essayed to go and perform the pilgrimage and study the question on the spot, there was the risk of about 1,500 pilgrims being stranded after he left. There was only one steamer available and it could not be got ready to depart in time to enable it, at the speed at which it could travel, to reach Jeddah in time for the pilgrimage unless the quarantine detention of 5 days at Kamerun was reduced. The pilgrims were so anxious to go that, in spite of the risk of the time at Kamerun not being reduced and their being disappointed in reaching Mecca in time for performing the *hadj*, they still went by this boat. The number who travelled by this steamer was over 1,200. Fortunately, the time of quarantine at Kamerun was reduced in that case and they were able to perform the *hadj*, but under ordinary circumstances these people again last year would have been stranded and would have been obliged to return to their homes without being able to proceed on pilgrimage. I venture to submit that the fact that a large number of pilgrims find themselves stranded in Bombay which I adduced last year and which I cannot help repenting this year, is sufficiently strong to show what great necessity there is for an effective remedy to be applied for reducing the number of pilgrims who are compelled to go from Bombay and for diverting a portion of this traffic to the Port of Calcutta.

"Sir, I will now tell you why I think that the Port of Calcutta is essentially one which ought to be chosen for this purpose. In answer to interpellations which I put in Bombay, I obtained figures which are admitted by the Hon'ble Member to be approximately correct showing the proportion of Bengal pilgrims to the total number of pilgrims who went from Bombay during each of the last 5 years, and they are as follows:—In 1908, 35 per cent, in 1909, 40 per cent, in 1910, 23 per cent, in 1911, 27 per cent, and in 1912, 31 per cent. The actual numbers are quite significant. In 1908, 5,646 pilgrims out of 16,111 went from Bengal. In 1909, the number of Bengal pilgrims was 8,424 out of 21,054. In 1910, 4,239 out of 18,023, in 1911, 6,200 out of 22,856 and in 1912, 4,938 out of 15,461 came from Bengal. Looking to the fact that such a very large proportion of the total number of pilgrims who go to Mecca *via* Bombay come from Bengal, it must be obvious that it would conduce to their convenience if a port nearer home was opened for their embarkation. The difficulties which at present exist, in the matter of available steamer accommodation, in the matter of higher rates of passage money, and in the matter of being stranded and being obliged to return to their homes, would be effectively solved if the Port of Calcutta, which is practically at their very doors compared to Bombay, was thrown open for the embarkation of these pilgrims. I venture to submit that there are no valid reasons which justify the continued enforcement of a decision of Government which was arrived at to meet special circumstances of the outbreak of plague, which operate no longer. Sir, there is only one more point which I made last year and to which I should like to refer again, before I deal with the objections that have been advanced by the Government of Bengal against the opening of the port. The question of *musafarkhana* accommodation in Bombay is of utmost importance. When you compel people to go all the way to Bombay for the purpose of embarking from that port only, there ought to be sufficient *musafarkhana* accommodation made available. During recent years a big *musafarkhana* has been built by the philanthropy of a private gentleman, Mr. Muhammad Baohu Sabu Sadiq, helped by a contribution from the Government of Bombay of a valuable site for the purpose. I have taken some trouble in ascertaining the extent of *musafarkhana* accommodation which is at present available in Bombay. Applying the standard laid down under the City of Bombay Municipal Act for the minimum superficial square area that is considered necessary for the sanitary living of the inhabitants of Bombay, and the extent of the accommodation available in the two *musafarkhanas* of which I have secured the measurements, I find that in the *Cummoo Jafer Suliman Musafarkhana* the number of people that can be accommodated, according to the standard I have

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explained, is 400; in the *Bachu Haji Sabu Siddick Musafarkhana* it is 800; there is a third *musafarkhana*, which is a very small one; and we may take it to accommodate about 200. This means that in Bombay the existing *musafarkhana* accommodation is limited to about 1,400 persons. Those who have taken an interest in the pilgrim traffic there know that the number of pilgrims in Bombay frequently reaches and exceeds 3,000 at a time. The way in which they are accommodated is by overcrowding these *musafarkhanas* in a manner which is opposed to the minimum standard laid down under the municipal law of the city; and all this happens because Bombay is determined to be practically the only port for embarkation for the pilgrims.

"Sir, I do not wish to recapitulate further the arguments which I advanced last year. I will now deal within the limits of the time at my disposal with the arguments which seem to have weighed with the Government of India in declining to sanction the proposal which I made last year. The only new communication which has since appeared is one from the Government of Bengal to the Government of India and in this it is stated that—

In reply I am to say that the Governor in Council has consulted several leading Mohammedan gentlemen of this province on the question and they have expressed themselves as entirely in agreement with the views set forth in my letter No. 92-Sanitary, dated the 9th January, 1913. In their opinion the assumption which was made by the Hon'ble Sir Ibrahim Rahimtoola in the course of the debate in the Imperial Council that a large number of pilgrims would annually go through the Ports of Calcutta and Chittagong, if these ports were open to pilgrim traffic, would have no justification in actual experience and that they consider that the opening of these ports would afford no appreciable relief to the traffic in Bombay.

"There is only one new point in this letter and that is that a certain number of Mohammedan gentlemen were consulted. I asked a question in regard to that point and the answer given to me on the 27th of last month was that the Government of India were not disposed to furnish the information asked for. If Government are not prepared to supply the information to enable the public to judge of the value to be attached to the opinions of these gentlemen who have said ditto to the Government of Bengal, we cannot take those opinions into consideration. We are therefore obliged to fall back upon the reasons which the Government of Bengal advanced in their previous letter which was before the Council, and in spite of the reasons contained therein the Resolution which I moved last year was accepted.

"Now, Sir, I will deal with the reasons which have been advanced in that letter and which have been subsequently supported by the official communication on the subject. The Government of Bengal say that 'While it is unlikely that such traffic as Calcutta had in former times will be likely to return since Bombay is in every way more convenient.' I will deal with that later on. At present I merely wish to say that the latter part of the letter itself completely answers this point. They continue 'that although no statistics are available to show the extent of pilgrim traffic that existed before the Port of Calcutta was closed, it is understood it was very small, and it is extremely doubtful whether the trade will ever return to Calcutta now that it has been steadily diverted to the Bombay Port where the facilities are much greater.' I think I have sufficiently explained, as regards the *musafarkhana* accommodation, as regards the steamer accommodation, and as regards the passage rates, that this contention of larger facilities in Bombay is not based on fact. Then, Sir, the Government of Bengal say that my reasoning was based on assumption. May I, in my turn, ask whether the Government of Bengal themselves have not proceeded to argue on pure assumptions? They have no reliable statistics, they have no data to show what were the facts 18 years ago; they are not in a position to tell us what the circumstances then were and they still base their conclusions on assuming things. I can well claim that my conclusions are in the nature of obvious deductions from the facts which I have been able to adduce. The existing conditions are such that there is every reasonable expectation that people who have had all these disappointments in the past would prefer to choose a port nearer their homes rather than run the risk of going all the way to Bombay and then find themselves stranded there.

[*Sir Ibrahim Rahimtoola*] [2ND MARCH, 1914.]

"The next point, Sir, is the most curious of all. In their letter the Government of Bengal say:—

The opening of the Port of Calcutta would entail considerable expenditure on sanitary and medical measures which would be necessary to make the medical examination effective, and His Excellency the Governor in Council is of opinion that the results would not justify such an expenditure.

"The question of expenditure I will deal with last.

"The third point that they make is: 'and further the measures which would be necessary to safeguard the health of the city and the Port of Calcutta would impose restrictions which would discourage pilgrims from embarking at this port. It is unlikely that the opening of either the Port of Calcutta or Chittagong will have the slightest effect on reducing the pressure in Bombay.'

"Now, Sir, what occurs to me is this, that this argument carried to its logical conclusion raises a question of great scientific importance. It is a curious phenomenon; requiring scientific investigation why a resident of Bengal immediately he declares that he is a pilgrim becomes liable to a serious attack by the germs of all sorts of epidemic diseases justifying the most stringent regulations for the protection of the City and the Port of Calcutta. Any resident of Bengal, or for a matter of that any part of India, is free to go and stay in Calcutta without any restrictions at all. Even people who declare themselves to be pilgrims can go and stay in Calcutta without any restrictions, provided they are *en route* to Bombay by rail. But immediately they say that they are pilgrims and want to go to Mecca by the Port of Calcutta, all these germs immediately discover this fact and attack them in such a manner that they become sources of the most serious danger to the health of the Port of Calcutta and to the City of Calcutta. Surely here is a clear case for scientific inquiry. Well, Sir, if we assume this to be a fact may I ask why should Calcutta send in thousands every year these pilgrims full of these germs to infect the City of Bombay? What right have they to do so? It stands to reason, Mr. President, that such arguments are advanced simply with a view to make out a case against the restoration of conditions which prevailed before, and I do not think that this Council ought to accept such reasoning in the consideration of this Resolution.

"Then, Sir, I come to the question of cost. I asked interpellations in this Council to ascertain what the cost will be, both non-recurring and recurring, and the answer which I received was that no information was available. I wanted this information to help the Council in the consideration of this Resolution, but it has not been supplied. I am making no grievance about that, but I had hoped that when the question of expenditure is brought forward, such information might well have been made available. Of course, I quite realise that the argument of expenditure is brought forward in a secondary way. Government say that they are quite prepared to incur the expenditure provided they were satisfied that the port will be availed of. They contend that the expenditure involved is not justifiable because pilgrims will not go from that port.

"Then this argument requires to be considered from another point of view. In the first place, it is necessary to get some idea of the approximate expense involved. Taking the basis of Karachi, the expenditure that was provided in the Budget when that port was opened was Rs. 30,000 non-recurring and Rs. 10,000 recurring. I shall stand corrected if these figures have been increased, I wanted to be sure of these figures by putting interpellations in this Council; but as they have not been furnished, I must assume that these figures are approximately correct. If that is so, we are justified in estimating the recurring expenditure at Rs. 10,000 per annum.

"The question whether the Port of Calcutta will be availed of by the pilgrims or not can only be judged from the facts which are available at present. The Government of Bengal base their conclusions on facts 18 years old, and in regard to which they admit no data and no statistics are available. The

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facts as regards the present conditions of pilgrim traffic in Bombay I have tried briefly to indicate. The conclusion from these facts is I think inevitable that pilgrims should be allowed to have the option of proceeding from the Port of Calcutta. I cannot understand why Government should deprive the pilgrims of the liberty to choose their own port—at all events out of the two ports of Calcutta and Bombay. I have tried my best to consider the question dispassionately and I have failed to be convinced that there are any reasons why Government should insist under compulsion to send all these pilgrims to Bombay. Assuming, for argument's sake, that the contention of the Government of Bengal is correct, namely, that the expenditure will not be justified by results; in that case, what will be the extent of the loss? Government will have at all events the satisfaction of having provided an alternative port nearer home for those people from Bengal, from which province a large proportion of the total pilgrims go to Bombay; and even if no advantage is taken, the cost for a five years' experiment will not be more than Rs. 10,000 per annum. Is this cost a sufficient justification to continue existing conditions, which admittedly result in great hardships and disappointment? Sir, I think that I have made out a strong case for a reconsideration of the question, and I believe I have sufficiently strengthened my attack to make the Hon'ble Member yield his wicket in spite of the official majority and the obstinacy of the umpire by hitting it himself."

**The Hon'ble Mr. Ghuznavi** :—"The *Hadj* question has been very much to the front during recent years, but it was not till last year that the now famous Resolution of the Government of Bombay came up for consideration before the Government of India, and it was not till the publication of the Resolution of the Government of India, dated, Simla, the 16th May, 1913, that it attracted the attention of the entire Mussulman community of India throughout the length and breadth of this country. From Cape Comorin to the snow-clad peaks of the Himalayas, it caused a tremendous stir among the different Mussulman communities in India. It at once proved that the *Hadj* was a most important question affecting the entire body of about 70 millions of His Majesty's subjects, who yield to none in their loyalty to the British Throne, in what they consider as one of their most sacred obligations, namely, their religious welfare. It was thus I conceived it to be my duty, not only to my community and my country, but also to the Government, that before taking any active part in this matter I should personally endeavour to study, in all its aspects, this pilgrim question, and visit not only the greater portion of the *Hedjaz* but also all other places in Syria and Palestine, which are considered sacred by Mussulmans, in order to place the results of my inquiries, for whatever they are worth, before this Council and before the Government of India as well as at the same time discharge a religious obligation which is incumbent on every Mussulman who is able to perform it. It was thus, as is known to my friends and colleagues, that I started on my pilgrimage to the *Hedjaz* in October last. That the undertaking of a pilgrimage to the *Hedjaz* is regarded as arduous may be easily imagined from the fact that even when I reached Bombay, where I had the good fortune of receiving the parting blessings of my Hon'ble friend, the Vice-President of this Council, not only he but many other friends of mine did not think that I was really serious and there was an opinion that I would yet desist from going on board a pilgrim ship. But, Sir, I have gone and come back and survive to tell the tale. When I returned to Bombay after performing the *Hadj*, after not only acquiring the full experience of a *Hadji*, but after having endeavoured, to the best of my powers, to study the pilgrim traffic question in almost every port and town in Arabia, Syria, and Palestine, I found that my friends Sir Ibrahim Rahimtoola and Sir Fazulbhoy Currimbhoy had already anticipated me and given notice of *Hadj* Resolutions, which would shortly be coming up for discussion in the Council. I welcomed this with all my heart, for I would not only like to see every Mussulman Member take up this question, but I would also appeal to all my non-Muslim colleagues to help us in a matter which concerns so vitally our religious welfare. It was thus that, even with a fractured wrist, before visiting my home and hearth, I hurried up to Delhi to be present at to-day's debate.

[ *Mr. Ghuznavi.* ]

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I find, however, that one of my friends has already withdrawn his Resolution, but the other friend, Sir Ibrahim Rahimtoola, is still going on. I wish he too had seen his way not to press this Resolution for the present, because I myself propose first to lay the results of my inquiries before the Government of India and then, if necessary, bring any matter up for discussion in this Council in connection with the *Hadj*. The Mussulmans of this great Empire have unbounded faith in the Government of India and in that illustrious statesman who now presides at the head of that Government, and I therefore feel certain that during His Excellency's régime the *Hadj* question will also receive the utmost sympathetic consideration. But since my friend is proceeding with his Resolution, I am here to give him my hearty support.

"The first point I should like to urge on this Council is this: I should like to know the reason why a man, when he starts on a *Hadj*, is told he should go from a particular port and not from another. When a man wishes to go to Timbuctoo he can go from any port he likes; but as soon as he declares his intention of going to Mecca he is told he can go from this port, not from another. I can quite understand when there is an epidemic raging that there should be regulations about pilgrim traffic; but when that is not the case, why should any Mussulman be debarred from choosing his own port of embarkation? As a matter of fact, before the year 1896, not only Calcutta but other ports as well were open to pilgrim traffic. It was after 1896, when plague broke out, that these regulations were introduced and even segregation camps were established in Bombay. But all that is now ancient history. The segregation camps exist no longer, and the only regulations in force now are the medical inspection of pilgrims and the disinfection of their luggage.

"I do not desire to traverse the ground which my friend has already traversed. I merely wish to point out and emphasise certain facts which are considered very important.

"First of all, an objection will be raised as to cost; and that objection has already been raised. Sir, I may be permitted to quote the words which fell from the lips of my Hon'ble friend the Vice-President of this Council, when this very resolution came up for discussion last year. The Hon'ble Sir Harcourt Butler said in the course of this speech that 'The Government of India contemplate spending a very considerable expenditure on this particular measure.' When we have an assurance like this from such a great authority, I do not think we need be troubled about the question of cost.

"Now, Sir, there is another very important point, and that is that amongst the number of pilgrims that go to Mecca, the Mussulmans of Bengal form an undoubted majority. The figures which have been quoted by my Hon'ble friend will show that the percentage of the last five years varies from 27 to 40 per cent. This year I can assure my friends that the percentage will be much higher still. The Mussulmans of Bengal are, unfortunately, not conversant with the dialects that are spoken in Bombay, and their troubles when they get to Bombay are enormous. I have also been told that there is a certain argument which is generally advanced against opening the Port of Calcutta; and that argument is that the Port of Karachi has already been opened, but the pilgrims have not availed themselves of this port to any very great extent. In order to study why that was the case, I myself, before arriving at Bombay, halted for a day at Karachi, and had the pleasure of making the acquaintance of everybody that was concerned in this question. There I discovered that the Port of Karachi was opened since 1912, that is to say for the last 4 years, but only 200 pilgrims have left from that port. The reason is very simple, and it is that there is no special facility for steamer communication. Steamers generally leave from Bombay, and therefore the pilgrims who went there in large numbers in the first year, finding that there was no suitable steamer available, had to go on to Bombay. But that is no argument against keeping an open door. In this connection, I must say that both Calcutta and Karachi are two very important places which should be thrown open to pilgrims. Karachi, on the one hand, is of much shorter distance from Upper India and North-Western India, which supply the bulk of Mussulman pilgrims from those ports. Then again, in

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Karachi there is an absence of the long monsoon ; and finally, Karachi has got very large open spaces, away from the crowded part of the city, which are available for purposes of building pilgrims' sheds. In Calcutta similarly you find that the Mussulman pilgrims of the whole of Bengal *en route* to Bombay assemble there, and since the last few years commodious and well managed *musafirhanas* have been built, where they can be much better housed than they could be in Bombay.

" There is another point also which I should like to mention in this connection. My friend has just read out certain extracts from the letter of the Government of Bengal, in which it was stated that Mussulman opinion was consulted. I can merely say that I was in Bengal at the time the reference was made there, and as far as I remember I do not think I was ever consulted in the matter. I can, however, state this as a fact, that if another reference is made now, its result, I am certain, will be different. The gentlemen who were then consulted perhaps did not take the trouble of acquainting themselves with the opinion of the Mussulmans of Bengal through their accredited *Anjumans*, and therefore the opinion that was expressed at that time was somewhat premature.

" I now come, Sir, to the question of steamer fares. It is well-known that the steamer fare is increasing every year, and the result is that steamer companies are gradually doubling and even trebling the old rates. When I was in Jeddah, I had special facilities of inquiring what the steamer rates were from Jeddah to Bombay for the last 10 years, as well as ascertaining what the rates were from Bombay to Jeddah during the last 10 years ; and this was what I found to be the case. In the year 1913 the average rate from Jeddah was Rs 19 ; in 1904 it was Rs. 33 ; in 1905 it was Rs. 13 ; in 1906 it was Rs. 11 ; in 1907 it was Rs. 22. There were two *Hadjs* in that year and therefore I got another figure, *viz.*, Rs. 23 for the same year. In 1908 it was Rs. 22 ; in 1909 it was Rs 32 ; in 1910 it was Rs. 25 ; and in 1911 also it was Rs. 25. This gives an average of about Rs. 22-8-0. I have given these figures in detail for the obvious reason that it would be difficult to ascertain them from here. Now I am giving the average steamer fares from Bombay for the same period which comes to about Rs. 30. This can be ascertained very easily. Taking the two together, we get Rs. 52-8-0 as the average price of a steamer ticket for going there and coming back. This will prove that at the time when Calcutta and other ports were left open, steamer fares were generally less ; but now since Bombay is the only port left for pilgrims, naturally the steamer companies have got everything their own way, and the figures are increasing by leaps and bounds. I do not think there is anything further that I need say on this point, and as to various other matters affecting the *Hadj* I wish to make no statement for the present till I have submitted my report to His Excellency the Viceroy. I will only say that on grounds of general principle I do not see any reason why the Port of Calcutta should not be thrown open to the pilgrims, and I have very great pleasure in giving my hearty support to the Resolution brought forward by my Hon'ble friend."

**The Hon'ble Malik Umar Hyat Khan:**—" Sir, I, being a representative of the Punjab Mohammedans, cannot remain indifferent towards this Resolution, and this is why I rise to give the Hon'ble Member my whole-hearted support.

" The Council well remembers the support I gave to a similar Resolution put by my Hon'ble friend last year. This time he is more moderate in his request. The Hon'ble Knight only asks for one port instead of many and this naturally reduces the labour and the expenditure incurred in navigating the other ports on the coasts of India. As the request is moderate in its nature and the necessity felt is immense, I hope it will meet with the approval of the Government of India, for which the Mohammedans all over the Indian Empire will feel highly grateful. I am sure that this step will materially affect the Punjab Mohammedans, whether directly or indirectly, by removing the congestion of traffic at one port. As the leading Bombay Mohammedans are the best judges of these troubles, that is why they have

[*Malik Umar Hyat Khan; Khan Bahadur Mir Asad Ali Khan; Sir Fazulbhoy Currimbhoy.*] [2ND MARCH, 1914.]

represented the matter again. I hope the experiences of my friend the Hon'ble Mr. Ghuznavi will prove most useful in this connection, if consulted. I earnestly hope that the request will be granted."

**The Hon'ble Khan Bahadur Mir Asad Ali Khan:**—"Sir, I rise to support the Resolution before the house. My friend the Hon'ble Sir Ibrahim Rahimtoola, who has made a special study of this question, makes a simple request, at once moderate and reasonable. Last year, about this time, the Hon'ble Mover pleaded and pleaded effectively before this Council for the opening or rather the re-opening of the ports of Calcutta and Chittagong for the *Hadj* pilgrims. We were then told that 'the matter was occupying the most serious and anxious consideration of the Government of India'. Three things were under consideration: the question of the cost, that of the public demand, and that of sanitation. As regards the first, it is too little to be of much consequence. The Government also assured us that the cost by no means deterred them from carrying out the measure. As for the second, it was and is still believed that there is not a sufficient demand among the pilgrims themselves for throwing open additional ports. Sir, the inarticulate masses can hardly be expected to make a constitutional demand. In years previous to the outbreak of plague in this country, when the ports of Bombay, Karachi and Calcutta were thrown open for the embarkation of the *Hadj* pilgrims, was it done, may I respectfully ask, at the instance of the illiterate masses? When once these ports were thrown open, the pilgrims availed themselves of the opportunity and used these ports in sufficiently large numbers until the ports were closed to the pilgrims. It need hardly be said that the pilgrims will continue to use these ports in equally large, if not in larger numbers, if these ports are re-opened for the purpose. As regards sanitation, it has successfully been solved by the Government, though much more yet remains to be done. This year the Hon'ble Mover asks for the opening of the Port of Calcutta. Eastern Bengal, as well as Bengal, contains a large element of Mohammedan population, and Calcutta would therefore prove a suitable port. From my friend the Hon'ble Sir Ibrahim Rahimtoola's point of view the opening of the Port of Calcutta would eventually not only relieve the congestion of the pilgrim traffic at Bombay, but afford the *Hadj* pilgrims greater facilities. Though my Province may not directly be benefited by the proposed measure, I still think it my duty to give my support to this resolution, for we, Mussulmans, are bound to stand united in a common cause. My co-religionists in the South would no doubt prefer Bombay to any other port. But if Madras were thrown open as an additional port, they would certainly welcome it. As a Mussulman I fully sympathise with the legitimate grievances of my community in any part of India. With these words, Sir, I heartily support the Resolution."

**The Hon'ble Sir Fazulbhoy Currimbhoy:**—"Sir, I support the Resolution on two grounds. In the first place, I object to the present system on principle. Not that I have any extravagant hopes about the results of the executive action recommended by the Hon'ble Mover, but it strikes me as something radically wrong that the movements of an Indian out of the country should be restricted only when, from religious enthusiasm, he becomes a pilgrim. It is difficult to find any sound reason for the arrangement which curtails the Mussulman's freedom to select his own route to the *Hedjaz*. It is needless to point out that in these restrictive measures Government has the interests of the pilgrim in view, but when the community chafes under them, it behoves Government to reconsider the position.

"In the next place, I appreciate the desire of my co-religionists to exhaust all the remedies suggested from time to time for particular evils of the pilgrim traffic. To my mind, the futility of attempts at a satisfactory and permanent solution of the difficulty by any tinkering at isolated conditions of the journey, is self-evident. I am conscious we must attack the whole

[2ND MARCH, 1914.] [Sir Fazulbhoy Currimbhoy; Raja Saiyid Abu Jafar of Pirpur.]

problem with spirit and determination. This recommendation was discussed last year in this Council, and I doubted if the throwing open of additional ports *per se* would effect any material improvement in the *Hadji's* lot. With lapse of time the conviction has gained force that a thorough overhaul of the whole arrangement alone can settle once for all this vexed question of pilgrimage to the *Hedjaz*. Even a cursory examination of the pilgrims' difficulties will convince any one both of the gravity of the situation and of the urgency of comprehensive measures of reform. A comprehensive scheme of reform, I am glad, is in course of preparation, and it is expected that the Government of Bombay will shortly submit it to the Government of India for sanction. The whole circumstances, I have no doubt, will be on the occasion carefully considered by the Government of India with the assistance of Muslim leaders including my friend the Hon'ble *Hadji* who is going to place his views before the Government and the Public and whose advice will be valuable. But, meanwhile, the executive action the Hon'ble Mover recommends may be taken without prejudice to the project. However undesirable, in the light of the above facts, investigation of the difficulties and remedies by a committee might be, the adoption of the Resolution now before the Council will not, from the nature of the case, jeopardise the success of the scheme. Relief from the present pressure upon Bombay must be welcome to the Provincial Government. Whether there will be in the result a partial diversion of the pilgrim traffic to Calcutta is a question on which doubt may be entertained. On the other hand, the different *Hadj* Committees, after their reorganisation, might in time be able to induce the Bengal and Bihar pilgrims to embark from Calcutta. Should there be this diversion in the end, it will be some gain, but whether unmixed or not is a question. Even then the difficulties of the absence of a regular service to Jeddah will remain to complicate the situation, and whereas a part of the present trouble is about the service between Bombay and Jeddah, there will, in the above contingency, be the additional trouble about the service between Calcutta and Jeddah. But time alone can prove the feasibility and utility or otherwise of the course recommended. And in view of this fact, the experiment is worth a trial. The question of cost does not largely enter into the discussion. The Hon'ble Sir Harcourt Butler last year asseverated with just pride: 'No one can say that Government is likely to be deterred by any question of cost from doing the right thing'. Now the recurring expenditure incidental to the opening of the Calcutta Port is estimated at Rs. 10,000 a year. The amount is so inconsiderable that no serious objection can be raised on the score of cost. I accordingly support the Resolution."

**The Hon'ble Raja Saiyid Abu Jafar of Pirpur.**—"Sir, I have great pleasure in supporting the Resolution proposed by the Hon'ble Mover. Last year, he moved almost a similar resolution in this Hon'ble Council for which he not only received the support of his co-religionists, in the Council but also that of some non-Mohammedan members. On this occasion he has confined his recommendation to the Port of Calcutta only. The Hon'ble Mover last year, as well as on this occasion, has dealt so exhaustively on the subject that it seems quite superfluous to add anything to what he has said.

"However, I want to make only a few remarks in the matter. The *Hadj* is performed on some particular days of the year and so the *Hadjis* in large numbers start for the *Hadj* in a limited period, say in two or three weeks only; the natural result of which is that their lodging places in Bombay get congested and the accommodation in the steamers becomes very crowded. The Steamer Companies fix exorbitant rates of passage and sometimes it so happens that some persons who take sufficient money as they think with them, for the *Hadj*, after reaching *Hedjaz* run short of funds in a foreign land and get stranded there and become a burden to the Government, which often has to provide for their passage back.

[ *Raja Saiyid Abu Jafar of Pirpur ; Mr. Qumrul Huda.* ] [ 2ND MARCH, 1914. ]

" If the Port of Calcutta be opened the *Hadj* pilgrims, specially those who live in the eastern part of India, will have an opportunity of choosing either of the two ports according to their convenience.

" Sir, considering the difficulties of lodging in the City of Bombay, the inconvenience of accommodation on board the steamers owing to the congestion of passengers and the exorbitant charges for passage, in my opinion, the initial non-recurring expenditure and the recurring annual expenses of throwing open the Port of Calcutta seem to me to be quite insignificant. I would therefore request that the Government be pleased to open it at least on trial for a few years. With these remarks, I support the Resolution."

**The Hon'ble Mr. Qumrul Huda :—**" Sir, it should be in the recollection of all of us that last year, in this month, an amended Resolution of the Hon'ble Sir Ibrahim Rahimtoola 'that this Council recommends to the Governor General in Council that the question of re-opening the ports of Calcutta and Chittagong for the embarkation of pilgrims to the *Hejdas* be considered—' was adopted by this Council. Having received this encouragement it is quite natural on the part of the Hon'ble Mover to bring the present Resolution before this Council to-day. My Hon'ble friend has rightly omitted the Port of Chittagong in the present Resolution. There appears to be no trustworthy proof of the fact that this port was ever used as a port of embarkation for Mussulman pilgrimage. Of course, the fears of compulsory embarkation from this port should not be taken into account. But the case of Calcutta stands on different footing. When it was not placed under the ban of restriction, pilgrims used to embark from the Port of Calcutta and then not in very small numbers. It is unfortunate that no completely reliable and accurate statistics on this point of those years can be had, still whatever we can find out is sufficient to favour the assumption that it is not unsuited and has been used as a port of embarkation by *Hadjis*. Here I may refer to the telegram the Hon'ble Member for Education had received on the 19th of March last year from the Bengal Government. The message runs thus :—' No statistics available to show extent of pilgrim traffic before Calcutta Port was closed in 1897, but number of arrivals at Calcutta was 1,112 in 1892, 1,141 in 1893, 798 in 1894, 2,746 in 1895, and 920 in 1896'. I leave Chittagong as it does not concern us at present. Out of these five years one is much nearer to 3,000, two are above 1,000 and two only below 1,000. It may be said that the numbers given in the telegram are of arrivals only, but when no statistics of pilgrims that actually embarked from that port are available, one has equal right to presume that if not all, almost all, of these pilgrims did embark from the Port of Calcutta. Taking into consideration the fluctuations in numbers of pilgrims, it does not look justifiable to close the port.

" The argument that because Mussulmans going on pilgrimage have been embarking in greater number from Bombay Port, therefore they will not like to go from Calcutta is rather fallacious. We should first make similar arrangements for their comforts in Calcutta as in Bombay, and we should give them the same facility for embarkation in Calcutta as in Bombay; then we shall be in a position to say whether Calcutta is preferred by the Mussulmans of Bengal and Bihar or not. The Mussulmans of these parts are not unaware of the disappointment which they have to meet in returning home from Bombay sorely disgusted, as they could not proceed further on their sacred journey for want of boats to take them to Jeddah. They would prefer to take this chance in Calcutta than in Bombay.

" Let the Port of Calcutta be re-opened as a port of embarkation for Muslim pilgrims to Arabia, the Mussulmans of Bihar and Bengal will surely adopt this port in greater numbers as years will pass on. When the Port of Calcutta is opened to all the world, why should it be closed to the Mussulman pilgrims alone?

" With these few remarks, I support the Resolution."

[2ND MARCH, 1914.] [Mr. Abbott; Maharaja Manindra Chandra Nandi of Kasimbazar; Maharaja Ranajit Sinha of Nashipur; Srijut Ghanasyam Barua; Rai Sri Ram Bahadur; Raja Kushal Pal Singh.]

**The Hon'ble Mr. Abbott:**—"Sir, I beg to give this Resolution my hearty support and hope the Government will see their way to accept it."

**The Hon'ble Maharaja Manindra Chandra Nandi of Kasimbazar:**—"Sir, the principle of uniform tolerance which characterises the policy of Government in all religious matters has enabled all religious communities in India to follow their religious observances without the slightest difficulty of any kind. The principal places of Hindu pilgrimage are almost all in India, with the exception of a few. For our Mohammedan fellow-countrymen however, the chief place of pilgrimage is in Arabia. Pilgrims for the *Hedjaz* have at present to congregate in Bombay from all parts of India, Bombay being the only port of embarkation. As may be easily conceived, this causes a good deal of inconvenience, for Bombay is a crowded city and pilgrims for Mecca often find it difficult to get accommodation during their stay in Bombay. My friend the Hon'ble Mover has shown that out of the pilgrims, 33 to 35 per cent go to Mecca *via* Bombay from Bengal. Under these circumstances, if another port were thrown open for the embarkation of pilgrims for the *Hedjaz* it would help to relieve the congestion and would be welcomed by a large number of pilgrims. I have pleasure in supporting this Resolution."

**The Hon'ble Maharaja Ranajit Sinha of Nashipur:**—"Sir, the request contained in the Resolution moved by my Hon'ble friend Sir Ibrahim Rahimtoola is a very modest one, and I for myself cannot make out why the pilgrims for Mecca are not allowed to go from the Port of Calcutta, whereas they are allowed to go by railway from there and are also allowed to stay in Calcutta for the purpose of going on to Mecca. If there be an objection that an epidemic will break out in Calcutta, that is a different thing altogether, because in that case even the Hindu pilgrims who wish to go to Juggernath might be prevented from going from Calcutta; but under the circumstances I do not see any reason why pilgrims for Mecca are prohibited from using the Port of Calcutta. The request contained in the Resolution is a very reasonable one, and I have much pleasure in supporting the Resolution."

**The Hon'ble Srijut Ghanasyam Barua:**—"Sir, to me the reasons in favour of the Resolution seem to be much stronger than any which have been urged against it. I have little doubt that the Mussulmans of my Province, Assam, most of them at least, would certainly prefer Calcutta to the Port of Bombay, and I believe the Mohammedans of Bengal and Assam and most parts of Bihar and some parts of the United Provinces would all prefer Calcutta. Compelling people living in the far East of India to pass across the whole continent is, I think, a grievance which they have rightly reason to complain of, and the opening of the Port of Calcutta will be availed of by the people of the Eastern parts of the Empire for two principal reasons. One is that they will not have to travel right across the Indian continent dealing with people speaking various unknown dialects all along the way in passing through to Bombay, and, secondly, they will not have the inconvenience of a long railway journey which will be far more troublesome and uncomfortable than the journey by steamer from Calcutta itself. After they have got on the steamer at Calcutta, they can make themselves quite at home until they get to the port of disembarkation at Arabia. So I think that for all reasons this Resolution ought to deserve the most favourable consideration of the Government."

**The Hon'ble Rai Sri Ram Bahadur:**—"Sir, I associate myself with my Mohammedan colleagues in supporting this Resolution which in my humble opinion should be accepted."

**The Hon'ble Raja Kushal Pal Singh:**—"Sir, I also beg to accord my whole-hearted support to the Resolution before the Hon'ble Council."

[*Sir Harcourt Butler; Sir Ibrahim Rahimtoola.*] [2ND MARCH, 1914.]

**The Hon'ble Sir Harcourt Butler:**—"Sir, my Hon'ble friend the Mover of this Resolution opened his remarks with some pleasantry in cricketering terms very appropriate for such an eminent cricketer as he himself is, and following his own metaphor or figure of speech, I can only say that he seems to me to have been bowling wide the whole afternoon. I have listened, and I have listened in vain, for anything new in the course of this debate. It will be in the recollection of this Council that this matter was discussed last year; that on behalf of the Government of India I accepted the Resolution in a modified form, the form being that the matter should be reconsidered. The whole question was referred back to the Government of Bengal. The Government of Bengal throughout the whole of the correspondence has shown willingness to re-open the Port of Calcutta if any arguments can be adduced which will lead them to think that it will be in any way useful to do so, or will serve the convenience of the Mohammedan public. The Government of Bengal consulted several leading Mohammedan gentlemen, and they came unanimously to the opinion that no useful purpose would be served by opening the Port of Calcutta. Those papers were published about September. The only new factors in the situation are two. First, that the Government of Bengal have re-affirmed their previous opinion, and secondly, that the opening of the Port of Karachi has completely failed. The Hon'ble Mover, I notice, did not refer at all to the opening of the Port of Karachi."

**The Hon'ble Sir Ibrahim Rahimtoola:**—"I had only 30 minutes."

**The Hon'ble Sir Harcourt Butler:**—"I think he had time to do so, but I will leave him the advantage of the interruption. The Karachi Port was opened with rather a flourish of trumpets. In 1906, Sir Ibrahim Rahimtoola said that the opening of the Port of Karachi would greatly help the administration of the pilgrim traffic. Last year, with some further experience, he rather qualified his remarks. But the fact remains that, before experience had been gained, the Hon'ble Member and others in Bombay had great hopes that the opening of the Port of Karachi would relieve the pressure on Bombay. The latest statement of the Government of Bombay in regard to Karachi is that the results are negative. I want to know why they should be more right in connection with Calcutta than they have been in connection with Karachi."

"A good deal has been made of the question, 'why should not a pious Mohammedan go from any port in India that he likes to the *Hadj*?' The answer is a very simple one. The *Hadj* is not performed in British territory, and the Turkish Government, a Mohammedan Government, has issued stringent regulations. In order to comply with those regulations, somewhat extensive sanitary arrangements have to be undertaken, and it is clearly impossible that these should be provided in every port in India."

"There seems to be a large number of Members of this Council who ask why should not Calcutta be opened as a port; why not, it won't cost much and the Government do not admittedly attach much importance to the question of the cost? To answer that I must go back a little to what I said last year, though I shall not detain the Council long."

"In the first place, Calcutta never has been a port that has been at all frequented by pilgrims going to the *Hadj*. We have not got very clear figures, but I will read out to the Council an extract from a letter written by the Government of Bengal, dated the 30th October 1905. I have given some figures before; I will give them all now."

"The materials available to Government of the numbers of pilgrims who leave Calcutta are somewhat insufficient. It is certain that steamers leave in very small numbers by sea. The statement below gives the number of

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pilgrims who have embarked from Calcutta since 1890. These figures are, for what they are worth :—

	Number of pilgrims.
1890 Steamer <i>Akbar</i> . . . . .	239
1891 S. S. <i>Sultan</i> and S. S. <i>Khiva</i> . . . . .	1,112
1892 S. S. <i>Tanjore</i> . . . . .	752
1893 S. S. <i>Sultan</i> . . . . .	385
1894 ——— . . . . .	None
1895 S. S. <i>Sultan</i> . . . . .	48

“Therefore, even while it was a pilgrim port, Calcutta had been practically abandoned. The average for those years, on these figures, is 414. But the Bengal Government evidently do not attach much importance to those figures, so I did not give them to the Hon’ble Member when he asked for them the other day, because I did not think they had the imprimatur of accuracy. But I rely on this statement of the Bengal Government in 1895 before this question was raised : ‘It is certain that steamers leave in very small numbers.’

“Then in the course of the debate this year and in the course of the debate last year we have never heard it suggested that any Bengali Mohammedan has ever asked to go by Calcutta to the *Hadj*. The Hon’ble Mr. Ghuznavi has supported the Resolution, but he comes from Bengal and he does not inform us, and he has not informed us, that the Bengali Mohammedans feel any grievance at all in not being able to go from Calcutta to the *Hadj*.

“We have the evidence of Chittagong. As soon as the regulation enjoining departure from Chittagong was relaxed all the pilgrims of Chittagong immediately flocked off to Bombay and disappeared from Chittagong.

“The Hon’ble Member says ‘who are these Mohammedan gentlemen who have advised the Government of Bengal?’ I have no official information on the subject at all, and I should certainly not think of asking the Bengal Government to give me the information, because it might appear to be a reflection upon a great Government, a Government which has shown great sympathy with Mohammedans at all times, and especially in this matter of the *Hadj*. But I have been told privately who they are and I can assure him that they are thoroughly representative. But that is not my point. My point is this, has the Hon’ble Member produced any evidence of any sort or kind from any Mohammedans in Bengal to the effect that they would like the Port of Calcutta opened? There are many *anjumans* in Bengal, there are many Mohammedan associations and the Hon’ble Member could very well, if he had them behind him, produce some evidence in this Council; of that I am sure.

“It stands to reason, I think, human nature being what it is, that no one who can slip across India by train would go all the way round to the coast, with the added discomfort and the added cost of maintenance during a longer period, to get to Mecca. The point I would like particularly to make is this, that, so far as Bengal is concerned, we have not a shred of evidence to show that anybody wants it. All the evidence is the other way, and it comes back to this, that this motion is brought forward really and solely with a view to relieve pressure on Bombay. Well, I admit that the opinions of the Bombay Mohammedans in regard to the *Hadj* are entitled to very great weight. By circumstances the Port of Bombay has become the centre, the starting point of the *Hadj* traffic and Bombay is paying for its attractiveness. I believe it is proud to be called ‘*urbs prima in India*’ and it must take it out in popularity with pilgrims. But the Government of India has got to look at this question not only from the point of view of the Mohammedans of Bombay, but from the point of view of Mohammedans all over India and in Afghanistan and surrounding parts, the majority of whom pass through India to Bombay.

“Something has been said about rates. Well, I noted last year that the rush of pilgrims was not the only determinant of the rates. First of all, I pointed out that provision had been made under the Pilgrim Ships’ Act for a minimum speed rate of 8 knots an hour for Pilgrim ships, and, secondly,

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I was informed on good authority that the rates of the passage depend very much on the prevailing freights and the cargoes available at the time that the pilgrimage is made. It is clear that the opening of Karachi has had no effect whatever on the rates, and I think it is perfectly clear that the opening of Calcutta would have none whatever. Rates must always depend to a certain extent on the number of pilgrims who desire to make the *Hadj*. When we debated this question last year we had not got the full figures, and there was an impression that there had been a steadily growing, in fact a great, increase in the pilgrim traffic. I have got all the figures now from the year 1889, onwards, and I find that the years 1889-1896, for which last year my Hon'ble friend said the average was 10,000, actually yielded an average of 14,543, which rose in the year 1911 to 22,000—it has been as high as 27,000 in the year 1906. In 1912, it was 15,464 and in 1913, it was 15,319. So that we are now not more than 700 or 800 in excess of the average of the years 1889-1896.

"Though I cannot accept the Resolution on behalf of Government, I can assure not only the Mohammedans in this Council and the Members of this Council who have supported this Resolution, but I can assure all Mohammedans outside this Council that the Government of India and the Local Governments are laying their heads together at the present time to try and devise some really satisfactory solution of what they consider a very important question. The Government of India and the Local Governments alike have always attached the greatest value and the highest importance to making the pious pilgrimages of the Indian subjects of the King-Emperor as easy as possible. We are taking up now, province by province, the question of pilgrimages in internal India, and in the course of these inquiries, the Local Governments are examining into the question of the *Hadj*. I hope that before many months have passed, we shall have arrived at a solution which may give satisfaction to all concerned and which will remove the inconveniences which at present exist, and facilitate the journeys of pious Mohammedans to the holy places of Islam."

**The Hon'ble Sir Ibrahim Rahimtoola** :—"Sir, I am sorry that my appeal to the sporting spirit of the Hon'ble gentleman has failed. I pointed out to the Council that it is hopeless to expect to take his wicket, even with the straightest of balls, when the umpire was against the bowler, because he could at once call a 'no ball' when the wicket is down. In this case, unfortunately, the umpire is against us, and I therefore appealed to the Hon'ble Member's sporting spirit that he should, when the ball came in play, hit the wicket and so gracefully retire. Well, Sir, my effort has failed, and I am therefore obliged to deal with the reply that the Hon'ble Member has given. In the first place, he said that I had advanced nothing new in my speech. May I ask him whether it is not really the fault of Government? The only new document that has been put before the public is the letter from the Government of Bengal, and that merely reiterates what was said in the previous letter, which was considered by this Council. Therefore, when there is nothing new that is brought forward by Government against a Resolution which they themselves accepted, there can be nothing new that can be urged against it.

"Sir, the Hon'ble Member laid a great deal of stress upon the views of the Government of Bengal. But, surely, the Government of India have got to bestow the same consideration on the views of the Government of Bombay as they feel called upon to bestow on those of the Government of Bengal! Both are Local Governments of the most leading provinces in India. I raised the question last year and have repeated it this year on the strength of the support of the Government of Bombay given to me in the Legislative Council, where my Resolution on this subject was accepted. So that when I am knocking at the door of the Government of India I do so with the full support of another very leading Local Government in India. I therefore hold that the Government of India must examine this question judicially as between the Government of Bengal and the Government of Bombay. It must be obvious to this Council that the arguments advanced by the Government of Bengal are far from

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convincing. The only thing they say is, that there was no real traffic in Calcutta before 1896 when the port was open to the pilgrim traffic. Well, Sir, if that is so, then why do not they produce reliable statistics in support of their contention? It is this want of reliable data which cannot be found which completely disposes of their case. Is it a fact, or is it not a fact that, on an average, about 6,000 pilgrims go to Mecca from Bengal every year, and that they form an average of over 30 per cent of the total pilgrims? This fact cannot be disputed, and it therefore stands to reason that they are entitled to choose a port for embarkation most convenient to them.

“The Hon'ble Member contends that I have produced no evidence to show that people in Bengal want the Port of Calcutta opened. In this connection there is one thing which I should like to take the opportunity of saying, *i.e.*, that the case cannot be argued both ways. If there is no agitation, if people do not agitate but content themselves by respectfully representing, through their representatives, a desire for securing certain improvements and amendments we are met by the argument that people do not want it, that there is no agitation. If there is agitation, they turn round and say ‘We are not going to submit to agitation.’ What should be done under the circumstances? How should we proceed if we want a thing to be done? I wish some Hon'ble Member of the Government of India would enlighten us on the subject. The masses of Mussulmans who form the bulk of the pilgrims have not yet learnt the art of agitation, and I do not think it is wise on the part of Government to use such an argument and thereby to teach these people the lesson that agitation is the only successful method.

“Sir, the Hon'ble Member, in giving certain statistics to-day for what they may be worth, stated that the figure for the year 1895 was 45. Last year his figure was 2,795 for the same year.—”

**The Hon'ble Sir Harcourt Butler** :—“That was for arrivals, not departures.”

**The Hon'ble Sir Ibrahim Rahimtoola** :—“I wish to point out that last year I based my arguments on the figures which the Hon'ble Member had himself given, but as he does not wish to lay any great stress on these figures, I will pass them by and will merely say that as it is admitted that reliable statistics are not available we cannot draw conclusions from them. At the same time, it should be borne in mind that the Bungal Government's views are based on experience which is more than 18 years old, while recent experience has clearly indicated what the needs and requirements of this traffic are at present

“The Hon'ble Member pointed out that I had quoted the average figure of 10,000 pilgrims for nine years preceding 1896, while the actual average was 14,500. I will only say, in reply, that the figures I quoted were obtained from the official reports of the Commissioner of Police.

“It was my interpellation in the Bombay Legislative Council which supplied the Hon'ble Member with the average of 14,500 which he has quoted. As soon as I got those figures, I asked the Secretary to Government why there was this discrepancy between the figures published by the Commissioner of Police in his annual reports, he being in charge of the Pilgrim Department, and the figures which Government had themselves given. The reply I received was that the later figures had been worked out more carefully. Admitting that we should base our conclusions upon the later figures which the Government of Bombay has given, the average works out at 14,500 for the 9 years ending 1896, while the average for the last 10 years is 19,000, which in itself shows an advance of 40 per cent. Is that negligible?

“Then, Sir, much was made of the stringent regulations demanded by the Turkish Government. I suppose the regulations which are in force in Bombay are the same as those that would be required in Calcutta; and that nothing more than the regulations now prevalent in Bombay would be required for the Port of Calcutta. The regulations in Bombay are governed by the orders of the International Board of Health, and not by those of the Turkish

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Government, as the Hon'ble Member stated. Sir, these restrictions are medical inspection of pilgrims and disinfection of their luggage. Now, medical inspection, as I pointed out last year, is common to all outgoing passengers by sea : therefore there is nothing special in this respect so far as the pilgrims are concerned. All that is needed in addition is provision for the disinfection of their luggage, and, as I said before, the budget provision for Karachi shows a total recurring expenditure of Rs. 10,000 *per annum* which is such a small figure of cost that it must not be allowed to weigh in the consideration of such an important question.

"Then, Sir, my Hon'ble friend asked me whether I could produce any evidence from Mussulmans in Bengal. Government do not disclose the names of those gentlemen whom they consulted, but I point to the name of the Mohammedan representative of the Province of Bengal, who has studied the question so thoroughly and who has just returned from performing the *Hadj*. He tells you openly in this Council that this is a measure of relief which is called for. Now, against the support of men whose names are not disclosed, I refer this Council to the name of the accredited representative of the Mussulmans of Bengal. Surely it cannot then be said that I am producing no evidence in support of my Resolution.

"Then, Sir, I am sorry to say that the Hon'ble Member stated that my whole object was to relieve pressure on Bombay. I am sorry for that reference, but I accept the challenge and would point out that, even assuming the motive he attributed to me is well founded—though I of course repudiate it—is it anything illegitimate to ask that the pressure on Bombay should be relieved? Such pressure will only be relieved if the anticipations of Government are not realized. If the Port of Calcutta is opened and pilgrims are free to embark from it and do as a matter of fact go in large numbers from that port, the result will certainly be to relieve Bombay; but is there anything wrong in it? If, in contributing towards the relief of intending pilgrims, the secondary effect is the relief of Bombay, surely the Government of India cannot possibly regret it!

"Sir, I have got to deal with these points very briefly because the time allowed under the rules is drawing very near to a close: otherwise I would have spoken at considerable length in meeting effectively all the points made by the Hon'ble Member. As I have got only about a couple of minutes more, I will deal with the concluding part of the Hon'ble Member's speech. As I have said repeatedly, I have not brought this Resolution in any spirit of antagonism. I said in my opening remarks that we fully recognise the consideration which the Government of India and the Bombay Government have been bestowing upon this question. At the same time it appears to us necessary that the attention of the Government of India should be drawn to measures which we regard as called for, for the relief of pilgrims. We are therefore making this representation to them. Our object is to bring home to them that the pilgrim traffic needs immediate remedies for the purpose of relieving the hardships that are entailed upon the pilgrims under existing conditions. My Hon'ble friend Mr. Ghuznavi will refer to these hardships when he speaks as regards his experiences of the *Hadj*.

"The Hon'ble Member said that the question is now under consideration. Last year the same thing was said, and the result of that consideration was proposals for giving a complete monopoly to one steamship company, and the enforcement of other restrictions. If the Hon'ble Member gives me this assurance that the new proposals that they are going to consider will include the question of opening ports other than Bombay for the pilgrim traffic, and further that, before taking any action, Government will consult leading Mussalman on the subject, I am quite willing not to press this Resolution. But if the Hon'ble Member says that he is unable to give any assurance of this kind, then I have no alternative but to press the Resolution to a division."

**The Hon'ble Sir Harcourt Butler:**—"I regret I am not prepared to give an assurance at this stage. The matter is under discussion with the Local Governments."

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RESOLUTION ON THE OPENING OF THE PORT OF  
CALCUTTA TO MOHAMMEDAN PILGRIMS;  
RESOLUTION ON THE AMENDMENT OF THE  
COURT FEES ACT.

[2ND MARCH, 1914.] [Sir Harcourt Butler; Maharaja Ranajit Sinha of  
Nashipur.]

On the Resolution being put, the Council divided as follows, 18 voting for  
and 33 against the Resolution :—

AYES—18.	NOES—33.
The Hon'ble Mr. C. Vijiaraghavachariar.	The Hon'ble Sir Robert Carlyle.
"    Mr. R. R. Venkataranga.	"    Sir Harcourt Butler.
"    Khan Bahadur Mir Asad Ali	"    Sir Ali Imam.
Khan.	"    Mr. Clark.
"    Sir Ibrahim Rahimtoola.	"    Sir Reginald Craddock.
"    Sir F. Currimbhoy Ebrahim.	"    Sir William Meyer.
"    Maharaja Ranajit Sinha.	"    Mr. Hailey.
"    Maharaja M. C. Nandi.	"    Sir T. R. Wynne.
"    Raja Abu Jafar of Pirpur.	"    Mr. Cobb.
"    Mr. M. S. Das.	"    Mr. Wood.
"    Mr. Huda.	"    Mr. Brunyate.
"    Malik Umar Hayat Khan.	"    Mr. Wheeler.
"    Raja Jai Chand.	"    Mr. Enthoven.
"    Sir G. M. Chitnavis.	"    Mr. Sharp.
"    Mr. S. G. Barua.	"    Mr. Porter.
"    Mr. Abbott.	"    Sir E. D. Maolagan.
"    Mr. Ghuznavi.	"    Major-General Birdwood.
"    Raja Kushal Pal Singh.	"    Mr. Michael.
"    Bai Sri Ram Bahadur.	"    Surgeon-General Sir C. P. Lukis.
	"    Mr. Russell
	"    Major Robertson.
	"    Mr. Kenrick.
	"    Mr. Kesteven.
	"    Sir William Vincent.
	"    Mr. Wynch.
	"    Mr. Donald.
	"    Mr. Walsh.
	"    Mr. Arthur.
	"    Major Brooke Blakeway.
	"    Mr. Diack.
	"    Mr. Laurie.
	"    Mr. Arbuthnot.
	"    Mr. Rice.

The Resolution was accordingly rejected.

At this stage the Hon'ble Sir Robert Carlyle vacated the chair, which was  
taken by the Hon'ble Sir Harcourt Butler.

**RESOLUTION ON THE AMENDMENT OF THE COURT  
FEES ACT.**

**The Hon'ble Maharaja Ranajit Sinha of Nashipur :—**  
"Sir, with your permission I beg to move the Resolution that stands in my  
name, and which runs thus :—

That this Council recommends to the Governor General in Council that Local Govern-  
ments be consulted as to the desirability of amending the Court Fees Act so as to provide  
that a moiety of the Court-fees paid in civil suits be refunded if such suits are decided *ex-parte*.

"Sir, the request contained in my Resolution is a very modest one. I do  
not ask that the Act should be amended at once, or that the relief sought  
for be at once given. I ask that the Local Governments should be consulted  
on the subject, and, if necessary, effect should be given to it. I am fully  
convinced that, if the course suggested in my Resolution be accepted, the  
number of litigations in this country will be considerably decreased, which is,  
I am sure, the earnest desire of the Government of India. The Court-fees is  
nothing but an indirect taxation which is not levied on the people generally,  
but only upon the litigants in order to meet the costs of the Court; and if

[ *Maharaja Ranajit Sinha of Nashipur.* ] [ 2ND MARCH, 1914. ]

there be a surplus on that account, I think the litigants may fairly claim a concession in that respect to a certain extent. Sir, I must admit that if my Resolution be accepted, there will be a loss of revenue to a certain extent; but if the justice of the cause demands it, I am sure the Government of India will not hesitate to give effect to it. The other day I asked a question as to the amount of the receipts and expenditure under that head; but my Hon'ble friend the Finance Minister could not supply the figures, as he said it would not be possible to do so within such a short period. But from the statistics which I have been able to collect from the Administration Report of Civil Justice, I find that in Bengal, excluding probate fees, there was a net profit of Rs. 63,01,574; in Bihar, 20,46,528, in Madras, 25,34,864, and in Coorg, 12,338, making a total of 10,895,354; whereas the deficit in Bombay was 5,41,325; United Provinces, 2,18,958; Oudh, 3,69,287; Central Provinces, 3,14,848; North-West Frontier Province, 1,79,897; making a total deficit of 16,24,315; now deducting this amount from the previous figures of which I have spoken there was a net profit of 82,71,039. Sir, I am not sure if the figures I have quoted are correct ones because I find there was a Resolution of the Government of India of the 9th January 1890 in which it was ordered that certain items of expenditure should be included in charges under head 'Civil Justice.'

"I am not sure if these items have been included in the figures shown in the Administration Report of Civil Justice. However, I think that there was a profit, if there was such profit which the Government of India could easily find out, I hope that at least some concession in that respect will be given to the litigants. It is said that the Indians are very litigious, but I find from the statistics which I have been able to collect that out of 20,79,834 cases which were instituted in the year 1912, 15,38,792 cases were for money and rents, and these cases show that the people of this country are compelled under pecuniary circumstances to be litigious. Those who have very moderate means cannot make both ends meet. In this country the people have not only to support themselves and their families, but also to maintain their distant relations and dependants; over and above that they have to perform their social and religious ceremonies. As far as Hindus are concerned I may be permitted to say that, if a person of moderate means has a daughter to marry, his whole earnings would go in her wedding, and if he happens to be a father of two or more daughters, it means practically ruin to him. He cannot extricate himself from the debts he incurs in performing these ceremonies. Many of the Hon'ble Members of this Council are aware of the pathetic death of Snehalata in Bengal, who sacrificed her life for the relief of her father from social degradation. So, if one has to go to the money-lender, the result is that if he cannot pay off the debts within the proper time, the money-lenders bring in suits in order to save limitation. I find that out of a total number of money-suits which were instituted in 1912, namely, 15,38,792, there were 1,500,105 suits whose value did not exceed Rs. 500, so that the practical relief I seek for will be given to persons of very moderate means who cannot pay even Rs. 500. It is of no consequence to the landlords or money-lenders whether any portion of the Court-fee is remitted or not, as they will get the full decree of the entire amount of costs. I find that in *ex-parte* cases only half the pleaders' fees are allowed, and the result is that out of the total number of 2,025,446 cases which were disposed of in 1912, 3,23,704 were decided without trial. So out of the remaining number of cases, namely, 17,01,742, 349,818 were decided on compromise and confession and 6,83,743 were decreed *ex-parte*. Now the parties in *ex-parte* cases are to pay only half the pleaders' fees, and if a moiety of the Court-fees be remitted I am sure the number of litigations would be considerably decreased, and people would get substantial relief. In that respect there is a precedent also. There was a similar law of the land before and further section 73 of the Presidency Small Cause Courts Act, XV. of 1882, also provides that 'whenever any such suit or proceeding is settled by agreement of the parties before the hearing, half the amount of all fees paid up to that time shall be repaid by the Small Causes

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[*Maharaja Ranajit Sinha of Nashipur; Sir Reginald Craddock.*]

Court to the parties by whom the same have been respectively paid.' Sir, I have no objection even if the principle embodied in section 73 be accepted. In my Resolution I have not mentioned about the cases which are decided on compromise or confession, as such compromise and consent decrees might be obtained after the cases are practically over and at any time before the judgment is pronounced, and so in such cases there is no relief to the Court. The persons who give trouble to the Court up to the last moment should not be allowed any relief. As to details we need not discuss now for if the policy is accepted, there will be an ample opportunity of discussing them later on. With these observations I beg to commend the Resolution to the acceptance of the Council."

**The Hon'ble Sir Reginald Craddock:**— "Sir, on some occasions it has fallen to me to oppose a Resolution moved by an Hon'ble Member, but to give him as much sympathy as I could. On this occasion, in so far as the Resolution merely asks that Local Governments be consulted as to the desirability of amending the Court Fees Act so as to provide that a moiety of the Court-fees paid in civil suits be refunded if such suits are decided *ex parte*, I am prepared to accept it so far as it goes, but I am not prepared to give that sympathy which I have sometimes been able to give on other occasions when not accepting a Resolution moved by an Hon'ble Member. Various proposals for the amendment of the Court fees Act are now under the consideration of the Government of India, and it is probable that a general reference on the subject will be issued before very long. The Government have no objection, therefore, to the inclusion of this particular proposal along with others, provided that the proposal is put before Local Governments merely as one which has been brought forward in this Council and without any endorsement of approval from the Government of India itself. That is, in effect, all that the Hon'ble Mover asks us to do, but I should like to point out very briefly that proposals of this kind cannot be considered singly without reference to the whole structure, basis, and principles of the Act. When the Court Fees Act was enacted in 1870, large changes were made in the Act of 1867 which it superseded. That Act had raised Court-fees very largely, and when these were again lowered in 1870, the levy of full fees on the suits of the kind mentioned by the Hon'ble Mover was made part and parcel of the revision of the Act. That Act, in respect of the rate of Court-fees, proceeded upon the fact, as was explained when the Bill was introduced, that, 'Government had decided on conceding a considerable reduction of the existing rates of Court-fees leviable on the institution of civil suits. As a set-off against the proposed concessions and the probable loss of revenue resulting therefrom, it was proposed first, to discontinue the grant of any refund of fees levied on the institution of original suits, and secondly, to raise the duty chargeable on the grant of probates and letters of administration under the Indian Succession Act and of certificates under Act XXVII of 1860'. The withdrawal of one concession was the counterpart of the grant of another, and the scheme hung together as a whole. The concession asked for should certainly not be regarded as an isolated concession, without touching the rest of the Act and once more going back to the principle on which it was framed. That principle is, generally, that the Court-fees should bear proportion to the relief sought and not to the relief actually obtained or to the time taken in obtaining it. It would be, for example, illogical to lower the fee in cases in which the relief was obtained with the least time and trouble to the Court, if no corresponding rise were made in the other cases in which the issues involved were many and complicated and the time of the Court taken up was of long duration. If this principle was once departed from, it would certainly be necessary to examine how far fees remitted in the case of one class of litigants would have to be recovered from the other class of litigants. The litigant approaches the Court because he believes that he cannot recover his claim without such recourse. If, after such a step recovery of his claim becomes short and easy,

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so much the better for him; he is probably saved large sums in costs in comparison with which the actual Court-fee paid is generally somewhat insignificant.

"I do not propose to follow the Hon'ble Mover in respect to the figures that he gave in order to show that civil litigation is carried on at a profit to Government, and that therefore it is necessary to make a reduction of fees. My Hon'ble Colleague, the Finance Member, explained the other day in answer to a question, that any decision of the exact cost of civil litigation as compared with the amount raised in Court-fees opens up a very difficult inquiry. The last time it was attempted was in 1886, and the inquiry took four years to carry out, and even then the results could only be regarded as approximately correct. My Hon'ble Colleague, the Finance Member, then said he was not prepared, on behalf of the Government, to embark on a similar inquiry. It has to be remembered, as was then pointed out, that from the Court-fees themselves have to be deducted considerable sums on account of probate and administration cases, on account of applications in criminal cases, in revenue cases and all sorts of miscellaneous execution cases before one can arrive at what amount of Court-fees have been paid in respect of civil litigation. And similarly on the expenditure side a great many items of expenditure have to be added before one can arrive at the real cost of Civil Courts.

"But, as I explained above, we are perfectly willing that the proposal of the Hon'ble Member should be placed before Local Governments, together with other suggestions that are pending, for possible amendment of the Court Fees Act, and in due course that will be done. The only thing that I say is, that it will go forward to them, among other suggestions, as one put forward in this Council, and I cannot promise for it any special benediction on the part of the Government of India."

**The Hon'ble Maharaja Ranajit Sinha of Nashipur:—**  
"I am very grateful to the Hon'ble Member in charge of the Home Department for his kindly accepting my request that the matter will be referred to Local Governments, and I have nothing further to add."

The Resolution was put and accepted.

The Council adjourned to Saturday, the 7th March, 1914.

W. H. VINCENT,

*Secretary to the Government of India,  
Legislative Department.*

DELHI :

*The 11th March, 1914.*