

Saturday, 18th February, 1860

**PROCEEDINGS**

**OF THE**

**LEGISLATIVE COUNCIL OF  
INDIA**

**Vol. VI**

**(1860)**

MR. WILSON suggested whether it would not be preferable to allow the manuscripts themselves being placed upon the records of the Council. This was the practice in England, and would obviate the expense of printing the papers until they were actually required.

MR. LEGEYT adopted the suggestion, and an amended Motion to the above effect was then made and agreed to.

The Council adjourned.

Saturday, February 18, 1860.

PRESENT :

The Hon'ble the Chief Justice, *Vice-President.*  
in the Chair.

Hon. Lient-Genl. Sir James Outram,	H. Forbes, Esq.,
Hon. Sir H. B. E. Frere,	Hon. Sir C. R. M. Jackson,
Right Hon. J. Wilson,	and
P. W. LeGeyt, Esq.,	A. Sconce, Esq.,
H. B. Harington, Esq.,	

CATTLE TRESPASS.

THE VICE-PRESIDENT read a message, informing the Legislative Council that the Governor-General had assented to the Bill "to amend Act III of 1857 (relating to trespasses by Cattle)."

CRIMINAL PROCEDURE.

THE CLERK reported to the Council that he had received a communication from the Home Department, forwarding a Despatch from the Secretary of State for India, on Section 238 of the Bill "for simplifying the procedure of the Courts of Criminal Judicature not established by Royal Charter" (as settled in Committee of whole Council) regarding trial by Jury.

MR. HARRINGTON moved that the above communication be printed.

Agreed to.

INDIAN PENAL CODE.

SIR BARNES PEACOCK presented the Report of the Select Committee on "The Indian Penal Code."

INDIAN FINANCES.

MR. WILSON rose and said,

MR. PRESIDENT,— Sir, I feel that the ground over which it will be my duty to travel before I sit down will be so extensive, that the fear of taxing your patience and my own powers will deter me from making any lengthened introductory remarks which may add to that danger. Yet, Sir, I cannot but feel sensible that I owe some explanation, if not indeed apology, for the position in which I now find myself. A year ago nothing could have appeared more beyond the range of probability than that I should now be addressing the Legislative Council of India, so much so, that since that time I have undergone two elections to the Imperial Parliament: it was not till near the close of the last Session, when, as a Member of the Government, it was proposed to me to undertake the honorable but arduous and responsible—perhaps the more so honorable because so arduous—duties which I have now to discharge. Sir, if for a moment I felt some reluctance in occupying so responsible an office, I trust I may say it was from no consideration of a selfish or personal kind; I cannot deny that it was not without the greatest regret that I voluntarily renounced a career, for a time at least, it may be for ever, in the greatest representative assembly in the world, to enter upon a sphere of public duty altogether new; but these are considerations which, however natural, ought not to decide the course of any one who has embraced the service of the State. No, Sir, if I hesitated, it was from a doubt in my own knowledge and capacity to cope with the gigantic difficulties which I was called upon to encounter—difficulties which in a great measure had arisen from circumstances which no one could control, and

the real origin of which are to this day unexplained, if not unexplainable. And if, Sir, I overcame this reluctance, it was because I had so often witnessed public proofs, and indeed in my own person had experienced them, that when a public man applied himself with earnestness and zeal to a difficult task, he could always rely with confidence that the most generous construction would be placed upon his actions, whatever might be the result. And now, Sir, let me assure this Council, that if I bring no other qualities to the task, which in accordance with the notice I gave a fortnight since I have this day before me, I can conscientiously say that I have been influenced by no other motive than to propose what I believe to be best for the interests of all classes, and essential for the prosperity of our magnificent Indian Empire. And here permit me to say, once for all, that, in the proposals which I shall have the honor to make, in the principle of policy which I shall announce as those which will guide Her Majesty's Indian Government, I have the fullest, the amplest concurrence of the Noble Earl the Governor General, and of my other colleagues in Council; and I doubt not we shall experience a generous support from Her Majesty's Government and the Council of India at Home. And, Sir, I should not be doing justice to my own feelings, nor to the merits of others, if I did not bear witness to the valuable assistance which I have up to this time received from my colleagues in Council, from the heads of all the departments I have had to consult, from numerous Members of the Civil Service, and from the leading Commercial gentlemen with whom I have had the good fortune to communicate. I must also add that I have received valuable aid from many distinguished members of the Native community. Where-

ever I believed sound and useful information could be obtained, I have freely applied for it, and I must express my gratitude for the ungrudging and willing response to my applications. But, Sir, there is one gentleman in particular to whom my thanks are due. My Honorable friend, the Member for the North-Western Provinces, introduced a Bill in the month of August last for licensing Trades. That Bill was introduced before it could have been known that Her Majesty's Government had even decided upon my appointment. When I arrived in Calcutta, that Bill had passed a second reading and had been referred to a Committee, and I feel it my duty to state that, on my arrival, my Honorable friend took the earliest opportunity of requesting that I would in no way feel fettered by the existence of that Bill, but that it was his wish that I should act in every way with regard to it as best suited my own wishes and views. Nothing could be more cordial or frank than my Honorable friend's conduct. And now that the Government has decided that, in the shape in which that Bill now stands, it would be better to abandon it and introduce new measures, I am bound to say that we feel very sensible of the great advantages which have resulted from the discussions which have taken place upon that Bill. We cannot doubt that they will tend very much to aid both the Government and the public in arriving at a wise and correct conclusion; and, Sir, for this assistance, I tender my cordial thanks to my Honorable friend.

Unhappily, Sir, the tragic events which have happened in British India within the last three years have been too extensively and too severely felt to be soon forgotten.

But severe as was the storm, and numerous as were the wrecks strewed

over the land, it is now restored to complete tranquillity, and the Indian political atmosphere was probably never at any former time so settled and clear. But though this is undoubtedly the case, though by the power of our arms and the courage of our civil administration, a well founded feeling of greater security pervades India than at any former time, yet it is unfortunately no state secret, that an evil of the greatest magnitude is corroding the very heart of our political existence. Sir, if we have surmounted one class of difficulties, we have still to grapple with another class, which, if not so exciting and alarming, is still of the most pressing and urgent character. It would be in vain that we could boast of the success of our arms, of the restoration of peace and tranquillity, if we could see no end to that financial disorder which so notoriously prevails at this moment. That our situation is serious, that it is even worse than I expected, I am bound to admit. Sir, if we have difficulties to face, the first essential step to take is to understand their full extent, their utmost magnitude. It will be my duty, therefore, to lay before you, without suppression on the one hand and without exaggeration on the other, the exact state of our financial position as I find it. The Government desires to exercise no reserve. We think that our safest course—for rely upon it, if, in matters involving the credit of a State, there is a well founded impression that something is held back, that the whole truth is not known, that the public may be exposed to a disagreeable surprise—it is the Government itself that suffers most from such a state of uncertainty. The money market understands how to discount uncertainties and contingencies. We consider, therefore, that the greatest frankness is not only the line of our duty, as it is of our

inclination, but that it is our best policy: we are of opinion also, that under present circumstances especially we are bound to be frank, when we are about to appeal to you to aid us in our efforts to retrieve the position in which we now stand. If we call upon the public to bear new burdens, and to make new sacrifices, however slight, we feel that we are at least bound to explain fully their necessity. And we are confident that, if we can enlist public opinion in our favor at all, it is by pursuing such a course. Sir, it is true we have no representative assembly to satisfy, and it would be only idle to speculate upon the time when India might have such institutions; but, Sir, we have a public opinion, an enlightened public opinion, both Native and European, and above all we have a Free Press and free discussion; and we are of opinion that nothing but good can be derived from those useful—I would say necessary—elements of a prosperous social structure, by frankness on our part. It is by such a course that we believe we can best perform our duty to this Council, and by which we can best enlist the sympathies and aid of the public in the heavy task which for the public benefit of India we are prepared to undertake, and in the success of which we have the utmost confidence, if we have only that fair share of support which we trust our proposals will command.

What then is our position? The last authentic public exposition of the financial position of India was made by my Right Honorable friend the Secretary of State in the House of Commons on the 1st day of August last. In that Statement my Right Honorable friend computed the deficiency of income as against the expenditure of the current year, ending on the 30th of April next, at £10,250,000. That was including the whole of

the Indian and Home Charges. But now, Sir, it is my duty to ask the indulgence of the Council, while I allude to what will appear a considerable discrepancy in the state of our accounts as they stand at the present time. In the month of September, the month following the Statement to which I have referred, a financial balance sheet was drawn up in Calcutta, which seems to have been published in the public prints. It is at the special desire of those who were then Members of the Indian Government, that I should be full and explicit upon this subject. According to that Statement, the deficiency in India was stated for the current year at £2,651,431, and, including the Home Charges, at £6,499,981. But let us bear in mind that this was only an estimate, though founded on the best information which was then at the command of the Government. As might naturally have been expected, the publication in England of so sudden an improvement in the state of Indian finances as that Statement exhibited, when compared with the statement made so short a time before by the Secretary of State, produced an impression very favorable. But if, Sir, it shall appear, as I proceed in my statement, that this impression was not well founded, I shall at least be able to show that the discrepancies proceed from causes over which the authorities in Calcutta at the time had no control. Well then, Sir, I hold in my hand the final estimate of the income and expenditure of the current year, as corrected up to the present time, and a copy of which I will lay upon the table. According to this estimate, the income of the year will be £37,706,209, and the charges, including the stores from England, will amount to £41,770,008, leaving a deficiency in India alone of £4,063,809. But from this amount

we have to deduct the Railway Traffic Receipts paid into the Public Treasury. Sir, it is a most gratifying fact, and one which augurs well for the future, that those receipts in the present year amount to no less a sum than £553,920. From this, however, we must deduct £223,220 for working expenses, which leaves a net return from traffic of £330,700. But then from this we must further deduct a sum of £50,000 payable in India as guaranteed interest to shareholders, leaving a balance of £280,200 to be deducted from the deficit of £4,063,809, and reducing it to £3,783,109. Then, Sir, according to the last accounts which I have received from the Secretary of State, the Home Charges, exclusive of the stores furnished to India, which I have already included, but including the sum of £1,114,000 to be paid for guaranteed interest to Railway Companies, will amount to £5,507,020, which, added to the deficit in India, will raise it to £9,290,129. These figures show an increase upon those of September to the extent of £1,417,378 upon the deficit of India, and, including the Home Charges, of no less than £2,790,148. Well, the explanation of this large discrepancy will, I am sure, show, what I feel confident no one can suspect, that there was no desire or intention of misleading the public by that Statement. In the first place, then, the letter which accompanied the Statement showed distinctly, that in the receipts were included an estimate of £775,000 as the receipts from new taxes then proposed for the adoption of this Council. Sir, I fear if that expectation has entirely failed, that I may be considered partly responsible for the failure; but at least the reasons are well known to you and the public. Then again, Sir, only very recently it was discovered that, in furnishing the accounts from Bombay of the

Military expenditure, an error had been made of nearly £600,000, and in those from Madras an unexpected increase in the Commissariat department took place to the extent of £300,000. In the Public Works Department also an unexpected increase of a considerable amount has taken place. Then, again, the September account was furnished without any reference to Railway advances for interest on the one hand, or receipts from traffic on the other, which makes a difference of £833,300; and, lastly, the Home Charges show an increase of £640,490. Now these items, amounting to upwards of £3,000,000, sufficiently explain the great discrepancy which must appear between the figures stated in September and those as corrected to this date. Sir, I do not offer this explanation as a justification of a system under which such uncertainty prevails as to render such discrepancies possible: I would rather offer it as a proof of the absolute necessity for some immediate extensive and radical change of such a system. But what I am anxious to do is to show that those who issued the September Statement did so in good faith and in the *bonâ fide* belief in its accuracy, should there indeed be any one who could possibly harbour a different opinion. Well, Sir, but the really important use that we are called upon to-day to make of the facts to which I have referred is this: that the pleasing illusion which had to some extent been entertained, that we had made some considerable progress out of our difficulties, is but an illusion. I am told that it has been said in England upon the strength of that Statement, that "the neck of our financial difficulties had been broken." It would, indeed, Sir, be a gratifying fact to those who are now responsible for the finances of India, if such were the

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case; but if it is not so, if our difficulties remain to the full and undiminished, if indeed every day that we postpone a remedy they are only becoming aggravated, then, Sir, I say that such an illusion to be entertained is highly dangerous, inasmuch as it is calculated to slacken our efforts and to weaken our determination to meet those difficulties, to submit to those sacrifices which are necessary to overcome them. Sir, if we permit ourselves to be seduced into a false belief, that we are already rapidly improving, and thereby are less earnest in our endeavours to arrest this serious evil, it will be most unfortunate for ourselves and the country. Without exaggerating any thing, let us look every thing fairly in the face:—if we would really rise to the magnitude of the crisis in which we are placed, and be found equal to it, we must take a broad and unprejudiced view of our position; we must look at things not as we could wish them to be, but as they really are. Well, I have already shown you that our deficiency for the present year, up to the 30th of April, as nearly as it can be estimated, is £9,290,129:—our deficiency in the year ending the 30th of April last was £13,393,137, and for the year preceding ending the 30th of April 1858, it was £7,864,222. Thus, in three years, since the commencement of the Mutiny, the net deficiency of income, as compared with expenditure, amounts to no less a sum than £30,547,488. And what is our prospect for the next year? After the way in which we have been deceived by estimates, you will understand with how much diffidence I must regard any estimate that can be made. But we can only, in looking into the future, take the best means within our reach. I have a special dislike to prospective budgets; they baffle and deceive the ablest financier. However correct calcula-

tions may be, a change of circumstances often upsets them all. Well, but availing myself of the best information at my command as things now stand, allowing for a reduction of £1,000,000, which will appear in the accounts of the present year as compensation for losses, allowing for a decrease in the Military charges of £1,740,000, for which arrangements have up to this time been made, and allowing too for an increase of income from Salt duties, for which the necessary sanction has been obtained, of £410,000, I cannot, even with all these allowances, reduce the deficit of next year below £6,500,000, which would swell the deficiency for the four years into a sum of £37,000,000. But, Sir, what has this state of our finances brought about? Our deficiencies have been supplied by loans in England and in India, and what has been the result? And here I claim the special attention of every one, Native and European, who feel a real interest in India. What was the state of our debt before the Mutiny? what is it now? and, let me ask, what will it soon be if we are to resort to the miserable, the disreputable expediency of continuing to borrow in time of peace? Loans may be justified in time of war, and as the consequence of war for a year after; but even then they should not be exclusively relied upon. But the theory of borrowing during war, involves necessity of some effort to reduce debt in time of peace; but if, instead of this, we are to continue to rely upon loans still in time of peace, what will our debt soon be! Where will be our credit? I hold in my hand a Statement showing the amount of the debt due by the Government of India, in India and in England, in every year since 1834. (All these papers shall be laid on the table of the Council for the use of Members, and I hope will be

printed for the use of the public, who are deeply interested in a correct understanding of these matters). Well, Sir, on the 30th of April 1857, just before the Mutiny commenced, the capital of the Public Debt in India was £55,546,652, and in England it was £3,894,400, and the interest payable upon the whole was £2,525,375. Sir, I need not trouble you by quoting the intermediate years, but on the 30th of April this year—indeed at the present moment—the debt in India has been increased to a sum of £71,202,807, and in London to a sum of £26,649,000, making together £97,851,807, and the annual charge on both is now £4,431,029. Thus, in three years, the debt of India has increased by no less a sum than £38,410,755, involving an annual increase of interest to the amount of £1,935,654. Sir, I am fearful of wearying you with these details, but they involve great facts, which must be understood. We have not been engaged in any foreign war: we have not had to defend ourselves from foreign aggression: we ourselves have attempted no war of conquest:—but internal Mutiny alone has produced this result. Sir, it cannot be too widely made known throughout India, that the late Mutiny has cost the Indian public—I say the Indian public, because I cannot separate them from the Indian Exchequer—and also, because sooner or later the pressure must fall upon them in one shape or another. Sir, it cannot be too widely made known, that the late Mutiny has cost the people of India, in a direct public charge, independent of all other losses and sacrifices, the sum of £38,410,755, and has incurred an annual charge in respect of it of no less than £1,935,654, for I fear many years to come. Sir, if nations could only understand and appreciate the personal interest

they had in enforcing an obedience to the law, the duties of the executive and the cost of Government would indeed be greatly diminished.

Well, but this is our present condition. We have a deficit in the last three years of £30,547,488—we have a prospective deficit in the next year of £6,500,000—we have already added to our debt £38,410,755; and with these facts before us, it is for us to take a fair—I will say a bold—view, but tempered with caution and prudence, of our position, to rise to the magnitude of our difficulties, and with firm resolve determine to leave nothing undone which lies within our reach to remedy so crying an evil. Sir, shall it ever be said that the prowess and heroism of English Soldiers, and of English Civilians—I may even add of English Ladies—were sufficient, even in their disproportionate numbers, to quell the fiercest Mutiny that is recorded in history, and that English administrative capacity failed in governing a country so kept—I had almost said so re-claimed? Sir, I am sure, if it lies within the power of the Members of the Supreme Government of India, if it lies within the means of the action of this Council, if the European population in India can assist, if the millions of well-disposed Natives can aid, in preventing so disgraceful a catastrophe, one and all will render their best assistance in the task. At least it will be my duty, on behalf of my colleagues, and myself—having laid before you the necessities of the case—to propose measures for your adoption, which we deem absolutely necessary, and not more than adequate to the occasion; and which we shall deem it to be our highest duty to India, in the responsible position we fill, to use all the means we possess, with moderation and temperance, but with firmness, to enforce. It is in the true interest of India,

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and of the Indian Empire, that we are called upon to act; do not let us deceive ourselves, or lull ourselves into composure, by the fact so often referred to, that there have been financial difficulties before: that without any very extraordinary effort or sacrifice they have been surmounted. It is common to refer to the laudable and successful efforts made by Lord Amherst to retrieve the financial difficulties which arose out of the Nepal and Mahratta wars; to the vigorous administration of Lord William Bentinck in retrieving the disorders which arose out of the first Burmese war. Now, Sir, if I refer to the acts of those two distinguished noblemen, I need not assure you that it is not for the purpose of depreciating them, nor of detracting from their high merits. If I compare their position with ours, it is only for the purpose of showing that our case is so incomparably worse, that it would be only deceiving ourselves to set them up as an example in any way applicable to the present time. For the purpose of understanding our own position better, let us see how those two cases stood. The Nepal war began in 1814 and continued till 1816, the Mahratta war began in 1817 and ended in 1819. Lord Amherst became Governor General in August 1823. During the war from 1814 to 1819, there were six years of deficiency, the whole amounting to £5,445,931, and when Lord Amherst arrived, there had been three years of surplus, amounting to £2,461,094, making a balance of deficiency of something less than £3,000,000. From 1814 to 1823 the debt of India increased only by £2,300,000. Again the Burmese war began in 1824 and ended in 1826. Lord William Bentinck became Governor General in July 1828. No doubt he had a more serious difficulty to deal with. In the preceding five years the

total deficit of Revenue amounted to £14,300,000, and the Indian Debt had increased by £12,000,000. But neither of these cases are to be compared in intensity with our present position. Lord Amherst had to meet an accumulated deficiency of nine years of £3,000,000. Lord William Bentinck had to cope with a deficiency of five years of £14,300,000. We have to deal with deficits of four years, amounting to £37,000,000 ; and amounting in the present year to upwards of nine millions. I say I wish only to impress upon you the magnitude of the difficulty we have to meet. Again, let us compare our present position with that in which Sir Robert Peel found himself in 1842, when he felt himself bound to resort to remedies of no ordinary kind, and I will venture to say as much against the popular feeling in England at the time as any thing we are likely to propose can be in antagonism to the popular feeling in India. When Sir Robert Peel succeeded to the Government in 1842, the first thing he had to deal with was a financial deficiency—a deficiency which may be said to have contributed mainly to the downfall of the preceding Government. Well, what was the extent of that deficit? Sir Robert Peel was the greatest master in making a Statement that this age has witnessed. But with all his dexterity, the whole amount which he was able to show to justify his bold, but wise measure, was a deficiency for five years, from 1837-38 to 1841-42, of £7,500,000, and including a prospective deficiency for the following year, he could only make up a total of £10,070,000 ; and this, be it remembered again, in the comparison, is to be put against our deficiency of £37,000,000 in four years; while his prospective deficiency for the coming year was £2,570,000 against ours of £6,500,000. Sir, I

again repeat that the practical use which I wish to draw from these comparisons is to enable us to understand the real dimension of the task we have in hand, and above all to induce us to determine once and for all to reject all mere palliatives, and to brace up our nerves to the full extent of our duty. Whatever we do, let it be effectual for its purpose. But, Sir, in making these comparisons of the expenditure in the last three years, with that of the wars to which I have referred, we cannot but be forcibly struck with the greatly increased cost upon the recent occasion. Sir, in one respect I must own that I find in this one of the few redeeming points to reconcile us to the financial difficulty in which we now find ourselves. The future historian of India, when recording the occurrences of the last three years, if he be a man of fine discrimination, will dwell with pride upon the fact that at that moment India was governed by an English nobleman, who, in the midst of the greatest peril, never for one moment allowed his judgment to be swayed by passion, or his fine sense of honor and justice to be tarnished by even a passing feeling of revenge. For, perhaps, the first time in any Asiatic war Lord Canning adopted throughout the whole of this Campaign the most scrupulous principle of integrity. Whatever service was performed ; whatever provisions were supplied ; were strictly paid for : and when under the vigorous administration of the Punjab money contributions were exacted, the obligations have been all acknowledged and faithfully repaid. Sir, rely upon it, however much such a mode of conducting a Campaign may add to present expense, the statesman who pursues it is far more than re-paid in the permanent stability which he thus gives to an Empire ; and, I cannot avoid this

opportunity of saying that, however much some may have differed with the policy which the Governor General pursued, yet that the time is not very distant when even they, and I am sure the public at large, will do justice to the calm and dispassionate, but truly courageous discrimination which the Noble Earl has exhibited throughout those trying occurrences; and I cannot but believe that we are already reaping the benefits of it in the great repose which has now spread itself over India, and which I am convinced will enable us the more effectually to deal with our present financial difficulties. Sir, it is the privilege of Englishmen to criticise, and I hope they will long exercise it; but it is also characteristic of British Statesmen to pursue, through good report and evil report, the even tenor of their policy, trusting to time to justify them.

Well, Sir, I have pointed out to you, without the slightest reserve, the predicament in which we stand at this moment. I have shown you how infinitely worse it is than any similar occasion which we have recorded in India, or than the most pressing modern crisis in England. I have confined my observations to the period that has elapsed since May 1857. Are we to take that as a standard to which we should aim to arrive? Even if we could do so with regard to the Army, you must bear in mind that I have already shown you that, in the last three years, the interest of the debt has increased in round numbers by £2,000,000; and there are other increased charges beyond our control. But even were this otherwise, and even if it were possible that we should be able to regain the standard of 1857, would that be wholly satisfactory? We have a deficiency of upwards of £30,000,000 in three years, but is that a new state of things? Sir, I hold in my hand a return showing the deficits

and surpluses of Indian Revenue as a whole, in India and at home, since 1814 down to 1860, and what is the result? The period embraces forty-six years: of that number we had a surplus in thirteen years amounting on the whole to £8,895,437, a sum not equal to the deficit of the present year, and we had deficits in the remaining thirty-three years, amounting in the whole to the large aggregate sum of £72,195,416—thirteen years of surplus at an average of only £684,264 a year, thirty-three years of deficit at an average of £5,540,000 a year. Nor was this state of things peculiar to the earlier part of the period to which I have referred. Taking the return only from 1834 when the management of India became purely governmental, we have a period of twenty-six years: of these the finances of India were in surplus only for seven years, while in the remaining nineteen years they exhibited large deficiencies. Again, Sir, I find by a return to Parliament in the last Session, that of the fifty-nine years which have elapsed in the present century, in no fewer than forty-four of those years have considerable, often large, additions been made to the Indian Debt, while in fifteen only have diminutions taken place; so that the normal state of Indian Finance may be said to be a deficiency of income and addition to debt. Shall I ask if that is a satisfactory state in which the finances of a great Empire should remain? Is that a condition to which we should be content to return? Sir, all who have the honor, dignity, and future security of India and of her teeming population at heart, will emphatically answer—no. Well, but is there no other source of easiness in what may be termed the normal condition of our finances? I fear there is at least one, if not more. Sir, I cannot forget that we derive about five millions net a year from

the sale of Opium. Now, perhaps, this is one of the most unique facts that the history of finance affords, that a Government, without calling upon its people to make any sacrifice whatever, on the contrary by affording a profitable cultivation to a large class, should be able to derive a revenue for the benefit of the State of so large a sum. But what security have we that this will always continue? It is the only instance I remember at the moment of one country having succeeded in raising a large revenue from the subjects of another. No doubt the demand has recently continued good and the prices high, but that I am disposed to regard rather as a source of danger than otherwise. I have no doubt our true policy is to keep up the supply to the full demand, and to obtain moderate prices for a large quantity, rather than large prices for a small quantity. High prices always lead to increased competition, and are particularly likely to do so in this case; and it appears, therefore, that steps have been taken to effect this object. But still, at the best, what security have we that at some time or other this unusual source of revenue may not to some extent fail us? It seems to me that it is impossible not to regard it less or more as somewhat precarious. But again, Sir, there is another evil of no slight kind, which has resulted from the fact that we have hitherto relied so exclusively upon the land for our revenue. As I have already shown you, the finances of India have been almost always in difficulty. Deficits seem to have been their normal condition. But efforts have always been made to raise the income, and I fear that those efforts having been mainly directed to improving the land revenue, have resulted in something bordering upon oppression on the ryots, and not leading in the long run really to the

improvement of the revenue. Of the evils of over-assessment, we have recently had a striking proof in Madras. Much to the honor of Lord Harris, the late Governor of that Presidency, his careful attention was directed to that subject, and so successfully had he applied the principle of revision, that my Honorable friend, the present Governor, Sir Charles Trevelyan, who has followed up the good work, informs me that, by reductions of assessments made under that revision, the land revenue of Madras, in consequence of extended cultivation, will be increased in the present year by a sum little short of £500,000 or thereabouts. Sir, our best thanks are due to Lord Harris, who, with so little ostentation, has instituted so marked a reform—a reform which enriches the people and the public treasury at the same time. I ask then, Sir, is it wise for a great Empire to rely so exclusively upon one source of revenue as we do in India, and to press our charges upon it so much, that while we run a risk of oppressing the people, we are certain, if we do so, to impoverish the Exchequer?

Sir, I am fearful of wearying the Council with all these details, but I trust you will bear with me. We have a grave conjuncture of affairs to deal with. I think you will already begin to perceive that the evil is deeper and broader than at first it appeared. I think you will begin to see that our task will be heavier, and must extend to great questions of administrative reform, as well as to immediate questions of finance. You will, therefore, I am sure, pardon me if I feel it to be my duty to the best of my ability to unbare before you the whole extent of the evils as they present themselves to my mind. Sir, I sincerely trust that, in the free observations which I feel compelled in the performance of my duty to make, I

shall be understood not to reflect unfavorably either upon any individual or upon any class. It is to the system, and the system alone, that I refer. Nay, I will say more. It has been a matter of surprise to me that, with so defective a system, greater evils have not arisen, and that they have not, I attribute only to individual zeal and care. It is, Sir, with that system we shall have to deal, with a system under which in thirty-three years out of forty-six we have suffered a deficiency in our finances at the rate of £5,500,000 a year, and amounting in the whole to £72,195,416, under which we have now a deficit in the present year of upwards of £9,000,000 and a prospective deficit in the next year of about £6,500,000, under which our debt has increased in three years by upwards of £38,000,000, and the annual change upon it by about £2,000,000. That is the price the Mutiny has cost the people of India. It cannot be repeated too often.

But, Sir, bad as our case may be, and even worse than we expected, is there any ground for despair? Sir, in my opinion, if we are only prepared to do our duty to our country and our Sovereign, I say there is none. On the contrary, gloomy as may be the picture I have drawn, and it is not more gloomy than justice demands, I will freely express my own most confident opinion that, if we are only true to ourselves, and I will add to the weighty obligations we have undertaken towards India, not only are all these evils capable of solution, but I will say further, that we may, with the blessing of a higher power, aid in creating a future of brilliant prosperity. Sir, at this moment every thing favors our noble enterprise, if we will undertake it. Nay, the very crisis through which we have very recently passed at such a sacrifice greatly favors us.

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While yet I was in England, upon more than one occasion I expressed my unbounded confidence in the resources of India. I did so from having watched the progress of its trade, and having studied the character of the country at a distance; but, Sir, if I had confidence in the resources of India while yet I had not seen it, I must say that it has been greatly increased by what I have had the privilege of witnessing since my arrival. It may appear almost presumptuous in one who has been in the country little more than two months to allude to his experience or to opinions based upon personal observation. But, Sir, I have had advantages during that short interval which do not often fall to the lot of those who pass even many years in the country. As you are aware, a fortunate accident led to my visiting the Upper Provinces, immediately after my arrival. I have travelled from Calcutta to Lahore, and from Lahore back to Calcutta. I have visited every Town and City of importance over that extensive tract. I have had the advantage, and a rare one I must acknowledge it to have been, of freely discussing all matters of public interest with the Civil Servants of the Crown at every Station. At every important Town I have had free intercourse in public and in private with the Native Merchants and Bankers, and of these I will say, that in enterprise, in knowledge, and sagacity, they would well compare with some of the most enlightened classes in Europe:—the impression produced upon my mind with regard to the resources of the country and the capacity of the people to develop them was most favorable. A richer soil, a finer climate, a more industrious, active and frugal, and I will add docile population, it would be difficult to find anywhere.

Sir, it would be difficult to imagine any thing more intensely interesting. I have seen many European countries, but I have seen none at once so striking, so wonderful, so interesting. The nearest comparison I could make would be a Belgium upon an immensely enlarged scale. You have the same ancient magnificent cities, with their narrow streets, their thronged population, their splendid public buildings, the reliques of decayed dynasties, and the active bustle of trade at every corner; but what is more important and more to our present purpose, you have the same extensive plains, with Alpine mountains in the far distance, affording sanitarium for the people and a climate for new varieties of productions—you have large rivers and magnificent canals irrigating the country:—the same careful husbandry with cultivation up to the roadside, and the same teeming population, all bent on active and profitable pursuits:—you have the same thrifty and economical habits. Sir, I am told that all those symptoms have intensified since the Mutiny. Considering what we had before been told of India, I must say that the impression produced on my mind, both from what I saw and what I heard, was as if the people of all classes had been roused into a new activity by the great crisis which had shook the whole country. On all hands I was told by European Officers that the change since the Mutiny was so great, that people seemed as if they had been awakened from a state of lethargy to a state of intense activity, that the whole character and tone of the people was so much altered for the better, since the signal proofs they had received, first of our power and next of our justice, moderation, and magnanimity, that those who had been absent but for a short time could hardly be fair judges of the present

state of India. Such was the impression on my mind. I never saw greater signs of industrial vitality, all full of promise of future prosperity. When I had the good fortune, as Secretary to the India Board, in 1849, to pass the two first Bills through Parliament for Railways in India, I was told, and that by those who had long experience in India, that the Natives would not use them. We have only on this side of India two extensive pieces of line open, from Calcutta to Raneegeunge and from Allahabad to Cawnpore. Those who have seen the rush of third class passengers on a holiday in Belgium, can from that form the best idea of the use made of these lines by Natives. What we require is the completion of those lines at any cost, but quickly, and we shall see a result for which the most sanguine is not prepared.

But, Sir, there is another element of secure prosperity which India especially enjoys. Almost every thing she produces is in constant and boundless demand in Europe, and almost every article of importance required in Europe is to be found increasing in India; so varied are her products. Sir, in this fact there is great security for the future. Let cultivation be extended and improved ever so much, there is no fear of the want of a market. But let me appeal from mere opinions to facts, to show the condition in which India is now placed. Sir, it is undoubted that, at the present time, India enjoys a prosperity far beyond comparison with any former time; and what is most satisfactory is that the evidences of that prosperity have been for some years past steady and accumulative. It is not, Sir, a mere transitory excitement. As proof of this, Sir, let me refer to our Exports and Imports. I hold in my hand official returns, which exhibit the amount of our

Exports and Imports in each year since 1834. Sir, I now speak of Merchandise only, leaving out of question for the present our large transactions in Treasure. Well, Sir, in 1834-35 the total amount of our Exports to all parts was only £7,993,420; in 1858-59, it was no less than £26,989,000; and in the present year it will be considerably more. Again, Sir, in 1834-35 the value of our Imports into India was only £4,261,106; in 1858-59 it was no less than £21,366,447; and in the present year will exceed £24,000,000, and this is independent of Treasure, to the average amount in the last five years of no less than £11,223,107 yearly. Sir, I have had these returns divided into periods of five years, showing the average of each period for convenience. This division gives the following results:—

## IMPORTS.

Average of five years.	Merchandise.	Treasure.
	£	£
1834 to 39..average ..	4,970,000	2,345,000
1839 .. 44 ..	7,691,428	2,762,164
1844 .. 49 ..	9,131,612	3,073,249
1849 .. 54 ..	10,756,134	4,474,107
1854 .. 59 ..	15,366,934	11,223,107

## EXPORTS.

Average of five years.	Merchandise.	Treasure.
	£	£
1834 to 39 ..Average..	11,071,529	251,060
1839 .. 44 ..	13,789,709	462,795
1844 .. 49 ..	15,075,044	1,320,503
1849 .. 54 ..	14,899,504	640,409
1854 .. 59 ..	23,187,736	850,605

Taking the Exports and Imports of Merchandise and Treasure, and there is really no distinction between the two, we find that the trade of India has grown up during the period embraced in these tables, from a total sum (Exports and Imports together) of £13,847,289 in 1833-34, to one of £60,219,660 in 1858-59. Can we desire a stronger proof of the steady prosperity of the country? So much for our external trade; but I have proofs no less conclusive of the

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improvement of our internal condition, to which I would claim the attention of the Council, and especially as they touch the interests of a body of gentlemen to whom I shall have hereafter to refer. It is notorious how much the price of our country produce has increased of late years, in consequence of the great demand for exportation. Now Sir, what has been the effect produced upon the interests of the cultivators of the soil by this enlarged trade? I hold in my hand a return showing the number of estates in the permanent settled districts brought to sale in each year since 1834-35, to the present time, in default of rent. In the first year of the period, estates representing an annual rental of 4,81,403 Rupees, or £48,140, were sold for rent; in the next year, 1835-36, the sales represented an annual rent of 950,600 Rupees, or £95,060, and the average of seven years sold at that time represented a rental of £56,753. What is the case now? In the last year, 1858-59, the sales represented a rental of only 14,493 Rupees, or £1,449, while the average of the last seven years shows a rental of only 65,326 Rupees, or £6,532, being little more than a ninth of the former average. Again, if I refer to the arrears of Land Revenue at the end of each year, I find that from a sum of upwards of four crores (£4,000,000) in 1834, they have now dwindled down to a mere nominal sum. Sir, I am not forgetful of the share which an improved administration may have had in producing these results; but undoubtedly they are also in great degree, if not mainly, to be referred to the increased demand for the produce of the land occasioned by our extending commerce, and the unusual prosperity which has resulted therefrom. But, Sir, another result has flowed from these causes, more important and

more interesting than any, because it affects directly the great masses of the people, individually so helpless. Sir, I am thankful to know that the benefits thus conferred by our commerce upon the land have extended, and in no slight degree to the labourer. It is no exaggeration to say that such has been the increased demand for labour, that the rate of wages has risen in many districts two-fold, and in some three-fold during the last few years. In the face of evidence of this kind, can any one doubt that all classes in India are in a state of prosperity unparalleled at any former time. It is indeed, Sir, I believe, a fact, which is undisputed. Well, let us pause for a moment and consider what it is I have shown you. I have shown from statements and facts only too well known to every one, and beyond dispute, that the finances of the State are in a condition of unparalleled disorder and deficit; and I have shown by proofs equally conclusive, that under the protection of that Government, by the peace and good order which it maintains, by the commerce and enterprise which it succours, every class of the community is in a condition of unparalleled prosperity. Could there be a greater contrast than that which it has been my duty to draw to-day, between the condition of the Government all powerful in its executive character, and that of the people? But, Sir, there is such a sympathy between the credit of a Government, the finances of the State, and the Commerce and Trade of a country, that it would be contrary to all history that such an anomaly should continue. Depend upon it, it is for the interest of the commerce of India, for the interest of the land of India, for the interest of the labourers of India, that this anomaly should be cured as quickly as possi-

ble. It is not only the duty, but it is the direct interest of all classes to contribute their fair share to restore the financial position of the State; and above all it is the first duty of the Government to take steps in the public interest to that end. Sir, the Government of India, representing the interests of the Crown of England, stands in a peculiar position towards India. England does not, and never has, exacted tribute from India. Every Rupee of taxes raised in India is devoted strictly to Indian purposes. If England expects or desires for advantage from India, it is only in a way entirely consistent with the true interests of India—it is by a reciprocal exchange of products, which constitutes that commerce which I have shown you has showered so many blessings on India, to the full, I admit, reciprocated by England. If then, Sir, it be our duty to call upon India, to make new efforts to place the finances of the Government in a condition consistent with the public interest, it is for the benefit of India mainly that we do so. In so doing, we shall only be performing the first duty which a State owes to the people over whom it governs. Now we fully admit that, in our endeavours to restore the equilibrium between Income and Expenditure, our first duty is to use every effort to reduce all expenditure to the lowest point consistent with security and good Government, and to make all those administrative reforms which are so essential in order to secure economy, and I hope, before I sit down, to show you that the Government is not unmindful of its duty in this respect. But, Sir, I submit that there is a point below which the interests of the country, in preserving that peace and security which are so essential in order to maintain that prosperity which the count-

now enjoys, forbid us to carry reductions. This point has been carefully considered, and it is the opinion of the Government, that in the interest of India, it must have recourse to some new sources of taxation, as well to meet present deficiency, as to place our finances in a more permanently secure position for the future. But if we are about to call upon our fellow-subjects in India to submit to some further contribution to the State, I may be permitted to point out how very small is the sum in the shape of taxes which they at present pay. I believe it to be undoubted that India is, and will remain, the lightest taxed country in the world, in proportion to the good Government which it enjoys. Sir, the sum total of receipts for the current year is £37,706,208. But that includes Land Revenue, which no one will deny can only be regarded as rent, the proprietary right of the Government to a share of the rent having never been disputed, and which, if not paid to the Government, would undoubtedly be paid to the zemindar or other proprietor:—it also includes the receipts from Opium, which in no sense can be called a tax:—it includes other receipts of a like kind, which on the whole amount to no less than £28,678,235. The balance amounting to £9,027,973 can alone be termed taxation in the sense in which that term is used in Europe. The receipts from the Crown lands of England would certainly never be called taxes. This sum of £9,027,973 consists of Customs duties, Excise, Sayer, Abkaree, Moturpha, Trade Taxes, Salt; and Stamps. Strictly speaking, these are all the taxes now levied in India. The population of British India by the last return to Parliament was 132,292,000, giving an average of one shilling and four pence, or of little more than ten

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annas a head; while in England the rate per head of taxation strictly speaking is £2-3 a head. In India, even including Land Revenue, the rate would be considerably under five shillings a head.

Having, then, I trust, shown fully the necessities of the Government having given you the best proof of the prospects and ability of the country to contribute the necessary cost of good Government, and having I trust satisfied you that the burdens of taxation in India are at the present time light in comparison with other countries, it is my place now to proceed to explain the measures which we think it our duty to take in order to place the finances of the country in a sound and satisfactory condition: in doing so, it will be our endeavour to propose measures adequate for the purpose, for we are of opinion that no greater mistake could be made than to propose measures insufficient in themselves, and which could only lead to the necessity of having recourse to further measures hereafter. Sir, it is our wish to deal with the difficulty once and for all, and not to render it needful again to disturb the public mind, or the course of transactions, by having recourse to further measures hereafter. In proposing these measures, there are three great principles which have guided the Government in their adoption:—the first is that whatever measures are proposed, they shall at least be based upon perfect equality and justice to every class of the community, alike Natives and Europeans, alike official and non-official: the next is that they shall be in conformity with sound financial and commercial policy; and the last is that in this, as in all other matters in the Government of India, we will scrupulously endeavour to avoid any thing that would offend the religious views and rites of our native fellow-subjects. Sir, I have

heard so much upon the latter subject, so much upon *this* tax being contrary to native custom, and *that* being in accordance with native custom, that I have considered it to be my duty to look carefully into the recognized authorities upon this subject. Sir, I have consulted the ancient sacred authority of Menu; and the version of the ancient Hindoo law, upon the best authority at my command, is as follows:—

*The Revenue Law laid down by Menu.*

"The revenue" (says the writer) "consists of a share of grain and of all other agricultural produce; taxes on commerce; a very small annual imposition on petty traders and shop-keepers; and a forced service of a day in each month by handiworkmen.

The Merchants are to be taxed on a consideration of the prime cost of their commodities, the expense of travelling, and their net profits.

The following are the rates of taxation:—

On cattle, gems, gold, and silver, added each year to the capital stock, one-fiftieth; which in time of war or invasion may be increased to one-twentieth.

On grain, one-twelfth, one-eighth, one-sixth, according to the soil and the labour necessary to cultivate it. This also may be raised, in cases of emergency, even as far as one-fourth; and must always have been the most important item in public revenue.

On the clear annual increase of trees, flesh meat, honey, perfumes, and several other natural productions and manufactures, one-sixth.

The king is also entitled to 20 per cent. on the profit of all sales. Escheats for want of heirs have been mentioned as being his, and so also is all property to which no owner appears within three years after proclamation. Besides possessing mines of his own, he is entitled to half of the precious minerals in the earth."

Now, Sir, I must say that there is latitude enough here for the most needy Exchequer and for the most voracious Minister:—a twenty per cent. income tax upon profits; a tax varying from two to five per cent. upon accumulated capital; a share of almost every article produced; an annual tax on trades; half the produce of mines, and besides other means, certainly present a

sufficiently wide field for taxation to satisfy any one either as to amount or as to kind. The choice is ample. The extent not unduly restricted. I should imagine the revenue laws of the ancient Hindoos must have been contributed to the sacred compiler by some very needy finance minister of the day.

Well, then, the first part of our proposals to which I wish to call the attention of the Council, will have relation to our present Customs law, with a view to propose some not unimportant modifications, though not leading to any very great financial results. It will be remembered that the present Tariff was passed last year under a very pressing emergency, and in a somewhat hurried manner. Sir, experience, and further reflection, have convinced us that there may be some considerable improvements made in it, which would contribute greatly to the public advantage; and these we propose to make even at some temporary loss upon some articles. Sir, upon the whole, the changes in the Tariff of last year have proved most successful. The trade has continued rapidly to increase and a large revenue has been received. We have not yet completed the full year; but taking the portion of the year expired, that is, up to the 31st of January, I find that the net receipts into the Treasury, in the present year, have been, for Calcutta alone, £1,646,829, against £1,213,566 in the corresponding period of the previous year: results equally favorable have been experienced at the other ports. Upon the whole the Customs in the present year are expected to yield £3,430,000, as compared with £2,073,000 the year preceding; as a whole, therefore, the change is working well. But it has been my duty closely to analyse these receipts in their different classes, and I regret to say that I find one class of duties which is not

answering the expectation formed of them. It will be remembered that in framing the last Tariff, a considerable number of articles, which formerly bore a duty of five per cent., were raised to twenty per cent. Sir, I fear it will appear, when we closely examine our Customs returns in detail, that that increase was too great. I hold in my hand three returns in relation to the entire class of goods which are subject to twenty per cent. The first return shows the quantity of those goods imported upon an average of three years before the change of duty took place. This average represents a sum of £609,636, but it must be borne in mind that those years included the year of the Mutiny and the one immediately succeeding it. The second return shows the quantity of those goods imported in the year immediately preceding the new duties. The amount was £700,638, the last return is of the quantity of the same goods imported from the 12th of March last year, when the new duties took effect, to the 31st of January, and with an addition by estimate for the six weeks to complete the year. The amount together is only £450,647. Here then, Sir, we have a falling off as compared with the average of three years of 25 per cent., and as compared with the year immediately preceding of more than 35 per cent. Sir, this is surely a premonitory symptom, and a warning to retrace our steps. Sir, we accept the warning, and have decided to reduce the duty upon all the articles in the Tariff, for every one of them show in the decline, which now bear a duty of 20 per cent., to 10 per cent., Tobacco only excepted, and to which I shall advert hereafter. Even as a matter of policy, there are many considerations which, in the views of Government, render this a desirable step. Assuming—which, I think, we

may, looking to other articles of Trade—that the reduction from 20 to 10 per cent. will raise the Imports again to the rate they stood at in 1858, then the immediate loss of revenue will not exceed £20,000 in Calcutta, and £10,000 in Bombay and Madras, making a total of £30,000. Sir, there are some other reductions which we are bold enough to propose. We wish to take a broad view of the interests of the country and of the best means of retrieving our position. We are desirous to give every opportunity for the produce of the country to increase, and for commercial intercourse to be enlarged; and where impediments stand in the way, we are desirous of removing them as far as our present means will justify; and especially when we can recover ourselves in another less objectionable way. Sir, it must be evident that, as a general rule, when the products of our soil have to find a foreign market, and in cases in which they enter into competition with those of other countries, the direct effect of export duties must be to place our products in those countries at a disadvantage with their foreign competitors:—in point of fact, it cannot be denied that in such cases an export duty falls chiefly upon the producer who cultivates the article. But, again, we have some articles of raw material which merely pass through our territory for shipment at our ports. The article of sheep's wool is one of these. A large quantity is imported into Bombay from Cutch, and from the countries beyond the Indus chiefly, and exported to England. At present that wool is charged with an import, I should rather say a transit duty of no less than 10 per cent. Wool produced in our own territory pays an export duty of 3 per cent. The Government is of opinion that a bulky article of this kind, that has to encounter a fierce competition

with the wool of Australia, South America, the Cape, and other places, should be released from any impediment of this kind. We believe it to be of the utmost importance even, in a political point of view, to encourage this rising trade on the part of the hill tribes which skirt our North-west Frontier. Already the exports of wool from India are as important as they were from Australia only fifteen years ago; in the two last years, they have, however, shown some tendency to decline, and I fear our heavy transit and export duties have been the cause. From the enquiries which I made upon the subject at Umritsur and at Lahore, I am inclined to believe that a large trade in wool will soon be developed from our frontier hills as soon as the transit down the Indus is improved and the railway is finished to Mooltan. Of that I have no doubt. And we shall certainly reap a good revenue from the imports which are received in return. The transit and export duty on wool, which we thus relinquish, are equal to about £17,000 a year, by placing it in the free list. Then, Sir, there are two articles of considerable export which arose chiefly in consequence of the Russian war—I mean the articles of hemp and hides:—the competition which these have to bear in the home markets with the products of other countries, makes the export duty bear heavily upon them, and they are both articles of trade, which, for many reasons, we are especially interested in encouraging. We propose to place them also in the free list. The duty which they yield at present is a little over £16,000. Then, again, the article of jute is in the same category, it is one of the great raw materials used in England, which competes with the coarse hemp of Russia, and the production of which it is much our interest to promote. This also will be placed in the free

list: the duty is £15,000. We also propose to place flax in the free list, in order to give every encouragement to the incipient efforts to make that an important article of produce in the Punjab, which I doubt not will ultimately be successful. Then again, Sir, there is an article which is engaging, and justly so, much interest—I mean the cultivation of tea. The experiment made by the Government, at a great cost of introducing it as an article of cultivation on our high lands, has proved eminently successful; so much so that steps are being taken to hand it over entirely to private enterprise. It is one of the few means which we have in India of attracting European capital and European settlers. Sir, we ought to extend to it every encouragement in our power, and it certainly seems in the highest degree inconsistent that we should be spending public money to encourage the cultivation of this plant, and then to place an export duty upon it at our ports when it has to be shipped to find a market in competition with the produce of our next door neighbours in China. The duty upon the export of tea is only £2,500, and it also will be placed in the free list. There is still one other class of articles which we think ought to be free of duty. Books are already free, and we think that prints, maps, and works of art should be included:—the duty they give now is very trivial, little over £1,000. The reductions, therefore, which we propose in our present Tariff for the reasons I have explained are—

1.	Loss on 20 per cent. duties ...	30,000
2.	Wool, free ... ..	17,000
3.	Hides and Hemp, free ...	16,000
4.	Jute, free ... ..	15,000
5.	Flax, free ... ..	.....
6.	Tea, free ... ..	2,500
7.	Prints, Maps, &c., free ...	1,500

Total ... £ 82,000

making a total loss of eighty-two thousand pounds.

But, Sir, we have some per contra proposals to make in respect to the Customs duties. In the first place, there is one article which is produced almost exclusively in India, and which bears a large price and a high profit—I mean Saltpetre. This article can scarcely be said to stand in the same position as many other articles which are produced by the cultivators of the soil. It is in point of fact a manufacture from earth. It has been represented to me, both at home and here, that this article would bear a duty of £10 a ton, without any danger of its being interfered with by foreign competition. It has long been under consideration in the North-Western Provinces, where it was proposed to impose an Excise duty upon it. Sir, I prefer an additional Export Customs duty. I do not, however, go the length of the rate suggested. We are content to try the experiment with a duty of two Rupees a maund, which will be about £5-10 a ton. The quantity exported from Calcutta is about 800,000 maunds, and from Bombay about 100,000 maunds, making a total of 900,000 maunds, which will give £180,000, or an increase of £164,300. I should mention that we propose to give an advantage not hitherto enjoyed by the saltpetre refiners, by allowing them, subject to paying the duty, to turn to profit the salt which is necessarily made in the process, and which hitherto has been wasted. I have fully discussed these arrangements with the Revenue Board at Allahabad. Then, Sir, we propose to raise the duty upon unmanufactured tobacco to 8 annas the seer and manufactured tobacco to 1 Rupee the seer. The special bearing of this proposal I shall explain hereafter. This will give us £25,000. And now I come to mention the last change which we propose in the Tariff, and it is the

only one which I make with regret. But necessity has no law. I must own that, after due consideration, we can discover no good reason why cotton yarn and twist should be imported at a lower rate of duty than cotton piece goods. I know it is said that it is in an earlier stage of manufacture; but may the same not be said of grey cloth, as compared with bleached and dyed cloth and printed cloth? If we are to have an average duty, it should be an average throughout, nor do I attach much importance to the argument that a low duty on yarn, and a higher duty on cloth, encourages native weaving. I could find those who complain that their labour in spinning fine yarn by hand is interfered with by a lower duty on yarn. But I attach little importance to that class of arguments, and I believe that the same duty of ten per cent. may be placed on yarns as is charged on goods, without any perceptible injury to the trade. The trade in both articles appears to be progressing rapidly. By the last Mail we received the official accounts of the trade for the eleven months of 1859. According to those returns the exports of cotton piece goods to India had reached the large amount of £11,041,000 in 1859, against £8,497,000 the year before, and £5,147,000 in 1847. So in the case of yarn, the exports in 1859 were £2,306,000 against £1,763,000 in 1858, and £994,000 in 1857. I wish, indeed, it had been in our power to reduce all to the limit of five per cent., but that is impossible at present, whatever may be the case hereafter. I wish, however, to say in reference to this increase of the duty upon cotton twist and yarns, that, inasmuch as it is sometimes the practice to sell by contracts for future delivery, in all cases in which it can be shown to the satisfaction of the Customs authorities, that twist that has actually been

shipped at this time, or that has arrived, has been sold subject to the existing duty, such goods will be admitted at the present rate of five per cent. The practice no doubt in England is to levy the duty from the moment of its enactment, giving the seller the power to recover from the buyer; but it may be borne in mind that, when duties are raised in England, they generally affect articles like tea and sugar, of which stocks in bond exist, equal to many months' consumption, if not for a whole year. In the case of cotton twist, the concession which we make, we are aware, can only at most affect a small quantity, nor is this course without precedent. When the tea duties were equalised, all the Bohea quality, proved to have been shipped up to a given date, was admitted at the lower duty of *1s. 6d.* the lb. By these changes we shall have a tariff imposing one single uniform *ad valorem* duty of ten per cent. on all articles subject to duty, except beer, spirits, wines, and tobacco, which will continue subject to the same specific duties as they are at present. We compute the gain upon these articles at £233,700, cotton twist giving an additional revenue of £67,461. I would here wish to call your attention to a very important distinction, a distinction which ought never to be lost sight of by statesmen, between the incidence and consequence of import and of export duties. With regard to an import duty, all that you can generally say is that it adds to the cost, and is a tax on the consumer. No doubt, if unduly high, it may limit trade, as has been the case with our twenty per cent. articles. But with regard to export duties on articles which have to compete with the products of similar articles from other countries in neutral markets, the first effect no doubt is that the export duty acts to that extent as a

reduction of the price paid to the producer, and is a special tax and discouragement to him as a producer; but a further and serious danger is that your duty may exclude the article from the foreign market altogether, act as a prohibition, and thus put an end to or greatly limit the production and the demand for labour. Sir, it is this obvious distinction that has made us so desirous to relieve our exports as the best means of improving our internal resources. And, Sir, when we reflected that England had thrown open her ports to the free admission of these articles from every part of the Globe, that there is some reason for believing that France is about to follow the same wise policy, and that the articles with which we have dealt are the raw materials of the great manufactures of Europe, and therefore capable of unlimited extension—we believed we could not in any way better contribute to our own interest, than by taking this course. Sir, we repeal duties giving £82,000, but we recover by other duties, in a way unobjectionable, £233,700. But there is another source from which we look for an increased income. The valuations upon which the duties have been paid have hitherto been notoriously too low. They are now being revised, and the result, I expect, will be that the revenue will be improved by at least £150,000. When this revision is completed, the Government intend to take steps to apply a uniform valuation to all India. We pass the same tariff of duties for every port; but if, as has been, and is still the case, the valuations to which the *ad valorem* duties are applied are different at every port, it results in point of fact in different duties in every port; and the competition between the merchants of one port and those of another is thus rendered unfair in the interior markets.

Sir, I do not think that I shall over-estimate the gain to the revenue by these revised valuations as a whole, if I take it at £200,000. If this be correct, then we shall have an increase of customs upon the whole of £433,700, subject to a deduction of £82,000, giving a net gain of £351,700, after releasing from export duty almost all articles which constitute the raw materials of our manufacturing industry at home, and which, as such, have to struggle against the competition of other countries. In all these cases the articles are included both in the free import and export list, in order to allow them to pass through, from Native States, without duty, to the port of shipment. Sir, I believe it will be found that in these changes we have made only timely concessions to the necessities of trade, and that they will re-act most beneficially upon the interests of the cultivators of India. It has often been suggested to us that a large export duty might be laid upon indigo upon the same principle that we have applied to saltpetre, because it was exclusively produced in India. Sir, that is an error. There has always been a rival production in Mexico, and that production I observe has greatly increased in the last few years. But were it otherwise, I should doubt the policy of increasing the duty; like tea, it is one of the few cultivations in India which attract British capital and skill to direct native labour. That is the kind of industry which above all others the Government would wish to encourage, and on that account alone they would feel precluded from placing any impediment in the way of its extension. It would be more in consonance with our views to remove what little duty there now is, as soon as circumstances will permit. The value of the influence of European gentlemen settled in

our country districts cannot, in our opinion, be over-estimated, and it will be the steadfast policy of the Government to encourage it in every fair way we can. Sir, I propose to move the suspension of the Standing Orders before I sit down, in order to enable me to introduce a Bill to-day to effect these objects; for it is obviously desirable that no interval shall be allowed to elapse before the changes take effect, and as they are mostly concessions, that course will be to the clear advantage of the merchant.

Sir, we do not propose these measures so much as a means of meeting our difficulties as of laying the foundation for increased prosperity in the future by relieving Agriculture, as well as Commerce, from restrictions and imposts which, while they give but little to the Exchequer, may prove serious impediments to our future progress, at a time when, as I have before said, all these articles have been admitted free of all duty to the English market, when there is good reason for believing that the French Government contemplates a similar policy, it would indeed be unjustifiable in us if we were to exclude our producers and our merchants from sharing in common with all other nations in these advantages, by retaining export duties on those articles which have to compete with the products of all the world. But now, Sir, I have to recall your attention to the main object of the measures which I, on the part of the Government, will have to propose. I must remind you that the proposals I have made, and the measures I have explained, however valuable in themselves, and however much we may fairly hope they will conduce indirectly to the fruitfulness of the revenue in other ways hereafter, yet will do but little to meet our present emergencies. I must remind you that we have

still to deal with a present deficit of about nine millions, and a prospective deficit, after making allowance for considerable reductions of upwards of six millions—I must remind you also that I have shown you, that it is not only with this great and accidental difficulty that we have to deal, but that the normal condition of the finances of India is one which is not creditable to a Government: that in by far the great majority of years during the whole of this century, we have been creating deficiencies and adding to debt. Well, we call upon you and upon the public to aid us to correct this state of things. We will do our best to reduce expenditure and to improve the administration; but when all that is done, it will not be enough. We are, Sir, therefore, reluctantly compelled to propose to increase the revenue by the imposition of new taxes; and these we propose to be of two classes—the one we shall propose to enact only for a limited period, with view to the present emergency—the other, we propose to ask you to pass without limit of time. In selecting new sources of revenue, the Government are very much impressed with the fact that hitherto a large share of the revenue has been derived from land, and that the practice of revising the assessments periodically has at least had the effect of keeping the actual cultivator always at a rack-rent. We therefore think that, whatever new taxes we impose, the incidence should fall mainly upon other classes. There is no doubt that merchants and bankers and others can hardly be said to have borne their full share of the burdens of the State heretofore. Much discussion has taken place as to the best form in which new taxes can be imposed; much has been said as to the Native aversion to taxes. Sir, all people are averse to taxes. Burke

said in the House of Commons, "It is as difficult to tax and to please, as it is to love and be wise." I do not believe in the popularity of any tax. I do believe in the preference which the wealthy native trading classes give to those taxes which they can shift to the shoulders of others. If we are to consider the Natives, which we ought, then I have shown you that their sacred writings give us ample latitude of choice. But, Sir, we must at once resist and reject a return to the old system of internal and transit duties, when every zemindar had a Custom House at the entrance to his own village. Sir, we cannot consent to allow all the efforts which have been used to abolish so prejudicial a system to go for nothing, and to revert to it, as we have been advised, because it is an easy mode, and in accordance with ancient usage. No, Sir, whatever we do, whether our success be great or little, whatever our progress may be, at least let it be in the right direction. Sir, my Honorable friend opposite introduced in August last a Bill for imposing a license duty upon Trades. The difficulty of my Honorable friend's proposal soon became apparent. If he had confined his demand to a small uniform license, which could alone be paid by small dealers, then not only was the amount of revenue to be derived from such a tax entirely inadequate to the demands of the State, but it was evident that the wealthy traders and bankers, who have so chiefly benefited by our rule and by the order and security we have maintained at so much cost, would contribute nothing in proportion to the exigencies of the State. To cure this, it was proposed to graduate the tax, and to charge it in proportion to the gains of traders; but then, Sir, it was evident to my Honorable friend, and he pointed out the difficulty at the time, that as soon as that

plan was adopted, he was landed in all the difficulties and intricacies of Schedule D. of the income tax: not only was this so, but another difficulty presented itself:—if the license duty were of small and uniform amount, traders would not have complained of it; but as soon as it was made proportionate to their incomes, then they not unnaturally complained that they were selected as the only class to be taxed, and my Honorable friend yielding to the force of these representations consented to introduce other classes; but still there were some classes excluded, and who could not in fact be included. Sir, I have had many and very frank communications with my Honorable friend, and I again tender him my best thanks for his ready advice upon all occasions; and I believe I may say that he entirely concurs in the decision at which the Government has arrived, that the objects embraced in that Bill will best be dealt with separately, and that they should be the matter of two distinct Bills. Sir, it is the opinion of the Government that an income tax, to be just, ought to be universal and equal in its application to all alike, within a certain limit of income. We could not justify such a tax upon any other conditions. But while we say within a limit, we do not mean that the pressure of taxation should not be as wide as possible. In England the lower classes are subject to heavy indirect taxes almost unknown in India. Upon tea, sugar, tobacco, spirits, malt, and other articles, consumed in a great degree by the working classes, the English Government collects a revenue nearly, if not quite equal, to the entire present revenue of India. We are of opinion, therefore, that a small and almost uniform license duty should be imposed upon traders of every class, high and low, but without any

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attempt at graduation. In a great majority of cases, it will operate rather as a registration tax, and only on the lowest classes, who will be exempted from income tax by reason of their small incomes, will it be really felt as a tax. I have here a list of the license duties on trades collected in England. They include in all no fewer than one hundred and sixteen different rates; some of them are as high as £78, and some as low as a few shillings. I find that one class of brewers pay £78-15, that bankers pay £30, attorneys £9, pawnbrokers £15, auctioneers £10; and other classes various other sums: and all this in addition to income tax. Sir, we shall be comparatively moderate in our demands.

With one exception, to which I shall presently refer, these are the taxes which we feel called upon to propose to you: the license duty to be passed without limit of time, the income tax to be taken only for five years. The license duty we propose to be extremely moderate. It will consist of three rates—one rate of one Rupee a year on artizans, including weavers, leather workers, and similar trades, but excluding the agricultural menial classes in village communities, who are attached to them and are generally paid in grain:—four Rupees a year on retail shopkeepers and small manufacturers, who work for local retail sale:—and ten Rupees on wholesale traders, bankers, manufacturers, and professions. These rates of one, four and ten Rupees will be uniform, and apply to all of each class without any discrimination as to incomes or extent of business.

These licenses will be taken out at the beginning of each year, and thus a complete register will exist of trades, as we have at present of the occupiers of the land; and this will be no inconsiderable check against evasion under the income

tax: for let me remark that whenever such evasion takes place, it forms an act of injustice to the rest of the community, and it is our special duty to take security against fraud of any kind. Then, with regard to the income tax measure, we propose that it shall apply to all incomes above 200 Rupees a year. Sir, the wider you can spread the incidence of your taxation, so long as a fair proportion is maintained as to the means of different persons, the more just it is as a whole. The security of the Government extends to all classes:—all classes, from the richest capitalist to the humblest labourer, as I have already shown you to-day, have shared, and must share, in the prosperity which good order and security can alone insure. But, Sir, we propose that incomes from 200 to 500 Rupees shall be taxed at a somewhat lower rate. This we do, because if, at the same rate, the double action of the license duty and of the income tax upon this class of incomes would be rather more severe than in other cases. We put incomes from 200 to 500 Rupees at two per cent. Sir, while we are mindful of the wants of the Central Government, we are not forgetful of the many pressing demands throughout India for local improvements. There is nothing that strikes a stranger so much as the great advantage which a little outlay would be in improving localities, and to this the trading facilities in Calcutta form no exception. On incomes above 500 Rupees, we propose a tax at the rate of 3 per cent. for the public treasury, and of 1 per cent. to be appropriated strictly to local purposes; and in regard to the appropriation of which, where municipalities exist, they will have a voice: the charge will be very small, and the good to be derived from such a contribution may be very great. In the United States, which boast of the freest Government in the world, a property

tax is collected by the Government of each State of a considerable amount, and applied in part to general, and in part to local and municipal purposes. When I introduce the Bill, I will explain its provisions in detail, but in the mean time there are certain broad principles in it, to which I think I ought now to refer. It will consist of four Schedules. No. 1 will include incomes derived from real property; No. 2, incomes from trades and professions; No. 3, incomes from the public funds; and No. 4, incomes from public salaries. The English Act contains five Schedules in place of four: the fifth, that is Schedule B, being applicable to farmers, a class which cannot be said to exist in India, for no one would dream of applying an income tax to the ryots—first, because there is no one who would not come within the exemption; and, next, because, by periodical revisions, their payment to Government is kept at a rack-rate. Otherwise, Sir, there is no exemption whatever of any class. I am aware that much discussion has taken place from time to time as to the right to tax the zemindars and other intermediate proprietors under the perpetual land settlement. Sir, the Government have given their most attentive consideration to this claim of exemption, and I must say, the more I have looked into it, the more I am convinced that a more illusive claim could not be set up. But, in a matter in which the good faith of Government is concerned, it behoves us to be scrupulous, and to show at least the grounds for our decision. On what, Sir, does this claim chiefly rest? As far as I can discover, on little more than an incidental expression in a Despatch from the Court of Directors to the Government of India in 1792, enjoining economy on the latter, because the land revenue described as “the great and now almost the only

source of revenue" had been fixed. Now, Sir, no one has ever denied and, I am sure, never will deny, that, so far as the rent of those lands goes, that is fixed and unalterable as long as the conditions are complied with. But was it ever in the mind of Lord Cornwallis, when he proposed and made that settlement, that the fortunate owners of that part of India should be exempted from any general tax that the necessities of the State required? I will show you in his own words, that the very contrary was his intention. The settlement, as first made by Lord Cornwallis, differed in no respect from an ordinary settlement of land, except that it was made for ten years in place of being annual, as was then the practice. The Court of Directors approved that it should be made permanent, and Lord Cornwallis issued a proclamation, fixing the ten years' settlement for ever. There is not one word as to exemption from taxes. No one can read the luminous Minutes of Lord Cornwallis upon the subject of this settlement, without seeing that the only object he had at heart was to get rid of the uncertainty and insecurity which attended the tenure of the land, as held from year to year, or in short periods. This, and this alone, runs through every passage of that remarkable and able controversy, if I may be allowed the expression, which took place between his Lordship and his most astute colleague, Mr. Shore. But that his Lordship never confounded what he was doing with a liability of the zemindar to be taxed for State purposes, and that he regarded these two as entirely distinct questions, may be gathered from his Minute of the 3rd of July 1790, in which he says:—

"The supreme power in every State must possess the right of taxing the subject, agreeably to certain rules; but the practice which has prevailed in this country

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for some time past, of making frequent valuations of the lands, and where one person's estate has improved, and another's declined, of appropriating the increased produce of the former, to supply the deficiencies in the latter, is not taxation, but, in fact, a declaration that the property of the landholder is at the absolute disposal of Government. Every man who is acquainted with the causes which operate to impoverish or enrich a country must be sensible that our Indian territories must continue to decline, as long as the practice is adhered to.

"The maxim, that equality in taxation is an object of the greatest importance, and that, in justice, all the subjects of a State should contribute as nearly as possible in proportion to the income which they enjoy under its protection, does not prove the expediency of varying the demand of Government upon the lands; on the contrary, we shall find that, in countries in which this maxim is one of the leading principles in the imposition of taxes, the valuation of the land on which they are levied is never varied."

He afterwards adds,—“It is evident therefore that varying the assessment on the lands is not the mode of carrying into practice the maxim that all the subjects of a State ought to contribute to the public exigencies in proportion to their incomes, and that other means must be employed for effecting this object.”—*Minute 3rd July 1790.*

To my mind nothing can be more explicit as to his intention and meaning. He distinctly refers with approval to those countries where the taxes are levied in proportion to the income which each enjoys, as being perfectly consistent with a fixed valuation of the land on which they are valued. He could hardly have stated in more precise general terms that the Zemindary assessment of rent should be fixed, but he must contribute an income tax levied on that land in proportion to his income, if general and on the means of all others. Those who hold the same opinion that I do with regard to this subject have very properly referred to the land tax in England, which has long been commuted for a fixed rate, and in many cases redeemed; but no one ever dreamt of claiming exemption

from the income tax on the score that it was indirectly a charge upon the land, because it was assessed upon the rents. But, Sir, we have a far stronger case of analogy in England. In every Loan Act, by which the huge National Debt has been contracted, there is the following distinct provision, that is, it is inserted in the 23 Geo. II. c. 16, and imported into every subsequent Act down to the loans for the Russian war:—

“23 Geo. II. c. XVI., Sec. IV.—And it is hereby enacted by the Authority aforesaid, that all and every contributor and contributors upon this Act, duly paying the consideration or purchase money at the rate aforesaid, at or before the respective days or times in this Act before limited in that behalf, for such annuity or annuities as aforesaid, or such as he, she or they may appoint, his, her or their respective executors, administrators, successors, or assigns, shall have, receive, and enjoy, and be entitled by virtue of this Act, to have, receive and enjoy the respective annuity and annuities so to be purchased out of the monies by this Act appropriated or appointed for payment thereof as aforesaid, and shall have good and sure estates and interest therein forever, subject only to the proviso or condition of redemption, in this Act afterwards contained, concerning the same; and that all the said annuities to be purchased on this Act, and the principal monies paid for the same, and every of them, during the continuance thereof, shall be free from all taxes, charges, and impositions whatsoever.”

When Mr. Pitt first introduced his income tax, and upon subsequent occasions, there was much discussion as to the exemption of the funds under this clause. But, Sir, it was ruled that, in a general tax upon income, the exemption did not apply, however applicable it might be to any special tax upon the funds. Sir, the case of the Bengal zemindar is not near so strong: he had no promise of exemption whatever; yet to him I apply the same principle as was applied to the fundholder in England. I hold him

to be exempt from any special charge upon his land, but to be liable to any general tax that applies to all others. And, Sir, I contend for this view as one of high and paramount policy, as well as of strict right. India has a great future before it under the firm but just administration of the Crown of England. The only nobility which India now has, or is likely to have, must chiefly be these wealthy owners of permanently settled estates, the whole improved value of which must go exclusively to them, while in all other parts of India the Government on the part of the public will share it. Well—but, Sir, are we to base a future policy upon the exemption from taxation of the richest and only privileged classes in India? Let any one read that remarkable volume by my late lamented friend, M. de Tocqueville, on the causes of the French Revolution, and he will understand how dangerous is such a policy. Let us, Sir, once and for all, determine this groundless claim upon which so much controversy has existed, and let us accept and adhere to the sound maxims laid down by Lord Cornwallis himself, “that all who enjoy the protection of the State must pay for it in accordance with their means.” Sir, that is the only true policy of Government. But, again, some have, I am aware, also contended for an exemption on behalf of the fundholder. Now, I am at a loss to understand on what ground that claim can be put forward in India. There is no stipulation such as I have quoted as applying in England, and yet even there no exemption is allowed. I certainly would never consent to be a party to place a special tax on the funds, because indirectly that would be reducing the obligation of the State; but in the case of a general tax, no such argument applies; and, Sir, when I reflect that the great object of the effort that we are now making

is to improve the credit of the State, and as a consequence to raise the value of the securities held by the public, I must say, that, as a class, the fundholders ought to accept this tax more cheerfully than any others. Well—but, Sir, I have yet to notice one further claim which has been made for exemption, so utterly untenable, that I should not have even alluded to it, unless I had seen it cropping out in official documents as being encouraged by gentlemen of influence. Sir, I refer to this with the deepest regret. But it is my duty to do so. Sir, our fellow-subjects in Madras and Bombay claim exemption from increased taxation. And on what ground? It seems incredible. Because they say our financial difficulties have been occasioned by the Mutiny: the Mutiny took place in Bengal; and therefore we in Madras and Bombay are not liable for its consequences. Sir, are we all one people, one united dependency under our Gracious Queen, or are we not? Was the Sepoy Army maintained for local or for imperial purposes? What would be said in England if, unfortunately, a portion of the British Army had mutinied in Ireland, had encouraged and led to insurrection, had caused great cost to the imperial exchequer, and when Parliament was applied to for means of discharging it, the Members from Scotland had objected and claimed exemption for themselves, on the ground that the cost was incurred in Ireland? But let us ask our friends in Madras and Bombay to consider to what logical conclusion their argument would lead? If they are to be exempt, are those only to be subjected to the penalty who, unfortunately, living near the scene of those occurrences, had not only all their earthly property destroyed by fire, but who suffered far more serious losses by the sword? Surely

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not. But who then? The guilty sepoys alone? That is the logic—a logic which, if applied to Government, would show that the whole cost of the criminal law should be defrayed by the convicts who fill our jails. Sir, I sincerely trust we shall not again be met with this argument. The Supreme Government of India is as much the Government of Bombay and the Government of Madras as it is the Government of Bengal. Our duty, and that of this Council, is the same to all alike. We want greater combination and unity, not greater severance—that is the end to which we direct our aim. But, Sir, if all this were not so, if we were to settle accounts on nothing but arithmetical rule, how stands the case? Notwithstanding the fact that, from the Calcutta Treasury is paid the whole of the interest of the debt and many other imperial charges, yet what do I find? I have told you that the Indian deficit of the present year is £4,063,809. How is that distributed? In round figures the sum of £1,500,000 applies to Bengal, and that of £2,500,000 to Bombay and Madras. Again, if I compare the increase of Military charges alone in the three Presidencies at the present moment, as compared with 1856-57, the increase in Madras and Bombay is as great as it is in Bengal. And if I compare the number of Troops according to a return recently furnished to me in 1857, and at the close of 1859, in the different Presidencies, I find the increase in Bengal barely five per cent., while in Madras it is fifty per cent. and in Bombay thirty per cent. But I should say these returns do not include the Military Police, the Civil Corps, and New Levies in Bengal, nor the new Police in Madras: they are confined to the troops under the Commander-in-Chief of each of the three Presidencies. But, Sir, I am ashamed

to argue this question upon such small and sectional grounds. We are one united great dependency under the same Sovereign, and we have one clear duty before us—to unite with all our efforts and all our means in maintaining Her Empire prosperous and inviolate. The bane of India has been these sectional principles and pretensions. Let us see an end to them, and feel that we are all one for weal or for woe. But returning to the Bill, I wish to make one remark as to the mode in which we propose to charge the zemindars who are subject to periodical revisions. We desire, in every way, to make the operation of the Bill as simple as possible; as a rule, the whole of the North-Western Provinces have been settled in the proportion of sixty-six per cent. to the Government and of thirty-four per cent. to the zemindar: that is the old rule. The new rule, which has scarcely yet come into operation, is fifty per cent. to each. But, taking the actual proportions of sixty-six and thirty-four per cent., we propose to assess the zemindars at one-half the rent they pay to the Government as their profits in respect of land. By this arrangement, simple and easy in its application, all zemindars who do not pay to Government 400 Rupees a year will be exempt. We are quite aware that, in practice, very few zemindars in the North-West will pay income tax, and when we consider their relation to the land, and that their payments are always subject to revision, we think their exemption falling under a fair and general rule is not to be regretted. But the same measure of profits will obviously not apply to the perpetual settlement. As to the general provisions of the Bill, I would say that our aim has been to make it as nearly the same as that of England, as the difference of circumstances would

permit. In this I have had the valuable aid of our most able and learned Advocate General. I have carefully gone over the English Bill, and the regulations by which it is carried out, Clause by Clause, with Mr. Ritchie, to whom I beg to express my warmest acknowledgments, and adapted our scheme as nearly as possible to it. We have been most careful to preserve all the checks in favor of secrecy:—we impose the same oaths for that purpose upon all our Officers:—we furnish a special commission to whom traders may apply to be assessed, without their returns going through the general commission and public office. There is not one protection which the English Bill affords which will not be found in ours. But, Sir, there is an entirely new provision and one of the utmost importance. As you know, the great difficulty in respect to an income tax in India is in relation to the traders in the native towns:—we are desirous in every way of avoiding inquisitorial practices, we wish to avoid the necessity of exhibiting accounts and books. Our general provision in the Bill for assessing profits is the same as the English Bill, by voluntary returns made by the traders to the Commissioners to their satisfaction. But we propose to allow the Government to approve of any other method of assessment which may be proposed by the Commissioners of any district as more in accordance with the habits and wishes of the communities, provided always they are satisfied that the result will be fair. By this means we hope to shape the practical working of the tax through the aid of Punchayets, and by using largely the instrumentality of the heads of towns and trades under the supervision of our own Officers, so as to make it of comparatively easy operation. All that I need now say further is that every possible means will

be used to avoid undue interference in any way whatever. Another most important provision which we make is this. In order to avoid the annoyance of annual assessments, we give power to the Commissioners to compound for a fixed sum for the whole period of five years, or for any number not less than three. This provision, I have reason to believe, will be very satisfactory to the native traders and capitalists in particular. There is such a provision in the English Act. The only other tax that we propose is a duty on home-grown tobacco, to an amount as nearly corresponding with the import duty as possible. I am aware there has been much discussion in respect to this duty: I am aware that opinion is not altogether unanimous upon the subject, but it is very nearly so: and the objections of those who have opposed it have been confined chiefly, I think, to the difficulty of levying it. Sir, when a Minister in England complains of the difficulty of a task, he is not unfrequently told that he occupies his high office for the purpose of overcoming difficulties—let us accept the same obligation. I hope within a short time, when my hands are less full, to offer a measure to this Council, which it will approve for this purpose. But here, again, I must offer an observation with reference to the pretensions set up by the perpetual settlement landholders. It is said on their behalf, that you cannot tax tobacco in its cultivation, because that would indirectly be increasing the rent of land. Sir, whether this is the best mode of levying the duty, I do not stop now to enquire, but at least I cannot accept this argument against it. What would be said in England, if a farmer who held Crown lands at a fixed rent for 30 years—and if the argument is good at all, it would equally apply in this case—were to seek exemp-

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tion from the tax on barley malted, because it indirectly raised his rent? Sir, I entirely agree with the able minutes of the distinguished Lieutenant-Governor of Bengal (Mr. Grant) upon this subject, as to the matter of right, and I hope that now and for ever all these pretensions on behalf of that fortunate class will be put to rest.

These, Sir, are all the taxes the Government propose, and I trust I may say that they cannot at least be found fault with, as in any way infringing the rules which I laid down for our guidance. I hope I may say that they are equitable and just to all alike: that they infringe no principle of wise legislation: that they offer no impediment to future development:—I hope, upon the whole, that we may rather take credit for removing some existing impediments to industry and trade. But, Sir, moderate as our proposals may be, and based as they are upon perfect equity and upon undoubted necessity, we cannot expect them to be received without some opposition:—some may even think of risk and danger. But even though this were the case, in the apprehension of which I do not share, it is our duty to incur it: certain it is that as we are, we are incurring the greatest danger from the deranged state of our finances, and we should be shrinking from the imperative duty we owe to the State and to the people of India, if we did not use every means in our power to apply an adequate remedy; and, Sir, I cannot help thinking that when the case is well understood, when the perfect equity of our proposals are known, when it is understood that every public servant of the Crown, from the Governor-General downward, will contribute equally his share to their taxes, and when if I may take so great a liberty to assume from the liberal manner in which Her Majesty the Queen acted

in respect to the income tax in England—if even Her Majesty does not contribute, it is only because she, unlike any other Sovereign who ever reigned over India, does not exact from her subjects one single Rupee for her own uses. I say then, when all this is considered, I would fain hope that our proposals may prove as acceptable as we can ever expect taxes to be.

Sir, for your sake and my own, I wish I could now conclude, but there are two points upon which it is imperative I should make some observation. First, I shall fairly be asked what we expect to receive as the result of these taxes, and how far they will succeed in repairing our financial position. Sir, fortunately for India, but unfortunately for my present purpose, there is absolutely no data upon which any reliable calculation can be made. So entirely exempt has India hitherto been from taxation, that we have no means of making a computation. But this I will say, that we are not sanguine enough to expect that these taxes alone will cover our deficiency:—for we should indeed think that we failed in our duty, if for that purpose, we had relied exclusively upon new taxes:—we shall still have left a large margin, for which we must rely upon the economy which we can secure by retrenchment of expenditure and administrative reform, for both of which we admit that there is ample room.

Sir, in considering the sources where we may look for reduction of expenditure, I am bound to say that we do not see any ground for expecting much with respect to the civil administration of India. When it is considered that the imperial expenditure of India includes much, if not all, of the whole local Government of India, which in other countries is usually defrayed from local funds, I

believe it will be found that in no other country is the civil administration conducted at so small a cost. We do not believe that this part of our Government can be reduced in cost.

We rather incline to think that it is more likely to be increased by improved Courts of Justice, by means for education, and by a stronger administration in the country as local interests become developed. We believe that great improvements may be made in the constitution of our offices, and many anomalies even in the existing scale of remuneration: but on the whole we look for no reduction on this score. What we want is an organisation which will give a more efficient development to the great talent which undoubtedly does abound in the Indian Civil Service at this time.

But, Sir, if we turn to our Military Departments, we are sanguine that a great reduction can be made, not indeed in the pay and emoluments of either the Officers or the men, but in numerical strength, by a better distribution of our forces, by control in our Commissariat and Military expenditure, which at present as a whole is weak and diffuse, and by reducing our Army Finance to order. Sir, I may only refer to the entire uncertainty which at the present moment prevails as to the present or future expenditure under these heads;—I may even say of past expenditure for a year or two after the time, to show you how imperatively this reform is demanded; and we look for great assistance in this respect from the able Military Financial Commission which is now investigating these questions, and from whose labours we have already derived much benefit. Again, it would not be right if I did not here acknowledge, in the strongest terms, the public spirit which both Lord Clyde and General Mansfield have shown in affording us

every advice and assistance in their power, in order to effect the objects we have in view. Sir, we believe that the first thing to be done as the great foundation of Military reform is to relieve the army of all ordinary civil duties, such as prison guards, treasure guards, and treasure escorts; and this can only be effected by the establishment, upon a sound principle, of a general Police force, sufficiently flexible to be adequate for all the quasi Military duties to which I have just referred, to be able to act in small masses to quell disturbances within their own districts, and to act generally in small detached bodies throughout their districts for purely civil ordinary police purposes, under the direct control of European Officers, but the whole subject to the civil power as the police now is, and to contain within the force the picked men set apart for detective purposes. Sir, with such a police established, such nearly as Lord Harris proposed before he left Madras, and which Sir C. Trevelyan is now organising, I believe the numerical force of the whole army may be quickly reduced, and especially that of our Native Army. Sir, there never was before a period at which I believe the army could with perfect security be so much reduced, if we only can dispense with whatever may yet be doubtful among our Native Troops. Our frontiers are now all well defined, and of themselves, with slight exception, offer a natural barrier. The Native States within India are not only on the best terms with us, but their interests are so much now bound up with our own, that we have perfect security there. The people themselves are peaceful and tranquil, and only wish to be permitted to follow their calling in security. They have obtained a terrible lesson from the anarchy which prevailed wherever,

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for however short a time, British authority was suspended; and, lastly, Sir, the Sepoy Army—which so long has been our real danger in India, which so long has been, if not a standing menace, at least a standing source of apprehension to our far-seeing statesmen—has at last dissolved itself: an army petted and spoiled by indulgences inconsistent with discipline—a close body, self-recruited by the men themselves with brothers and cousins, and relatives, of which many understood the danger, but which none had the boldness to incur the risk of dealing with: that army has disappeared and is blotted out. Sir, this Frankenstein, which at one time was only alluded to, in bated breath and in a whisper, when it was discussed as a source of insecurity, has committed suicide, and can be spoken of openly, and all its errors exposed. I hope the example it has set, the experience it has given us, will never be forgotten. Our local European Army also is gone. Sir, I fear that, however able and gallant many of our local Officers have proved themselves, however much they may have entitled themselves to the gratitude and admiration of their country, I fear, Sir, we must own that the Government of India has been as unfortunate in its military, as it has been in its financial system. To go into the question of the Army as it affects at present our finances, would be a subject so large, that it would occupy me nearly, if not quite as long, to do justice to it as have now already detained you.

But, Sir, there is one point upon which I must remark. Until we have one central point of responsible control of Army finances, as of all other established, it will be in vain to expect great reduction. Our first course must be to consider carefully what force is sufficient, and not mo-

than sufficient. Our next point must be to have carefully revised estimates, what is here improperly called a Budget System, for Military and all other charges, submitted to the Supreme Government annually, as they are in England to Parliament, to sanction only what is necessary, and strictly to keep every province and every department within their limits. Till you have this central financial and revenue control, it is in vain to look for economy—when you have it, you may safely give much greater executive responsibility to local authority. Sir, in England there is more local Government than in any country in the world; but there is no country where the central authority and control of the Government itself is so strong. And, I will add, that it will be in vain that we make improvements and reforms in our finances, if these administrative reforms do not take place. You must rely upon a sound system if you will have permanency, and not upon any individual, especially in a country where individuals change so rapidly. Sir, this is nothing new. You have had Finance Commissions over and over again. What have they done? In looking over the archives of the Government of India, I must say that the Minutes left on record of no Governor-General have struck me with more force than those of Lord Ellenborough, and they have induced me to regret that his stay in India had not been longer. That noble Lord is a distinguished member of a great party, always opposed to that with which I have had the honor of acting, and my testimony may therefore be regarded as impartial. Sir, that noble Lord saw and understood the evil of which I speak: he warned the Court of Directors of it. On the 7th of August 1842 he wrote as follows:—

“But I cannot withhold from the Honorable Court the expression of my decided and long formed opinion, that

whatever diminution may be made by my exertions in the amount of expenditure, will only be of a temporary character, without an entire change in the Financial Department, and some very material modification of the system of carrying on the Government. There is now no one Officer charged with the duty of viewing the expenditure of the State as a whole, and of considering every proposed or existing item of charge, not by itself only, but with reference to the total charge upon the revenue.

Without this concentration of duty and authority in a really responsible Officer, I have no hope of giving permanence to the influence of economical principles in the Financial Administration of India, or of even dealing satisfactorily with the details of expenditure.”

Sir, this is exactly what I would say now. No doubt an attempt was made, but most feebly, to supply a remedy. A financial department was created, I think in 1843 or 1844, but without any real power or responsibility. Sir, you cannot exact responsibility without giving power, and you ought not to give power without exacting responsibility. Will it be credited that the officer who had to administer the finances, was confined to the disbursement of public money, without either power or even cognisance in any shape of the revenues by which the treasury was to be supplied. Sir, we are now engaged in applying a remedy to this anomaly. In order to show how much our Army Expenditure is capable of reduction, I have only to compare the expenditure of the current year with that of 1856-57, for Army, Military Police, New Levies, Police and Military Public Works. The cost in the last four years for all India was:—

1856-57 ...	£ 13,213,454 ✓
1857-58 ...	£ 17,215,674
1858-59 ...	£ 24,717,638
1859-60 ...	£ 21,732,681

Sir, I have been pressed to urge upon the Home Government the propriety of giving an Imperial guarantee for the Indian Debt as a

means of reducing our Indian expenditure. This is a request which I could not consistently advise you to make—it is one which I could not advise the Home Government to accede to. With nations, as with individuals, the measure of the credit is not a question of arithmetical calculation: It lies far deeper. It is a measure of their prudence of their good management—it acts as a check upon improvidence, and often induces to great reforms, which but for necessity would be neglected. I have said that England has never exacted tribute from India as a dependency. I think she ought not to be asked to pledge the credit of her Exchequer for us; for if for us, why not for Canada, which has a six per cent. debt?—why not Australia, which has a six per cent. debt?—why not the Cape—why not for all our Colonies. I sincerely believe that we shall best consult the real interests of India, that we shall be more likely to recover a good position and to maintain it, if we keep our finances altogether separate from those of the Home Government.

Sir, I have been asked, as I said before, what result we expect from our increased taxes, and from our reduced expenditure. We hope, in the course of time, to make both ends meet; our aim of course is to produce an equilibrium; but I must remind you that some time, the greater part of a year must elapse before our taxes can become fruitful, and before our reductions of expenditure and reformed systems can begin to tell. In the mean time, however, our balances in the Exchequer are large; larger than they have been since 1853; and larger by upwards of six millions than on the 30th of April last year. In India and at Home I expect our balances on the 30th April next will be about £19,600,000 against £13,398,000 last year, and therefore,

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even though our new taxes should be dilatory in coming in, and the reductions of expenditure some time before they are felt, I trust we may be able to go on without any further resort to borrowing, at least for a time; and I hope that, if we continue to be blessed with peace when these measures are carried into full effect, we may be saved the necessity of having resort so constantly to the money market, as unfortunately in the past has been the case.

Sir, I offer you a deep apology for the unusual time that I have occupied your attention; but the subjects were so vast, the topics so important, the interests at stake so grave, the measures proposed so novel in this Council, that I should not have done my duty if I had not used all the means within my reach, inadequate as they are, to recommend them to you and the public whom they chiefly concern. Sir what we have proposed has been after the gravest consideration—prompted by the best motives and the most earnest desire to promote the lasting welfare of India and of our native fellow-subjects; and having done this in the conscientious performance of our public duty, in the high and responsible offices we hold, it will rest with us, should we receive your support, to exert all our executive ability and power to give effect to them. We shall be patient to hear and to weigh objections to detail; we shall be anxious to give our best consideration to all suggestions for improvement of our plans; but, in the main, we think that the crisis is so serious, that the time for argument and discussion has passed, and that the time for energetic action has come. Sir, we wish scrupulously to regard the strict rights of every man. Whatever we do, shall be based upon the strict equality between class and class, wh

ther Europeans or Natives, whether official or non-official; and trusting to a firm administration upon these principles, relying upon the support of all lovers of good order, we hope through your assistance, and by the aid of a public in whom we have now shown unreserved confidence, that we may be the humble instruments, in the hands of a higher power, to restore to India that security for future prosperity and happiness, which she can hardly be said now to enjoy.

✓ Mr. WILSON concluded by moving that the Standing Orders be suspended to enable him to introduce a Bill "to amend Act VII of 1859 (to alter the duties of Customs on goods imported or exported by sea").

Sir BARTLE FREERE seconded the Motion.

Mr. HARRINGTON said, the object which he had in view in rising to address the Council at this time, was not to enter into any discussion of the general merits and principles of the measures which had been proposed for their adoption by the Right Honorable Gentleman opposite, in a speech which would he was sure long be remembered with pleasure and admiration by all who had had the opportunity of hearing it; but in order that he might take the earliest occasion of expressing to the Right Honorable Gentleman his acknowledgments for the manner in which in that speech he had done him the favor of speaking of himself and of his conduct in connection with the Bill brought in by him last year for licensing trades and professions, which it was proposed should now become absorbed in the larger and more comprehensive measures, of which the Right Honorable Gentleman had given them an outline, and the introduction of which, at the present time, was considered by the Government to be imperatively necessary for the reduction of the alarming deficit, the amount of which, upon a comparison of the income of the country with its expenditure, had been mentioned to them by the Right Honorable Gentle-

man. He also wished, with the permission of the Council, to say a few words in respect to the Bill to which he had just alluded.

It had been well and truly observed by that eminent statesman, Sir Robert Peel, to whom the Right Honorable Gentleman had referred, at the time that he proposed an income tax for England, similar in its general features to the tax which, under the same name, the Right Honorable Gentleman now proposed to introduce into this country, that in great financial difficulties the first step towards improvement was to look those difficulties boldly in the face. This, he said, was true of individuals; it was true also of nations and he added, "so long as you consent to conceal from yourselves the real extent of the difficulties with which you have to contend, there can be no hope of improvement, no hope of recovery." The statement which had just been made to them by the Right Honorable Gentleman opposite, showed that he was fully sensible of this truth, which was probably uttered in his hearing in the House of Commons. Nay more, that statement showed that the Right Honorable Gentleman had not only had the courage boldly to confront the financial difficulties which pressed upon the Government of India at the present time—great though those difficulties were—and fearlessly to expose them to public view, but that he was fertile in resources to meet and overcome them. As he had already intimated, it was not his intention on this occasion to enter into a discussion of the measures, to the introduction of which the Right Honorable Gentleman required Legislative sanction, and, as regarded those measures, he should content himself for the present with saying, that he hoped to be able to give them a general and hearty support. He trusted that it was unnecessary for him to assure the Right Honorable Gentleman that, if in maturing the Bills which he proposed to bring in, he (Mr. Harrington) could be of any use to him, whatever aid it was in his power to afford would be most cheerfully rendered. He would not pretend that in all that had been said and pro-

posed by the Right Honorable Gentleman, he was entirely in accord with him, or that he might not differ from him upon some points; but, looking to the difficulties in carrying on the government of this vast country, to which the events of the last three years had given rise—recollecting that the Right Honorable Gentleman had been selected by Her Majesty and deputed to this country for the express purpose of aiding, with his large experience and great abilities, in restoring the finances of India to a healthy condition—informed as they had been by the Right Honorable Gentleman to-day, that the measures which in his judgment were essentially necessary to the attainment of the object which he had come out to India to accomplish, had the full concurrence of His Excellency the Viceroy and Governor-General of India and of the Honorable and gallant General and of the Honorable Member of Council on his left—and understanding that the opinions entertained by the Right Honorable Gentleman on one very important point, upon which he had dwelt at some length, and in respect of which it might be supposed from what had taken place on former occasions, that his (Mr. Harington's) views were not altogether in harmony with the views of the Right Honorable Gentleman, were acquiesced in by the Honorable and learned Chief Justice, by the Honorable and learned Judge opposite (Sir C. Jackson), by the Honorable Member for Bengal, and by many other able, high minded and honorable men—he felt he might very well and properly surrender his own opinions where they differed from those of the Right Honorable Gentleman, and that, when such was the case, he should not be doing any great violence to his conscience if he abstained, not only from any attempt to enforce his own views in opposition to those of the Right Honorable Gentleman, but even from any open or public expression of them. At this juncture it seemed to him that divided councils or anything which, in word or in deed, was calculated to embarrass the Government, should be avoided as much as possible—what

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was required of them was “a long pull, a strong pull, and a pull all together.”

He would pass on to the Bill brought in by him for licensing trades and professions, not however for the purpose of defending the principles upon which that Bill was based, for he felt that, at the present time, this would answer no good or useful purpose, and he was content that the Bill and all connected with it should become matter of history.

The greater part of his official career in India, which commenced upwards of thirty-five years ago, had been spent in the discharge of duties which took him altogether out of the particular line in which the Right Honorable Gentleman opposite had passed a long life. With what success was best evidenced by his presence there to-day. He (Mr. Harington) possessed no special qualifications or experience for framing and bringing in the Bill in question, and he might be considered by many to have been guilty of an act of presumption, if not something worse, in the attempt which he had made by means of that Bill to assist the Government out of its difficulties. But it so happened that, from accidental circumstances, and most certainly without any effort on his part, he suddenly and very unexpectedly found himself placed in a position which rendered it incumbent upon him to do something more than merely discharge the ordinary routine duties of the important office to which the Right Honorable the Governor General did him the high honor to nominate him. Amongst the measure which at once came before him, were schemes from various quarters for improving the revenues of the country by means of fresh taxation; one recommended a duty upon successions—another, a duty upon native marriages—another, a duty upon tobacco—another, a house-tax—another an income-tax—another, a duty by means of licenses upon trades and professions, and so on. Having carefully examined and considered all the various schemes, the conclusion which he arrived was that the measure proposed by him was the mo

practicable and open to the fewest objections, and he introduced it accordingly. He had no cause to be dissatisfied with the reception which the Bill, as it was originally framed, met with here and at home. No doubt, it was abused by some and opposed by others; but no new tax, he believed, was ever yet proposed which did not encounter similar opposition or meet with similar abuse. Before the second reading, acting under the advice of gentlemen to whose opinions he had been in the habit of attaching much weight, he was induced to propose certain alterations in the Bill, which he believed, led to the violent assaults which were then made upon it, and to much of its subsequent unpopularity. His own judgment never assented to those alterations. They were adopted in deference to the opinions of others; but the friends with whom he was in communication at the time, would, he was sure, bear him out in the statement that he not only disliked them, but that he was quite prepared for their being opposed by the local authorities and by the public at large, and that he fully expected, and certainly hoped, that when the Bill got into Committee, backed by public opinion, he should find himself in a position which would enable him to get rid of the Sections in which these obnoxious alterations were contained, and to restore the Bill very much to the form in which it was introduced by him. He bore in mind that if this were done it would not be necessary to re-publish the Bill, but that it might at once pass into law; whereas, if in Committee more stringent provisions were added to the Bill, it must be re-published, and its passing would thus be deferred for an indefinite period. This was one of his reasons for assenting to the alterations in question. Shortly after this, the probability of the appointment of the Right Honorable Gentleman to be a Member of the Council of the Governor-General of India, became known to the Government of this country, and from the time that appointment was made, he (Mr. Harington) felt that it must rest with the Right Honorable Gentleman, in communication with the

Right Honorable the Governor-General and the other Members of the Government, to determine upon the course which it would be proper to pursue in respect to the Bill brought in by him' and that from thenceforth the matter was taken out of his hands. The Right Honorable Gentleman had alluded to a statement which had been current for sometime, he believed both here and at home, in connection with his appointment to India. That statement was to the effect that the object of the Government in bringing in the Bill for licensing trades and professions at the particular time chosen for its introduction, was to forestall the Right Honorable Gentleman, and, to some extent, to do by anticipation what the Right Honorable Gentleman's mission to India was intended to accomplish. This proceeding was considered unfair towards the Right Honorable Gentleman, and as calculated seriously to embarrass him; and the Government was condemned in consequence. He begged to thank the Right Honorable Gentleman for having relieved them from this charge. The Right Honorable Gentleman had shown that, while the Bill for licensing trades and professions was introduced upon the 13th August last, his own appointment to India was not proposed until a later period.

It was hardly necessary for him to say that he entirely acquiesced in the course which it was intended to pursue in respect to the Bill brought in by him. In introducing that Bill he proposed to himself no personal triumph; he sought no personal aggrandizement; he had no personal ambitions to gratify. He simply wished to do what he considered best for the public interests. He could not regret having brought in the Bill, although it was not destined to reach maturity. He believed that the Bill had done some good. That such had been the case had indeed been obligingly admitted by the Right Honorable Gentleman, though the good effects of the Bill, even in the direction in which they had shown themselves, had, probably, from a generous feeling of kindness and consideration towards himself, been greatly over-stated by the Right Honorable Gentleman. He

further believed that the Bill had done little, if any, harm, except it might be to its author. But while he most heartily rejoiced if the Bill had really been of any service to the Right Honorable Gentleman, either in eliciting information, in drawing out public opinion, in acting as a safety-valve by which much ill humour and angry feeling had made their escape, in preparing the minds of the community at large for what, from unavoidable necessity, was about to come upon them, or in any other way, he felt that no more credit or praise was due to him than to the pioneers of an army who cleared and prepared the road along which that army marched to victory. The credit of the pioneer might be his, but certainly nothing more. For the rest he would say, "*palmam qui meruit ferat*," and he could truly add that no one would rejoice more heartily than himself in the success which he sincerely hoped awaited the measures of the Right Honorable Gentleman, or would more gladly contribute in any way that might be in his power to promote their success.

He was quite ashamed to intrude upon the Council the insignificant matters relating to himself to which he had been referring, after the gigantic topics which had been touched upon by the Right Honorable Gentleman; but, though at the risk of being thought egotistical, he had deemed it right to say thus much to-day. He hoped that he had now brushed away, as it were, all matters of a personal nature in so far as he was concerned, and his earnest desire was that, when they entered upon the discussion of the large and important measures which the Right Honorable Gentleman had, with so much ability and fulness, propounded to them, nothing would occur to prevent them from considering those measures on their merits alone and entirely upon public grounds.

The Motion for the suspension of the Standing Orders was put and carried.

Mr. WILSON then moved that the Bill be read a first time.

The Bill was read a first time.

Mr. Harington

## CARNATIC ESTATE AMENDMENT ACT (XVI OF 1859).

THE VICE-PRESIDENT postponed the Motion (which stood in the Orders of the Day of a Resolution on the subject of Act XVI of 1859,) and of the judgments of the learned Judges of the Supreme Court at Madras in the case of Gunsham Doss.

### NOTICE OF MOTION.

Mr. WILSON gave notice that, either on Saturday next, or at latest, on the Saturday following, he would introduce a Bill, the object of which would be to extend to the whole of India a system of well secured convertible paper note currency.

### PUBLIC CONVEYANCES.

Mr. LEGEYT moved that a communication received by him from the Calcutta Trades Association be laid upon the table, and referred to the Select Committee on the Bill "for regulating public conveyances in the towns of Calcutta, Madras, and Bombay, and the several stations of the Settlement of Prince of Wales' Island, Singapore, and Malacca."

Agreed to.

### NOTICES OF MOTION.

Mr. LEGEYT gave notice that he would, on Saturday the 25th Instant, move for a Committee of the whole Council on the Bill "for regulating the establishment and management of Electric Telegraphs in India."

Also that he would on the same day move for a Committee of the whole Council on the Bill "to empower Magistrates to decide certain disputes between contractors and workmen engaged in Railway and other works."

The Council adjourned.