

Saturday, 22nd September, 1860

PROCEEDINGS

OF THE

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is said to kidnap such minor or person from lawful guardianship."

Mr. SCONCE said, the Section as proposed to be amended would apply to the case of a married female enticed away for the purpose of adultery. He had no objection to its application to such cases, but it struck him as introducing a great novelty.

THE CHAIRMAN saw no reason why the Section should not be applicable to the kidnapping of married females.

After some further conversation, the Section was passed with the addition of the following Explanation on the Motion of THE CHAIRMAN :

"The words 'lawful guardian' in this Section include any person lawfully entrusted with the care or custody of such minor or other person."

Section 65 was passed as it stood.

Section 66 prescribed the punishment for "whoever kidnaps any person from British India or from lawful guardianship."

THE CHAIRMAN proposed to insert the words "or abducts" after the word "kidnaps."

Mr. SCONCE thought that the amendment would make the Section too general. It might be held to be applicable to the case of a child enticed away from his father's house across a street.

After some discussion the consideration of the Section was postponed, and the Council resumed its sitting.

UNIVERSITIES.

SIR BARTLE FRERE presented the Report of the Select Committee on the Bill "for giving to the Universities of Calcutta, Madras, and Bombay, the power of conferring degrees in addition to those mentioned in Acts II, XXII, and XXVII of 1857."

The Council adjourned.

Saturday, September 22, 1860.

PRESENT :

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

Hon'ble Sir H. B. E. Frere,	A. Sconce, Esq., Hon'ble Sir C. R. M. Jackson, and C. J. Erskine, Esq.
Hon'ble C. Beadon,	
H. B. Harrington, Esq.,	
H. Forbes, Esq.,	

RECOVERY OF RENTS (BENGAL.)

THE CLERK presented to the Council a Petition signed by one Doyal Chand Ghose, of Nuddea, concerning Section XXX Act X of 1859 (to amend the law relating to the recovery of Rent in the Presidency of Fort William in Bengal), and observed that a Bill had already been brought in on the subject of the prayer contained in the Petition.

THE CLERK also presented a Petition from the Indigo Planters' Association, praying for the repeal or alteration of the same Act.

Mr. SCONCE moved that the petition be printed.

Agreed to.

PENAL CODE.

THE CLERK reported to the Council that he had received a communication from the Home Department, forwarding copy of a letter from the Secretary to the Government of the North-Western Provinces on the subject of the translation of the Indian Penal Code into Hindoostanee.

EMIGRATION TO THE FRENCH COLONIES.

Mr. BEADON presented the Report of the Select Committee on the Bill "to authorize and regulate the Emigration of Native laborers to the French Colonies."

LICENSING OF STAGE CARRIAGES.

Mr. HARRINGTON in moving the first reading of a Bill "for licensing and regulating Stage Carriages," said he would preface his statement of the

object and reasons of this Bill, by remarking that the Bill was introduced in the interests of humanity. For some time past great complaints had been made of the excessive cruelties practised on the horses—he should more correctly style them the diminutive ponies—which were employed to draw the heavy and generally overladen carriages of the various dawk Companies on their long journeys, and he had again and again been asked and urged to introduce a Bill for regulating those carriages in order to put a stop to the cruelties complained of. A disinclination to adopt any measure which might interfere with the convenience of travellers in a country in which, except on railways and in the river steamers, a journey was always more or less a series of discomforts, difficulties, and vexatious annoyances, and which might, at the same time, have the effect of diminishing the profits of the dawk Companies and of throwing obstacles in the way of their carrying on their business in a satisfactory manner, in so far as the public was concerned, had hitherto deterred him from proposing any legislation of the nature desired, and here he felt that it was only an act of justice to the proprietors and managers of the various dawk Companies, particularly those of the longest standing, that he should declare his opinion that the Indian public was under great obligations to them for the energy and spirit which they had displayed in establishing those Companies, for their unremitting exertions to promote in every way in their power the convenience of those who travelled by their carriages, and for the immense improvements which, amidst very great difficulties, they had been the means of introducing in inland travelling in this country. He was sure that all who had had the same experience as himself in travelling in India, whether by palanquin or carriage dawk, would heartily concur in what he had just stated as to the benefits which had been conferred on the Indian community by the various dawk Companies. But the complaints to which he had referred had lately been reiterated from various quarters and

Mr. Harrington

they had come before him in such a form that, believing them to be well founded, he considered it to be his duty as a Member of this Legislature to take notice of them and to propose recourse to what appeared to be the only effectual way of putting a stop to the practices complained of. He had accordingly, with the aid of the learned Clerk of the Council, prepared the Bill, of which he should presently move the first reading. Perhaps he could not better describe to the Council the state of things which this Bill was intended to meet than by reading an Extract from a letter which he had lately received from the Magistrate of one of the largest stations in the North-Western Provinces. The writer said:—

“ I beg to bring to your notice the frightful cruelty practised on their horses by the various dawk Companies. Scarcely a day passes but a horse dies in harness, being kept on his legs to the last merely by the severest flogging. They are generally galled on both shoulders, besides having deep wounds in the withers. Many of them are driven four, five and even six times a day when more dawks are hid than the Company may have horses for. The carriages are overladen to such an extent that four horses would not be too many to draw the load, instead of the undersized tattoo generally used. In one Company's carriages as many as ten passengers, and sometimes more, besides the coachman, are packed, the whole being dragged by one small pony. It is a disgrace that such a state of affairs is allowed to exist, and I think it would be right for Government to interfere.”

An Editorial article on the same subject had appeared within the same few days in one of the most considerable newspapers, which had a considerable circulation, from which, with the permission of the Council he would also read an Extract. It would be seen that this article told the same tale as the letter of which he had just read a part. The Editor of the paper, he might add, was certainly not likely to have put forward a statement of this kind until he had fully satisfied himself of its truth. The article said:—

“ No one who has, at any time, travelled by any of the numerous Horse Dawks which convey passengers to and fro, on the Grand Trunk Road, can have failed to have been particularly struck with the size, shape, or condition of the

cattle which are employed in the carriages. The size, indeed, may have caused astonishment, in one way. To see an animal about the height of a grasscutter's tattoo deliberately harnessed within shafts 'a world too wide' for his shrunken flanks, and to realize the fact that the vehicle, loaded with husband, wife, children, and servants, to say nothing of coachman and sycce and a pyramid of luggage, move onwards at a pace beyond a walk, *must* have excited the wonder of many a traveller. The fertility of resource on the part of attendant natives, in subjugating the occasionally refractory quadruped, cannot fail to have called forth the admiration of those in particular, who appreciate the *mildness* of the native character.

We spoke above of the dawkhorse's shape. This may be said to vary with the humour of the Jehu, who handles the ribbons—according to the number and direction of the blows inflicted; but we are bound to say that appearances are rarely improved by this manipulation, by the time that the end of a stage is reached. But if the state of their animals, at the best of times, is such as almost to put mankind to shame for being accessory to the cruelty practised on them; it is now—since the rise in the price of grain—so disgracefully bad as, in our opinion, to demand the interference of the legislature, and to call for something like Mr. Martin's Act. If that Act were at present in force in India, it would practically have the effect of stopping, for the time, the traffic of passengers on the Grand Trunk Road.

Now, there is no excuse for the disgustingly cruel treatment of these dawkhorses, except the cupidity of dawkhorse proprietors. The sums which are charged by them are *more* than remunerative. If proof be needed of the truth of this statement, it may be obtained by simply referring to the numbers of proprietors now existing, all thriving and some of them, if report be true, realizing fortunes. This is done at the expense of the suffering and dying cattle, and of the patient wearied traveller. The horses are *starved*, the passengers are delayed,—brutal beating and every description of cruelty, to which the practised hands of coachman and sycce can resort, are now often practised in vain. The animal *cannot go*.

There is hardly a tattoo (we cannot call them horses) on the road that is not covered with sores. Some are, besides, lame, and others deformed, from the heavy and repeated blows which are inflicted on them. It is the commonest thing to find the whole breast an open raw; to see feet bleeding at the end of a stage from sunderecks; to—but why enlarge on the revolting details of these poor beasts' sufferings? Suffice it that to them is now added that of *starvation*—or, at any rate a minimum of grain in their feed."

It must not be supposed that the proprietors and managers of the dawkhorse Companies or their agents were alone answerable for the state of things

represented in the papers which he had just read. He could not say that the managers of those companies or their agents were altogether blameless in the matter; far from it; but their faults, whatever they might be, were, to a great extent, faults of omission rather than of commission. The horses on which these horrid cruelties were practised were not the property of the Companies. They belonged for the most part to natives, who contracted to supply a certain number of horses at certain places or stages, for so much per month. The wear and tear upon the horses furnished under these contracts was so great that he was informed that most of them lived only a few months; sometimes, indeed, their existence as dawkhorses might be counted by weeks. All that the contractors seemed to care for was how they might extract the greatest amount of profit out of the unfortunate animals supplied by them at the smallest outlay of money. He believed that there was an understanding or agreement between the managers of the Companies or their agents and the contractors that the horses provided by the latter should not run more than a certain number of miles, or go more than a certain number of stages during the twenty-four hours, but this part of the agreement was often disregarded, though here the fault was not, perhaps, so much that of the contractors as of the travellers whose irregularity or want of punctuality in commencing a journey or in keeping time on a journey frequently occasioned very great disturbances of arrangements in laying the dawks, and thus it happened that the poor horses were not limited to the number of stages contracted for. The Magistrate whose letter he had read, mentioned that sometimes they were driven as many as six trips a day, or about thirty miles. But he apprehended that this was not the only part of the cruelties complained of which was properly chargeable upon the travelling portion of the public. In these days of railways every other mode of travelling was found tediously slow, and if persons travelling by these dawkhorse carriages did not actually urge on the drivers to a

rate of travelling much beyond what was proper, he feared that they made no attempts to check too fast driving, and that the sufferings of the poor horse were apt to be lost sight of in the eagerness to get to the end of the journey. Then again the amount of baggage put inside the carriage or piled up on the top in addition to the passenger or passengers and the coachman and syces, imposed an amount of draught upon the poor animal drawing the conveyance which rendered any motion, however slow, a miracle, and yet the carriages thus laden were often driven at the rate of eight or ten miles an hour, the horse being kept at a full gallop the whole stage. People, otherwise humane, allowed box after box to be put inside or outside the carriage without care for the weight, and thus, in the words of the editorial article which he had read they had at last a carriage starting on its journey "loaded with husband, wife, children, and servants, to say nothing of coachman and syce and a pyramid of baggage, and to draw this load six miles, an animal about the height of a grasscutter's tattoo, deliberately harnessed within shafts a world too wide for his shrunken flanks." After what he had said he thought it must be admitted that there were three parties to the cruelties which this Bill was intended to prevent, all in a greater or less degree answerable for them, namely the managers of the dawk Companies and their agents, the contractors who provided the horses, and the public, and if any legislation which might be had recourse to for the purpose of putting a stop to these cruelties should subject each of those parties to some amount of inconvenience, he thought that they would have no just cause to complain. He trusted that he had said enough to justify the introduction of this Bill. He would now proceed briefly to notice the various provisions of the Bill, premising that it had been framed on the model of the English Stage Coach Act, with such modifications as were required to adapt that Act to this country.

Section I defined what was a stage carriage for the purposes of the Bill.

Section II required such carriages to be licensed and pointed out by whom the license was to be granted. Section III stated the particulars which the license was to contain. Section IV mentioned the fee to be paid on the license and how long the license was to remain in force. Section V required every stage carriage to carry a license plate. Section VI prescribed a penalty for keeping or using a stage carriage not licensed. Section VII prescribed the penalties for any contravention of the terms of the license. Section VIII prescribed a penalty for using a fictitious plate. Section IX prescribed a penalty for ill-treating a horse employed to draw a stage carriage. Section X stated under what circumstances a license might be revoked. Section XI prescribed a penalty when no license plate was carried. Section XII prescribed a penalty for misconduct on the part of the driver of a stage carriage. Section XIII stated under what circumstances a penalty might be recovered from the proprietors of the carriage. The remaining Sections showed how the summons to answer the complaint was to issue—how the penalties were to be recovered—and how informers might be rewarded.

In conclusion he would only observe that the object of the Bill in requiring that the stage carriages to which it applied should be licensed was not Revenue, nor was there the remotest desire to cause inconvenience or any injury either to the proprietors of the dawk Companies or to the travellers by the carriages of those Companies. The only end aimed at in the Bill was to afford legislative protection to a class of animals which were protected by law from cruelty at home and he believed in all other civilized countries. The Presidency Towns Police Acts contained provisions against cruelty to animals, and some legal provision for the protection beyond the limits of the Presidency. Towns of the poor animals whose cause he had taken upon himself to plead, which should save them from the cruel treatment to which it was shown they were now subjected, seemed equally called for. That protection would, he trusted, be afforded

by the Bill of which he begged now to move the first reading.

The Bill was read a first time.

CUSTOMS DUTY ON PEPPER (COCHIN).

MR. FORBES moved the first reading of a Bill "to alter the Customs Duty on Pepper exported by sea from the British Port of Cochin." He said, the Council were aware that Travancore and Cochin were two native States on the western coast of the southern extremity of India, and that they were both tributaries of the British Government, Travancore paying annually eight lacs of Rupees, besides maintaining a local military force at an expense of one lac and a half, and Cochin paying annually two lacs of Rupees. A large proportion of the revenues of both of these States had always been derived from monopolies in the articles of pepper, tobacco, and salt, but as it was to the first only that the Bill which he was about to introduce was intended to apply, he would confine himself to it. All those who grew pepper in these States were obliged to deliver their produce to the Government at a fixed rate per candy, and the pepper was then sold by the Government to its own best advantage. The usual fruits of a faulty fiscal system had been borne by the monopoly. The people had become lawless and had engaged largely in a contraband trade; serious affrays between the smugglers and the preventive force had been constant, attended frequently with severe gunshot wounds, and not infrequently with death; the public servants had become corrupt through the temptations offered to them to connive at illicit trade, and the public revenues, so far from benefiting, had actually decreased, partly from the oppression which the monopoly exercised on the ryot, and partly from the annual increase of smuggling that invariably accompanied such a system as he had described. From a report submitted to the Government of Madras by the Resident, it appeared that the average revenue derived from the pepper monopoly in Travancore from 1822 to 1836 was 1,21,000 Rupees, while the average

from 1849 to 1859 was only 1,05,000 Rupees, and this result of a Government monopoly was brought forcibly into view by a comparison of it with the result of the free system in force in the adjoining British District of Malabar. Malabar was of about the same extent as Travancore, and both were equally well adapted to the growth of the pepper vine, if any thing the advantage was on the side of Travancore; but while, as he had first said, the result of a Government monopoly in Travancore had been an actual decrease of produce in the past thirty-seven years, in Malabar, where there was perfect freedom of cultivation and where there was no restriction on the disposal of produce, the produce, which in 1808 was about 5000 candies, in 1859 was 18,600 candies.

The Government of Madras and the Government of India had for some years pressed upon the rulers of Travancore and Cochin a reform of their fiscal system, and the advice of the able Officer who now filled the Resident's office, had at length induced the Rajahs to take the first step, and to consent to an abolition of the present monopoly of pepper, which was the one that bore most injuriously on the country, and was the least beneficial to the State.

The proposition was to substitute for the present Government monopoly an export duty of fifteen Rupees a candy, or twenty per cent *ad valorem* according to present value on all pepper exported by sea or land from Travancore or Cochin, but this measure could not be successful without aid from the British Government, and it was to enable the Government to afford this aid, that the present application for an Act was now made to the Council.

The British Port of Cochin was a small isolated spot twenty miles distant from any other British possession and entirely surrounded on the land side by the Territories of Travancore and Cochin. The Port formed the natural outlet for the produce of those States, with the greater part of which it had communication by means of extensive natural backwaters. Its posi-

tion at the Port of Travancore and Cochin was so favorable, that added to the advantages it possessed, in common with other English Ports, of free trade with other Ports of India, while Travancore was treated as a Foreign country, the pepper produced in Travancore and Cochin was constantly smuggled across the Frontier, so that the export from Cochin of that article, solely the produce of these two States, had increased from 160 candies to upwards of 4000 candies; and it was obvious that if, while an *ad valorem* export duty of twenty per cent were demanded at the Ports in Travancore, pepper smuggled over the Frontier could be exported from Cochin under Act X of 1860 at a duty of three per cent, the evils of the contraband trade which it was so desirable to put an end to, would be in as full force as ever, and the Travancore State would have forfeited a large amount of Revenue without obtaining any advantage.

It was proposed by this Bill therefore to authorize the collection at the British Port of Cochin, on behalf of the States of Travancore and Cochin, of a duty of fifteen Rupees a candy on all pepper exported, excepting on such pepper as might have been originally imported from any British possession, and a Section was added under which the Government of Madras would have to account to these two States for all the duty that might be collected after deducting the expenses of collection.

Considering the very peculiar state of the case which he had attempted to describe to the Council, how desirable it was that the pepper monopoly should be abolished, and how impossible it was to abolish it without a sacrifice of revenue which the Tributary States could not afford, unless the British Government consented to secure those States against loss, by collecting, on their behalf, a duty on the produce of their country exported at a British Port situated in the centre of their country and smuggling to which Port had unusual facilities—considering also that British interests would be in no way affected, or the integrity of our customs system be in any way interfered with—he was

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sanguine that the Council would give its sanction to a measure which had the approval of the Executive Government, and from which great benefit to large classes of the community might be expected certainly to result.

He now moved that the Bill be read a first time.

The Bill was read a first time.

PAPER CURRENCY.

SIR BARTLE FRERE, in moving the second reading of the Bill "to provide for a Government Paper Currency," said that it would probably be in the recollection of the Council that on the last day we had the honor and pleasure of having among us our late colleague, Mr. Wilson, the Right Honorable Gentleman had stated his intention of moving on the following Saturday the second reading of his Currency Bill. It had pleased God, however, that that opportunity should not be afforded to him, and it was difficult to realise the extent of what we had lost when we found that it fell to inferior hands to deal with a measure so closely connected with the science of political economy and practical banking, of which their late colleague was so great a master. He had no doubt that, if we had had the privilege of hearing Mr. Wilson on the second reading of the Bill, we should have had a complete answer to every criticism on the great measure which he had proposed. He (Sir Bartle Frere) need not say that he could hardly attempt to supply what his Right Honorable friend would have laid before us. He could only say that, in obedience to the desire of the Government that the Bill should go forth to the public for the further criticism and comments of those able to offer them, he had purposely abstained from making any alterations in the Bill as printed by Mr. Wilson. He (Sir Bartle Frere) had deemed that it would be only respectful to Mr. Wilson's memory to allow the public to review the Bill as it had been brought in by the Right Honorable Gentleman. One cause of the delay in proceeding with the measure was the belief that Mr. Wilson might

have left some note of the alterations which he wished to make in the Bill, but after a prolonged search nothing had been found, save a note that the Bill should be read a second time. He (Sir Bartle Frere) need not tell the Council that the measure was one which, for a long time previous to Mr. Wilson's leaving England, had engaged the attention of all who had any knowledge of or connection with Indian finance. When Mr. Wilson sketched the main features of the measure he proposed to introduce, he went so fully into the subject, both in the speech which he delivered to this Council in March last, and in the Minute which was annexed to his speech, that it would be impossible to say anything on the principle of the Bill which would further elucidate that part of the question. It only remained to consider how far the Bill gave expression to those views. In the interim a Despatch had been received from the Secretary of State, generally approving of the measure shadowed forth in Mr. Wilson's Minute on the Currency question, and offering criticism on one or two points, which he (Sir Bartle Frere) was sure would receive the attention of the Select Committee to whom the Bill would be referred for consideration. Though it would be presumptuous on his part to attempt to defend any measure brought in by so great a master of political science, he thought he should be wanting in his duty to Government and to the many able men who had discussed this measure, if he omitted to acknowledge the very full and satisfactory criticism which this measure had elicited throughout India. In each of the Presidency towns, it had attracted the attention of the community which would be principally affected by it, and the result of their opinions had been published in various forms. Several pamphlets had been printed, which gave evidence not only of the importance of the measure, but also of the ability of those who criticised it. In one pamphlet, which might be considered as embodying the views of those in this city who were most disposed to criticise the measure, might be recognised the hand of a

gentleman, who, he (Sir Bartle Frere) believed, was considered, not only in this country, but also in England, as a great authority on every subject connected with Banking; and while he (Sir Bartle Frere) could not agree with the author, the very full and able criticism to which he had subjected the measure had contributed materially to throw light on the subject as applied to India. There were a few points to which he (Sir Bartle Frere) would venture very briefly to advert, while there were others which it would be seen were provided for in the Bill as it now stood. He (Sir Bartle Frere) then referred to various objections in the pamphlet by *Scotus*, such as that it was "questionable whether it was the right and prerogative of the Crown to claim the exclusive privilege of creating or issuing Bank notes." This question had, he (Sir Bartle Frere) thought, been very fully decided by the voice of a majority of the mercantile community of this country, and in England, that no form of introducing this measure would suit the wishes of that community which did not proceed on the basis proposed by Mr. Wilson. So with regard to the question, how far it was wise and politic for the Government of India to assume the sole right of issue. In the papers lately received from Bombay, containing the Minutes of the Members of the Chamber of Commerce of that Presidency, the question had been very fully discussed and decided, he thought, as far as weight of argument went, in the same manner as it was decided by Mr. Wilson. But as regards the wisdom and policy of the measure, it must be remembered that the measure would proceed tentatively, first in the Presidency towns, and not in the remoter parts of the country till the soundness of the measure has been fully tested by experience. The pamphlet arrayed a large number of authorities in favor of the view which the writer took on this question and adverse to the view taken by Mr. Wilson. With regard to these, high as the authorities were, there was one point which should not be forgotten in judging of their weight, and that was, that many, if not most,

of them referred to inconvertible paper issue by Government. There was, of course, no intention on the part of Government of making such an issue, and there could be no analogy between such an issue and the proposed convertible paper. There was a further question, which was very ably argued in the pamphlet, with regard to that part of Mr. Wilson's plan which proposed that a certain amount of the sums received for the notes should be reserved in silver, and the remainder invested in Government Securities. He (Sir Bartle Frere) should come to that subject when speaking of the Despatch from the Secretary of State.

There was another objection taken by this writer in which he stated at page 22 :—

“ Mr. Wilson may call it by what name he chooses, but I do not hesitate to affirm that with the power of a *legal tender* attaching to such an issue, and pushed out by the Government machinery just described, it is to all intents and purposes a *compulsory*—a *forced issue*, and as such liable to depreciation.”

This was a question which could hardly be decided otherwise than by experiment. How much of the Government paper would keep out in circulation, without depreciation, could only be ascertained by trial. But of one thing he (Sir Bartle Frere) was confident, there would be no compulsion, direct or indirect, and the experiment would be made gradually, and so as to leave the paper as entirely as possible to make its own way to public confidence.

Another pamphlet, which was also entitled to be noticed by the ability and general fairness with which the question had been argued, came from the Madras Presidency, and embodied the views of one of the ablest authorities on Banking in that Presidency. It was principally directed to the question, whether the object which Mr. Wilson had in view could be best carried out by Government agency or by private agency. On this point the general view taken by the mercantile community was, he thought, in favor of the plan proposed by Mr. Wilson. He

Sir Bartle Frere

(Sir Bartle Frere) would also draw attention to the able papers submitted by the Chamber of Commerce at Bombay to the Government, for which the best thanks of the Government were due to them, and which deserved the attentive consideration of the Council; and he thought he might confidently appeal to them whether the balance of argument was not on the side of those who advocated the measure proposed by Mr. Wilson. He would only further acknowledge the ability and fairness of the criticisms which had from time to time appeared in the newspapers at all the three Presidencies. The question had been discussed with an amount of argument and temper which afforded a good guarantee for feeling that, on this subject at all events, we had the benefit of a candid and enlightened public opinion.

It remained for him to offer a few observations upon the Despatch from the Secretary of State, which had already been laid before the Council. There might, he thought, be some necessity for altering the Bill in Committee in accordance with the instructions contained in that Despatch; but, as he had already remarked, he would not anticipate the action of the Committee in that respect, but would leave them to take up the Bill as it was left by Mr. Wilson. He would only say a few words with regard to the 15th and following paragraphs of the Despatch. The part of the Bill to which those paragraphs related was Section X, which provided as follows :—

“ The Governor-General in Council shall determine from time to time the amount to be retained and secured in silver bullion and coin, as a reserve to pay the said promissory notes; provided always that such reserve shall in no case be less than one-third of the amount to be passed in the notes in circulation.”

Upon this point the 15th paragraph of the Secretary of State's Despatch stated as follows :—

“ In this country the smallest amount of notes required had been ascertained by long experience; but what that quantity may be in India can only be ascertained in like manner, and as it is impossible at present to say what the minimum amount of notes in India will

be, the proceedings for determining this point must necessarily be tentative and experimental."

The Secretary of State went on to say:—

"Probably the amount of their issues (that is, the issues of the Bank of Bengal) may be safely assumed as the minimum note circulations for Calcutta and the neighboring Districts. This amount might therefore be issued in the first instance, Government Securities to the same amount being held by the Currency Commissioners. There appears to be no reason to doubt that notes to that amount would always remain in circulation under ordinary circumstances. All notes beyond this amount are to be issued only in exchange for coin or bullion, which will be held in reserve by the Currency Commissioners."

And then again in the 18th paragraph he said:—

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

Now it had been supposed that there was something conflicting between the 10th Section of the Bill and the following proviso on the one hand, and the instructions of the Secretary of State on the other. It appeared to him (Sir Bartle Frere), however, that there was no inconsistency whatever in the matter, and he ventured to think that such an impression would be removed when he explained the process intended to be carried out. It was proposed by the Bill to fix one-third of the total amount of notes in circulation as the minimum limit of the silver bullion or coin which should, under all circumstances, be kept as a reserve to cash notes. Of the silver received for the other two-thirds of the total note circulation, the Commissioners would, under the orders of the Government of India, invest a portion in the purchase

of Government Securities under Section XI of the Bill. In practice the minimum limit of cash retained in hand would be much greater than what was allowed by the Bill, and would be regulated by the amount of notes which it was shown by experience here had been kept out in circulation even under the least favorable circumstances. The process would be something of this sort. The minimum of note circulation in times past of great panic, when note circulation was at its lowest, might be safely taken to be the minimum below which it was impossible that the note circulation would ever fall in time to come. For instance, one had no reason to fear in future years a more severe panic than that which occurred during and subsequent to the mutiny, and one might safely take what was the smallest amount of notes in circulation in 1857 and 1858, when confidence was at the lowest, as affording a safe index of what it would be prudent to fix as the maximum amount which, in the first instance, the Commissioners should be allowed to invest in Government Securities. Let us suppose that the returns of note circulation in the past five years showed the minimum note circulation to have been one crore of Rupees or one million sterling, and that too only in Calcutta and its neighborhood in a time of great panic in the community generally. This was an amount of circulation which might safely be assumed to be one below which the note circulation would never fall, and that must be taken in the first instance as the practical limit to the sum which the Commissioners should be allowed to invest in Government Securities. Suppose the total note circulation to be six millions, the Bill required two millions to be kept in cash, leaving four millions as the legal limit to the sum which could be invested in Government Securities. But under the limit fixed by the Secretary of State, such investment in Government Securities would be restricted to the minimum of note circulation in times past, and therefore the power given by the Act would not be used further than to invest one million in Government

Securities. He (Sir Bartle Frere) was not sure if he had made the distinction clear, but his impression was that there would be no inconsistency between the legal limit proposed to be fixed in the 10th Section of the Bill, and the practical limit which the Secretary of State proposed to fix in the 18th paragraph of his De-patch.

Another objection to the measure which had repeatedly been insisted upon was with respect to the provision in Section XV, enabling the Commissioners to sell and dispose of Government Securities. It had been said that, in any time of pressure, when silver coin was required, Government would be obliged to go into the money market and sell Securities under the Act, and that, in consequence of the general panic, the Securities would become depreciated in value or unsaleable. But he thought that, if the safeguards proposed by the Secretary of State were carefully observed, and no greater amount invested in Government Securities, it could practically never happen that the Government would have to go into the market to sell Securities to provide coin or bullion. The power was necessarily given to buy and to sell, but he knew, from what he heard Mr. Wilson state repeatedly on the subject, that it was intended to tie the hands of the Commission in investing in Government Securities by fixing such a limit as would practically prevent those Securities from going into the market under any circumstances.

With these remarks, he begged to move the second reading of the Bill.

MR. SCONCE said, he was very sensible of the sad feelings under which the Council was asked to consider the principle of this Bill. To him it seemed that we were almost a second time come to bury Mr. Wilson. So far as his feelings went, time had not in any degree lessened the loss which we first experienced. It would not become him, and certainly he had no intention to offer to the Council any encomium on Mr. Wilson. But he was free to say that he dissented in what he considered substantial points from several important provisions of

this Bill, and entertaining those feelings of dissent, it was with the greatest reluctance he rose at all, and he felt the greater doubt that what he might say would be worthy the attention of the Council. There was one point on which he fully agreed with Mr. Wilson, and that was the desirability of introducing a Paper Currency. What he understood to be the main ground on which Mr. Wilson proposed to act was, that the public should have the benefit of a more portable medium of exchange as a substitute for the present bulky and inconvenient silver coinage. In that sense he entirely adopted the principle of the Bill, and if he looked to the incidental advantages expected to be derived from the same measure, it was important to distinguish the operation of one from the operation of the other. It had been often said that it was a saving of capital to substitute a Paper Currency for Bullion Currency. He looked at the matter simply in the sense of getting rid of any indefinitely large amount of currency now in circulation. If the object were to displace silver for the purpose of turning it into capital, that object was opposed to, and might be incompatible with, the principle on which the creation of a Paper Currency was primarily based, that the public convenience should be considered in being supplied with a easily portable medium of exchange. In considering the one they were apt to overlook the other: but each object was distinct, and in issuing paper with a large and unlimited idea of creating additional capital, they would transgress the principle with which they started that the issue should correspond with the amount that would be acceptable to the people as a circulating medium. It might be said arbitrarily that out of all the Silver Currency of the country, perhaps fifty millions or possibly twenty millions would be displaced, for obviously a large operation was contemplated; but in that case he must say that the issue of paper would not be as it ought to be, determined by the convenience and wants of the community. The Council would

recollect that Mr. Wilson mentioned that, since the new coinage had been introduced twenty-five years ago, one hundred crores of Rupees had been put into circulation, and as it was the object of this Bill largely to displace silver, it seemed to him important to consider more exactly the amount held by the people. Supposing then the currency in the hands of the people to correspond with the coinage, namely, one hundred crores, and taking in round numbers the population of India to be one hundred and fifty millions, the circulation would amount to about six Rupees a head. It happened that some years ago he looked into this matter regarding five inland districts. At the time he instituted those enquiries ten years had elapsed since the introduction of the new currency. It seemed to him that by ascertaining the amount of the old coinage withdrawn from circulation and transmitted to the Mint to be recoined, a fair criterion would be found of the currency required by the community, and accordingly he found that in the five districts to which he referred, the circulation had been on an average less than three Rupees a head. In the first six years almost the whole Sicca Currency had been exhausted; for that period the coin withdrawn was two Rupees and one-third a head; and during the next four years the amount withdrawn was only about one-third of a Rupee more. In the whole ten years, as he had said, the total coin withdrawn from circulation did not amount to three Rupees for each person of the population. If we now supposed the coinage of one hundred crores issued to be in circulation, it would give six Rupees for each person. But it could not be so. The original issue was subject to much deduction. Much had been absorbed by Native States, much had gone beyond our Frontier to Afghanistan, and elsewhere; much had been exported. For the five years ending 1858-59, he found that the treasure exported, which he took to be coined money, was close upon ten crores. And he thought, upon the whole, the Council might safely

conclude that the circulation did not exceed five Rupees a head. He spoke upon the supposition that it had been considered desirable to reduce our coin circulation, and not only reduce it but reduce it largely.

But now he would ask what was the amount of Bullion Currency in use in England? He found from the Report of the Committee upon the Bank Acts, that in 1857 the whole gold circulation amounted to fifty millions. It had increased to thirty per cent. since 1851. During the last three years the circulation was considerably larger, according to an article in the last *Edinburgh Review*, which stated that the circulation had increased since 1851 to forty per cent. Now, assuming the population in England to be sixty millions, that would give £2 a head. But £2 is equal to twenty Rupees. So that, while the currency maintained in England amounts to twenty Rupees a head, the currency which we now enjoy, and which it is proposed to reduce, does not exceed five Rupees a head. His purpose in making these remarks was to show that, if in England where there was a Gold Currency, it was not considered expedient to reduce it lower than £2 a head: we should hesitate in going on a different principle here. He was not arguing against a Paper Currency, but only against measures which would lead to its immoderate issue. He wished to speak with as much reserve as possible on this matter. It was a subject with which he professed he could not say he was practically conversant, but he thought it necessary to say that this Bill materially departed from the principle which, as he understood, regulated the issues of the Bank of England by the Act of 1845. The principle proposed to be ordinarily followed was that one-third of the notes issued should be secured in coin, and two-thirds in public securities. His Honorable friend (Sir Bartle Frere) had said that whether that was the principle of the Bill or not, it would not be the course in practice, or that it would not practically be pushed to that extent. He (Mr. Sconce) however would speak of the principle embodied in the Bill,

and that was to ensure that there should be one-third coin and two-thirds in securities. Whatever rule we adopted in the Bill, we must be prepared for its being put in force. It seemed to him that the provisions of the 10th Section of this Bill were quite opposed to the principle that regulated the proceedings of the Bank of England. Here the rule of covering our issues in paper by two-thirds of the amount in securities was not confined to the first issue. The same rule was progressive with all the paper put out. As the circulation increased, two-thirds would be represented by public stock. Supposing the circulation to amount to sixty crores, that would give twenty crores in coin, and forty in securities; that he must say was not a proper principle. Of the notes issued by the Bank of England, as Honorable Members knew, fourteen millions were issued as was said upon securities. But when Sir Robert Peel passed his Bank Act in 1845, the Bank of England did not, by virtue of that Act, go into the market, and buy securities. Sir Robert Peel's limit of fourteen millions was assumed and determined by a circulation to which the country had already been accustomed. For nearly one hundred and fifty years the Bank had issued notes, and out of the fourteen millions, up to which the paper circulation had been secured, eleven millions in the course of many years had been lent to the Government, and it was upon the faith of this debt due by the Government and not upon the presumption that the Bank would go into the market to purchase securities, that the Act was framed. But besides that, it was fixed that the securities should not in any way exceed fourteen millions, and whatever the amount of notes it would be convenient to the public to take over and above the fourteen millions, there should be one pound in gold for every pound issued in paper. Now let us compare that principle with the operation of the one suggested in the present Bill. He had supposed a circulation throughout India of sixty crores, of which twenty crores would be represented by coin, and

Mr. Scance

forty crores by promissory notes. But under the Act which regulated the circulation of the Bank of England, an issue of notes to the same amount would be protected by fourteen millions of securities and forty-six millions in coin. In the two cases there was a difference between forty-six millions and twenty millions; an immense difference, which justified him in saying that the present Bill was not based upon the principles of the Bank Charter Act. With these views, therefore, he (Mr. Scance) entertained great objections in adopting the proposal of Section X of the Bill, that one-third should be reserved in coin and two-thirds in paper.

As to the process by which a large portion of our Bullion Currency was to be displaced by paper, he thought it merited the deepest consideration. He supposed it would operate in this way. Any Bank of this city might deliver three lakhs in coin and receive the same sum in notes. Then the Currency Commissioners retaining one lakh in coin, would purchase securities with two lakhs. The immediate result therefore would be that, in place of a circulation of three lakhs, there would be a circulation of five lakhs, of which three consisted of notes and two of coin. But obviously this operation involved a double process, which obscured the actual nature of the transaction. The real transaction was, upon every Rupee kept by the issue department, to issue three Rupees in notes. In the case supposed, the same Bank which exchanged coin for notes may have sold securities to the Commissioners; and he thought the Council must admit that it would have come to the same thing if, upon the Bank tendering one lakh in coin for one lakh in notes, the Commissioners should purchase two lakhs of securities with two lakhs in notes. The result was the same in both cases; for one lakh in coin, three lakhs in notes were issued, and the Bullion Currency in other respects remained as before.

He (Mr. Scance) did not think so lightly as the Honorable Gentleman opposite (Sir Bartle Frere) did, as to the effect of the operation of Section XV

of the Bill, by which it was proposed to authorize the Commissioners to sell and dispose of the public securities. He thought that they might have authority to buy, but his objection was to their selling, and he did not see the Council could adopt that proposal. What was the state of the case? Suppose that securities were bought to any amount, say twenty lakhs for instance, and the Commissioner were pushed for money and wanted to sell out. The twenty lakhs of securities which the Commissioner had had not been purchased with his own money, but with the money of other people. With the money of other people the Commissioner had redeemed prematurely the public debt, and when the money was again wanted by those who had paid it in, it seemed to him to be a matter of obvious obligation that recourse should be had to the public treasury, and that the Commissioner should not go into the money market and run down, to the injury of the public, the market value of the public stock. Just conceive the effect of that. It would not be that the Commissioner wished to sell, but every body would wish to do the same. Thus a great quantity of paper would be brought into the market. At the time when every man's suspicion was excited, jealousy and alarm would be spread by the Commissioners going into the market with their paper; and, undoubtedly, by their appearance, the panic would be greatly aggravated. Now the remarks which he had made upon the power to dispose of securities in order to find funds to pay off notes were not peculiar to himself. He found the same opinion inculcated in the Despatch of the Secretary of State. Sir Charles Wood, as he understood, interdicted such dealing in securities, and in the 17th paragraph of the Despatch of the Right Honourable Gentleman, it was distinctly observed—

“that it should be provided that the cash balances in the Indian Treasuries should be available to meet any unforeseen demand for the payment of notes; and arrangements should also be made for establishing credits on the Collectors' treasuries in favor of the District Currency Commissioner for any dif-

ference between the amount of their issues, and the cash balances in their hands.”

Here there was a clear intimation that notes should be converted on demand, if need be, with cash held in the public Treasury.

There was another matter to which he must ask the Council to excuse him for referring. He meant the amount of notes which was proposed to be issued as a legal tender. It began with five Rupees and ran up to one thousand Rupees, or any other amount which the Governor General in Council, with the sanction of the Secretary of State, might direct. He need not remind the Council that in England notes did not go below £5. Elsewhere notes went below £5; but they were not a legal tender, and that seemed to him to make all the difference. [Mr. Sconce here quoted a passage from the examination of the Governor of the Bank of England before the Committee of the House of Commons in 1857.] Quoting from Mr. Levi's Annals of Legislation, he found it stated—

“The privileges of exclusive banking are now confined entirely to the issue of fourteen millions of notes upon sureties, and what is called the legal tender, which, however, is of no value to the Bank now, inasmuch as the amount is fixed, to which they can issue notes upon securities.”

This seemed to him to be a remarkable statement, for it showed that the only Bank in the world, whose notes were legal tender, set no value upon the privilege. So long as the Bank had unlimited discretion to issue notes upon securities, the legal tender provision was of importance; but now that the excess issues of the Bank were represented by bullion, the circulation of the notes rested only upon the convenience felt by the public in using paper rather than gold.

It was doubtful, therefore, whether we should seek in that sense to have a compulsory legal tender, and whether, on the other hand, the preferable mode would not be to introduce a circulation without what is called a legal tender. He did not think there could be any doubt in the minds of the Council that

the best means of attracting the confidence of the public would be by Government allowing it to be received in the discharge of Government demands. He saw no objection to making notes of legal tender down to fifty Rupees; but he saw very great objection to making, without exception, notes of five and ten Rupees legal tender against the will of the people. His objection arose from the undoubted presumption that to put out notes would be to withdraw coin or bullion from circulation. The effect would be miserable. At any rate, if this were done, it should be with the ready acquiescence of the people. Suppose within any given tract of country or circle we had nine crores of Rupees, it was no small matter to put forward four and a half crores of paper. In the same place where four and a half crores of bullion were out, you put in paper to that extent, and thus withdraw so much bullion. Now the whole of the people in the tract referred to, who before had the use of nine crores, would pull on the four and a half crores of coin. A certain amount of Bullion Currency was indispensable for the lower classes of the people, and once you reduce the ordinary Bullion Currency by one-half, the consequence would be that all classes would seek a share of what was left, to the great misery of the humbler classes, to whom a copious circulation was breath and life.

Upon the whole, then, as to this Bill, he was perfectly prepared to support the introduction of a Paper Currency; but he must repeat what he had already said, that the convertibility of notes should be secured by the aid of the public Treasury. He had no objection to the Currency Commissioners from time to time, purchasing stock, but the amount so purchased should be much less than was proposed by the Bill. He had not had time to read the papers from the Bombay Mercantile community, that had only been circulated the evening before; but he was struck with the remark made by Mr. Angus, Manager of the Commercial Bank, regarding the amount to be invested in securities. The opinion expressed by

Mr. Sconce

Mr. Angus was not materially dissimilar from the course indicated in the quotation read by the Hon.able Gentleman (Sir Bartle Frere), but Mr. Angus he thought, put the matter in a stronger light. Mr. Angus observed—

“if the Commissioner be a prudent man, he will not invest a single rupee of that silver in Government securities, until seasons of prosperity and adversity have practically taught him that a certain amount of silver will remain in his box under all circumstances; then he may prudently invest a portion of what remained at the worst of times, and go on increasing his investments as experience shows him that the extending trade of the country and the increasing confidence of the public on his notes well warrant such operation; and, probably, at the expiry of ten or twelve years, he will feel himself justified in extending his investment to the full two-thirds of his issues.”

He thought this principle was safe and indisputable, that out of the coin paid in exchange for notes, any sum that in the average of years lay unused and uncalled for in the hands of the Commissioners, might be devoted to the purchase of securities. This transaction he thought should be declared to be in the name and for the advantage of the public. If on this occasion he might state the purpose to which he thought the purchase of securities should be destined, he would say it should be applied to the redemption of our national debt. He would limit the legal issue to twelve crores; of that sum he would suppose one-third to be invested in stock, that is four crores, which would give an annual interest of twenty lakhs, or in five years one crore. So that in the course of five years one crore of debt might be redeemed, a far better course, he thought, than by absorbing the interest for the general purposes of the State.

In conclusion, he desired it to be understood that his object in making these remarks was not to oppose the second reading of the Bill, but to indicate the changes that seemed to him essential before the Bill could become law.

Mr. FORBES said, he had no intention of offering any opposition to the second reading of this Bill, but he wished to guard himself from being

supposed to acquiesce in all its parts, because he voted, as he proposed to do, for the present motion that it be read a second time.

In the few remarks which he proposed now to make, he should travel over part of the same ground that had been already travelled over by the Honorable Member for Bengal; but as the circumstances of the Madras Presidency were such as to enable him to place his view before the Council with some force, he should trust to the usual indulgence of the Council in trespassing for a few minutes on their attention.

The part of the Bill, to which he would first refer, was that which made all notes, even of very small amount, a legal tender; while at the same time such notes could be cashed only at the head Office of the circle, which might be, and often would be, at a very great distance from the local Office of issue.

By Section VIII of the Bill, Bank Notes were to be cashed only at the head Office of the circle of issue or at the Presidency Town, but by Section XVII all payments made by Government might be made in Bank Notes; and in a memorandum on the proposed formation of circles for paper currency in India, put forth by Mr. Temple as Head Currency Commissioner, it was said distinctly that the Government would make all its payments in notes. On the same subject Mr. Wilson, in his speech of the 3rd March, said:—

“Now let us bear in mind that the proposal is, and we think that essential, that the notes are to be a legal tender in all transactions between man and man, that they are to be received at every Government Treasury for all demands of Government for revenue or other purposes, and that the system is to be general and to extend over the whole of India. It is essential that we should bear these conditions in mind.”

And in another part of the same speech, the Right Honorable Gentleman added:—

“Our notes are to be a legal tender; they are to be received by every private person as well as by the Government in discharge of all ordinary claims.”

Now such being the case, notes of the value of five Rupees would be a legal tender, and the Government being about to make all its payments in them, every Chuprassee on five Rupees a month, every soldier, every sepoy, would receive his pay in paper, and if we referred to Mr. Temple's exposition of the currency scheme, we should see what would be the consequence as regarded the convenience of the community. In that exposition it was laid down that the Madras circle should comprise ten districts, and one of them was 700 miles distant from the head Office; so that any one wishing to obtain cash for a five Rupee Note received in that district, without being subjected to the deduction for batta without which no soucar would ever cash a note, would have to travel 700 miles to the Presidency and 700 miles back again for the purpose. But allowing that this was an extreme case, that there was but one such, and that some arrangements might be made to diminish the size of this particular circle, the distances of almost all the other districts in the Madras circle offered practically quite as much difficulty to obtaining cash for a Note as would be the case in the district to which he had before referred. Setting aside that district, the next in order of distance was 498 miles from the head office, another was 365 miles, another was 285 miles, another 290, and another 166—and if we took the very nearest, and supposed that every one wishing to receive cash for a five Rupee Note would have to go only 166 miles out and the same distance home again, it was obvious that every one would be obliged to submit to a charge for batta from the soucar, and that no one would be able to obtain the full value of his Note. Therefore there would be a tax placed on all those receiving small Government salaries, the very parties whom we had very lately exempted from the operation of the income tax because we considered that their means were insufficient to bear the burden of the tax. He should therefore consider himself at liberty, when this Bill came before

them in Committee, to propose either that Notes under 50 Rupees in value should not be a legal tender, or that, if they were a legal tender, they should be cashed on demand at the local office from which they might have been issued.

The next point to which he wished to refer was the provision of Section IX that Notes should be issued for coin by local offices of issue, and the provision of Section XI that 2-3rds of the value paid for such Notes should be invested by the head Commissioner at the Presidency in public securities, which public securities should be retained by the head Commissioner, and by Section XV of the Bill were to be sold whenever there might be a pressure for coin in any office of issue. In Mr. Temple's exposition of the currency scheme it was said that the securities would be retained by the head office of Issue of each circle, but he concluded the Bill now before the Council was to be considered the orthodox text, and that it was upon it that they were to debate. Suppose the 2-3rds of the value of the paper issue made at Mirzapore to have been remitted to Calcutta and invested in public securities, and that there should be a run for cash on the Mirzapore office, how would the Chief Commissioner at the Presidency be able to remit to Mirzapore the value of the securities he held on account of the paper issue from the Office at that place, when he had realized their value by their sale in the Calcutta market. The pressure was in the Mofussil, the cash was at the Presidency, and it was not at all apparent to him how the pressure was to be instantaneously relieved—and if not relieved instantaneously relief would be of no avail—when the distance between the two places might be three or four hundred miles? But besides the difficulty which he had just referred to, there was an inconsistency between the Bill in respect to the sale of Government Securities and the Despatch of the Secretary of State to which reference had been made by the Honorable Member for Bengal, which he thought required explanation. Section XI of the Bill

Mr. Forbes

provided that the Commissioners at the Presidency Towns should invest in Government Securities the residue of the amount of the notes in circulation over and above the sums represented by the coin which they were required to retain as a reserve, and Section XV required the Commissioners to sell and dispose of these Securities whenever it might be necessary for the purpose of retaining and keeping up the reserve of coin which the Bill required. But in the 12th paragraph of the Secretary of State's Despatch of the 23rd of March last he (Mr. Forbes) found the following words—

“another of the duties of the Commissioner at Calcutta, as described in the Minute, is to purchase and sell public securities, to whatever extent should from time to time be deemed advisable, and which should be in conformity with the regulations laid down by law. These expressions may convey an impression, which I am well assured is not Mr. Wilson's meaning, that the Commissioners might become constantly buyers and sellers of Government Securities.”

The Bill therefore provided for what the Secretary of State was convinced was not the intention of the Right Honorable Gentleman who introduced the Bill, and he (Mr. Forbes) was of opinion that the Council should have an explanation of the apparent great difference of opinion between the framers of the Bill and the Secretary of State.

Lastly, he wished to ask from the Honorable gentleman who had taken charge of this Bill, what was, after all, the very great security which the public was supposed to enjoy on the Bank notes issued by Government being secured by Government Securities? Mr. Wilson, in his speech on introducing this Bill, said:—“We must provide absolute and undoubted security for the payment of our notes,” but to him (Mr. Forbes) as at present informed, it had always seemed that, to give what was ordinarily called Company's Paper as a security for Government Bank-notes, was very much the same thing as a man standing in security for himself. Bank-notes were Government Promissory notes, and the securities were Government

Promissory Notes. If one was at a discount, so would the other be; if one was discredited by the public, so would be the other; and the proposed scheme was precisely the same as if a man asked the Bank of Bengal to make him a loan of a lac of Rupees and offered to be his own security. In England the case was wholly different. There the Bank was a separate corporation and apart from the Government, and its notes might very well be secured by the public securities of the British nation; but in this case the Government issued the Bank-notes and the Government gave its own Promissory Notes as a security; and as he had in vain asked for a satisfactory explanation of this point outside of this Council, he should be very glad if the Honorable Member who now moved the second reading would inform him upon it.

Mr. HARRINGTON said, his intention was to vote for the second reading of this Bill, but in giving that vote he did not suppose that the Honorable Member of Council, who had undertaken the charge of the Bill, would consider him as binding himself to all the details of the Bill or, indeed, to more than was set forth in the Preamble of the Bill, namely, that it was expedient to provide for the issue by the Government of India of Promissory Notes payable to bearer on demand, and to prescribe the mode of issuing and securing payment of the same. It was on this understanding that he should support the Motion now before the Council, reserving to himself the liberty, when the Bill should have been published for general information, and the opinions of the local authorities and the public at large should have been elicited upon it, to propose such alterations in the details of the Bill as might then appear to him desirable. The only part of the Bill to which he wished particularly to allude at the present time, as appearing urgently to call for modification, was that which declared that notes of the very low denomination of five and ten Rupees should be a valid tender in payment of any

sum of money due by any person on all occasions whatsoever on which a tender of money could be legally made. This provision, which was contained in Section XVII of the Bill, had already been commented upon by the Honorable Members for Bengal and Madras, and he concurred generally in the views expressed by those Honorable Members on this part of the Bill. He had no hesitation in saying that, if this provision was maintained, it would be a constant source of grievous injury and loss to the poorest classes of traders and others whose pecuniary transactions rarely exceeded the sum of twenty Rupees, and those classes would therefore be peculiarly affected by the provision in question. The Honorable Member for Madras had noticed the immense extent of the circles of issue proposed for that Presidency, and the great difficulty which the holders of Government notes would consequently experience in obtaining their conversion at the place of issue. Although the circles of issue proposed for the part of the country which he (Mr. Harrington) had the honor to represent, were not of the same extent as those proposed for Madras, they were still so large that the holders of notes of the smaller denominations, residing at any distance from the stations of issue in those circles, would generally find that the journey to the station of issue for the purpose of obtaining conversion of a note would cost more than the value of the note. What would be the consequence? Why the holder of the note would be obliged to have recourse to a money changer, and by paying him a sum of money as *batta*, obtain cash for his note minus the *batta*-charged. In one of the expositions lately issued, as he understood, under the authority of Government, it was stated, if he recollected rightly, that any charge of the nature of that just mentioned would be strictly prohibited, and that any party making such charge for changing a note would be liable to severe punishment. He was happy to observe that no provision of the kind was contained in the Bill. Were such

a provision to be introduced, he believed that it could not be enforced, and he was sure that any attempt to enforce it would greatly increase the severity of that part of the Bill under consideration, by creating additional obstacles in the way of converting notes of the smaller denominations, and here he must remark that, looking to the great extent of the circles of issue proposed to be established, he did not find in the Bill before the Council the facilities which they had been led to expect for rendering the notes intended to be issued at all times easily and readily convertible into the coin which they represented. To afford to notes of the two lowest denominations the facilities of conversion which had been promised, those notes must either be made susceptible of conversion at every Collector's Treasury, or the proposed circles of issue must be very greatly reduced in size. But the difficulty which, as pointed out by the Honorable Member for Madras, would be experienced by the smaller classes of traders and others in obtaining conversion of any notes which they might be compelled to take in the course of their ordinary daily transactions, whether of trade or otherwise, and the heavy loss to which that conversion would often subject them, were not the only objections which he thought might fairly be urged to this part of the Bill. There was another and a greater evil with which he apprehended not only the classes to which he had particularly alluded, but also classes above them, would have to contend. He thought there could be no doubt that, as soon as this Bill passed into law, forged or counterfeit notes would make their appearance in large numbers in all parts of the country. How, he would ask, was a poor ignorant native in the interior of the country to know whether a note was forged or not? The greater part would not be able even to read the inscription on the note, much less to form any opinion as to the character of the note. With respect to the water-mark which they were told would be plain and visible to the eye of the most unlettered person, he ventur-

Mr. Harington

ed to say that out of the Presidency Towns very few natives would be able to distinguish that mark. A further and a very great difficulty would often be experienced in ascertaining whether a note, tendered in payment of a sum of money due, belonged to the circle of issue in which the tender was made, or to some other circle which might be in a different Presidency. He was not opposed to the issue by Government of notes for five or ten Rupees. On the contrary; but, at first, he would not make them a legal tender. By all means let notes of these denominations be issued, but let the people take them or not as they pleased. He had heard it remarked that, unless notes of the lower denominations were constituted a legal tender, they would never get into circulation. On this remark the only observation he would make was that, if it was well founded, it seemed to him to furnish a very strong argument against making such notes a legal tender as it clearly shewed that the people did not require them and would rather not have them, and if such was the feeling of the country, it would be in vain to have recourse to compulsion with any hope of benefit accruing. And here he could not refrain from noticing what was stated by their late lamented colleague the Right Honorable Mr. Wilson at the time he introduced this Bill. The remarks had reference to the state of the law in other countries on the point now under discussion. The Right Honorable Gentleman observed—

“With one exception I know of no Bank whose issues of notes are a legal tender. The Banks in Scotland all issue notes, but they are not a legal tender. The notes of the English and Irish Banks are not a legal tender. The notes of none of the American Banks are a legal tender. The notes even of the Bank of France are not a legal tender.”

A little farther on in the same able speech, the Right Honorable Gentleman mentioned that the lowest denomination of notes in the United States was one dollar or above 4s. 2d.; that in some of the North American Colonies one dollar notes freely circulated;

that throughout Germany the thaler note of the value of little more than 3 shillings was the most common circulation, that in the Mauritius the circulation consisted of notes of 5 Rupees or 10 shillings, and that in Ceylon the notes were of 10 shillings and upwards; but he did not understand the Right Honorable Gentleman to say that in any of those places the notes in circulation, whatever might be their denomination, were a legal tender. The notes of the Bank of England constituted the single exception mentioned by the Right Honorable Gentleman, but in England they had no notes of a lower denomination than £5. Referring to the remarks of the Right Honorable Mr. Wilson which he had just quoted, it certainly seemed to him that, if it was not essential to the success of a system of paper currency in the countries mentioned by the Right Honorable Gentleman that their notes should be a legal tender, it could not be necessary to the success of a similar measure in this country nor right and just in itself that notes of the very low denomination of five and ten Rupees should be placed on a different legal footing in this respect. It certainly did seem to him that if there were, as he supposed there must be, valid reasons for not making any of the notes of the countries mentioned except England, where as already mentioned there was no note of a lower denomination than £5, a legal tender, notwithstanding all the facilities of communication and conversion which existed in England and in many of the other countries mentioned, and which never could exist in this country in the like degree, the same reasons must apply with even greater force for not rendering notes of the very low denomination of five or ten Rupees, a legal tender in India where the peculiar character, habits, and prejudices of the people furnished additional arguments against the measure. These were the objections which he entertained to the Section which contained the provision in question, and he hoped that Section would undergo considerable modifica-

tion before the Bill passed into law. He would not detain the Council farther than to say that he thought there was much force in the objections which had been taken by the Honorable Member for Bengal to the power proposed to be given to the Currency Commissioners to sell as well as to purchase Government Securities, and he was disposed to concur in what had fallen from the Honorable Member on that point.

THE VICE-PRESIDENT said, it was not his intention to occupy the time of the Council with any very lengthy remarks. He must observe however that he had very great objections to Section XVII, because, if taken in connection with Section IX, it would cause great inconvenience by compelling laborers and others drawing wages to travel long distances and incur great expense for the purpose of getting their notes cashed. For instance, if a Railway Company, which had to pay a large sum in the shape of wages to their laborers, in order to save themselves the trouble of carrying so much bullion, were to deposit that sum in the place of issue and take in exchange small notes for the purpose of distribution among the laborers, the consequence would be that these poor people would have to travel a great distance to cash their notes. It appeared to him (the Vice-President) that that was highly objectionable. As the Honorable Member for Madras had shown, some persons might be obliged to travel 500 or 600 miles to have their notes cashed.

Then there appeared to him to be another objection. Suppose at any period the Office of issue should be overcharged with notes and make default in payment, yet any person had a right, during this period of apparent insolvency, to give these notes in payment to another, for Section XVII provided that the tender of such notes should be a legal tender, notwithstanding that the notes might considerably depreciate in value. By the English Act, the notes were legal tender so long as there was no default but not otherwise. Here, however, notes might

be paid out as legal tender even after they had been dishonored, and even the Government itself might pay its own debts in these notes from an Office at which they had been di-honored.

Another objection was that no time was fixed by Section IX within which the Commissioners were bound to issue notes after the deposit of bullion. The following were the terms on which the issue was to be made :—

“*First*, in exchange for the amount thereof in silver coin of full weight of the Government of India; or *secondly*, in exchange for the amount thereof in standard Silver bullion or Foreign Silver Coin computed according to such standard at the rate of ——— per ounce.”

The blank as to the rate would require to be very carefully filled, but then there was a proviso that the Commissioners

“shall in all cases be entitled to require such silver bullion and foreign coin to be melted and assayed at the expense of the person tendering the same, and provided also that in all places where there is no Mint of the Government of India, it shall be optional” for the Commissioners “to issue notes in exchange for silver or foreign coin under this Section.”

Now how would that be effective in a case like that which happened two or three years ago when there was so great a pressure that the Mint could scarcely coin silver as fast as it was required? According to the Bill a person might deposit a lakh of Rupees worth of bullion and immediately receive in exchange notes of the same value. On the same day he might ask for coin in exchange for those very notes, and the office of issue would be obliged to meet the demand; whereas if the person were to apply to the Mint to have his bullion coined, he would receive the usual Mint certificate making the coin deliverable twenty days after the receipt of the bullion. The merchants, therefore, instead of waiting twenty days before they could get their bullion coined, would avail themselves of the provisions of this Bill, and thus there might frequently be a very great run upon an Office of issue. He doubted very much whether,

The Vice-President

in a country so extensive as India, Section XVII should be passed at all. He entirely concurred in the objections raised by the Honorable Members who had preceded him as to the difficulty of making notes for such small amounts as five or ten Rupees a legal tender. He was not disposed to vote in favor of this Bill with such a Clause as that which made these small notes legal tender. He thought that we should hardly be dealing fairly with the public in allowing the Bill to go out with the Clause in question. He would either strike out that Clause, or insert a provision that the cash in the Collector's Offices should, when necessary, be available for the payment of the notes.

SIR BARTLE FRERE said, he was very glad to see the discussion which had ensued on the Motion for the second reading of the Bill, though he could not help thinking that the greater part of what had been said would have more properly come before the Council when in Committee upon the Bill. He was not certain if he had correctly apprehended the drift of the remarks which fell from the Honorable Member for Bengal, when he spoke of the measure as one to “get rid of the Currency” and of its “depriving the people of the Currency they chose to have.” He (Sir Bartle Frere) thought that the Honorable Gentleman had not sufficiently borne in mind the principle of this Bill. He did not think he could better answer the objections of his Honorable friend than by reading an extract from an article written so far back as 1817, by Mr. Wilson, on the substitution of one pound notes for the Gold Currency. In this article Mr. Wilson said :—

“We have stated, in a former article, that we hold it as an indispensable principle, with regard to a Paper Currency based upon a metallic standard, that it should conform in every respect with a circulation consisting exclusively of coin. It must perform the same functions as an internal currency; it must maintain at all times precisely the same value; it must be equally capable of being used to effect a foreign payment, by commanding the amount in gold which it represents; it must follow precisely the same rule in all its fluctuations, in its contractions, and its expansions; it must, in fact, in every

respect, be practically identical with a pure and entire metallic currency. If so, it is impossible that any objection can apply to paper that would not apply to gold. Now the plan which we have proposed embraces the whole of these essentials of a currency. We should not add one shilling to the currency; we should only substitute paper, secured in its convertibility into coin, for the coin itself."

That was the fundamental principle of the Right Honorable Gentleman's plan, and it had been entirely lost sight of by the Honorable Member for Bengal in his remarks on the subject. He (Sir Bartle Frere) would also read another answer given by Mr. Hubbard, for many years a Director, and repeatedly Deputy Governor of the Bank of England, in his evidence before the Committee of the House of Commons, in 1857, which bore on this point. He was asked—

"In case of a metallic currency, would you think it desirable to place any limit by law or regulation upon the amount of that circulation?"

Mr. Hubbard answered—

"I should not think it expedient to do so, because any attempt to do it, would be utterly unavailing. I hold, that you can no more regulate the amount of circulation in a country, whether metallic or otherwise, than you can regulate the winds that blow."

Then he was asked—

"And you hold the same opinion with regard to a mixed circulation of gold and notes?"

He said—

"Entirely."

Then the question went on—

"Therefore, as far as the fluctuations are concerned, in both cases they would be acted upon by rules and circumstances over which the issuers of the notes, or the coiners of the gold, would have no power whatever?"

He said—

"None whatever. Whether the circulation be in notes, or whether it be in gold, the issuer of the circulation has no power to determine the amount which should be kept or used by the community. The community

have a natural repugnance to keep by them needless Currency, either in notes or gold. There are no less than three objections to it; there is the inconvenience of it, there is the risk of it, and there is the loss of interest which is involved in keeping it. So that, practically, no one keeps more circulation in his possession than he can possibly help. The only way in which the amount so circulating can be affected is by the operation of the higher or lower value of money. If the value of money is low, say two or three per cent, people do not so much mind keeping a few hundred pounds lying idle, as they do when the value of money is six per cent, when they immediately scrape it all up and send it to their bankers, or endeavor in some way to make it profitable."

He was then asked—

"You would not consider it necessary in the case of a metallic circulation to attempt to regulate or to limit the quantity which the public should hold?"

He said—

"Not at all, no more than we do now; we do not now attempt any regulation, neither could we if there was a metallic circulation."

Now he (Sir Bartle Frere) thought that what the Honorable Member for Bengal forgot in all his remarks in this subject was the whole principle of Mr. Wilson's plan, which was that the notes should be as far as possible a portable representative of the silver coin, more easily kept and transferred, but that they should at any time command the amount of coin for which they were originally issued—that, as remarked by Mr. Angus in the Minute from which the Honorable Member for Bengal had already quoted, they should be receipts convertible into coin at pleasure.

Then with regard to what the Honorable Member for Bengal had said at considerable length about allowing the Commissioners to sell securities, the Honorable Gentleman observed that the Commissioners ought "not to be permitted to run down the Government Securities," and he expressed a strong hope that the Commissioners might be allowed to buy but not to sell securities, and that the interest should form a sort of fund to pay off the public debt. He (Sir

Bartle Frere) would not enter upon that subject at present. He would only remind the Honorable Member that the whole principle of the measure was that no more should be invested in Government Securities than experience showed to be safe. It was necessary to give by law the power of sale, but it was not intended that the Commissioners should be always in the market buying and selling, and practically it was intended that the securities once bought should never be sold merely as a means for providing cash in payment of notes. The experience of England had shown that the limit of cash required to ensure the immediate convertibility of the notes was one-third the total amount of notes issued. Here in India the measure would be tried on a purely tentative plan, and if the suggestions of the Secretary of State were carried out, there would be no possibility of the safe limit being ever exceeded.

The next point to which objection was taken by all the Honorable Members who had spoken, was as to making these notes a legal tender.

In reply, he (Sir Bartle Frere) would refer to what was stated by Mr. Wilson in bringing forward this measure, in the fourth page of his Minute. It was as follows :—

“ In order that paper should perform all the functions of coin, it is essential that it should be a legal tender for all payments, except by the issuers, by whom it should be convertible into the coin it represents at the will and on the demand of the holder.”

He (Sir Bartle Frere) need hardly argue that, unless notes were made legal tender, it was impossible that they should perform all the functions of the coin they represented and which possessed that advantage. This was one of the fundamental features of the whole plan, and without it the whole of the proposed measure must be comparatively inoperative.

The Honorable and learned Vice-President had alluded to the case of a Railway Company or other body wishing to pay their laborers in notes, and had spoken of the cost and trouble to the people in carrying

the notes from the place of payment to the place of issue, which might be many hundred miles distant before they could be cashed. The Honorable and learned Gentleman supposed the case of a Railway Company paying their men in notes, which would be valueless to them unless they were cashed. Now, supposing for the sake of argument any thing of the kind were attempted, that was an evil which would readily correct itself. Supposing a Company were foolish enough to pay their men on some distant work in five Rupees notes one month before the notes had got into general circulation, so that they forced their workmen to take their wages in paper for which they could get no change without going to much expense and incurring much trouble; what would be the inevitable consequence? Why, that the workmen would immediately refuse to work, and the following month there would be no laborers on the work unless their employers consented to pay their wages in silver. He need not point out that an act of that kind could not be attempted by any body responsible to Government, without Government influence being immediately exerted to prevent a repetition of it. But it was quite unnecessary to imagine such extreme cases, the notes could only make their way into circulation gradually, and any one who attempted such a foolish and dishonest act as was imagined by the Honorable and learned Vice-President would find that it only recoiled on himself. The notes would always be a legal tender in payment for debts, and would be receivable in payment of Government Revenue, and that alone would tend speedily to bring them into general use.

The Honorable Members for Madras and the North-Western Provinces concurred in the objection to making notes legal tender, and also to making notes of lower denomination than twenty-five Rupees with regard to notes of small denomination, that there was no intention on the part of Government to issue them except for the convenience of the public. It had been found by expe-

rience that the notes of high denomination formed the most profitable issue. He believed the Bank of England would be very glad to get rid of its liability to issue its £5 notes. Owing to some difference in the mode of keeping the accounts, the Scotch Banks derived a considerable profit by the issue of £1 notes. But with regard to the Bank of England, the issue of £5 notes accompanied by all the checks required by the great London Bankers, to guard against forgery, proved a much less profitable business. So far, therefore, Honorable Members might rest assured that, if Government consulted only their own interests, they would confine the issue of notes to the higher denominations. The small notes would only be issued for the convenience of the public. In Ceylon which was the only place at all analogous to India, where notes of so small a denomination as five shillings were issued, there was a great outcry when the circulation was withdrawn. The planters and their coolies found that they lost a great convenience when the Bank for its own advantage withdrew those notes from circulation. The Honorable Gentlemen might be sure that Government was not likely to issue such notes except to suit the public convenience.

Mr. HARRINGTON said, he did not object to the issue of notes of low denominations. His objection was to their being made legal tender.

SIR BARTLE FRERE said, the two things must go together.

THE VICE-PRESIDENT said that, by Section IX, Government would be compelled to issue such notes on demand in exchange for coin or bullion.

SIR BARTLE FRERE said, a man might certainly go and take notes for his money, send them to a distant part of the country, and there pay them away to people to whom it might be very inconvenient to receive them. But any such attempt to injure a man's creditors would carry its own punishment in the case of private servants, to which reference had been made. After being once so cheated, the servant would of course raise his demand for wages. But the real effectual security against

any thing of the sort lay in the fact that the lower denominations of notes would only be issued as a demand for them was found to arise, and would, when issued, be as much a legal tender as silver coins.

Mr. FORBES referred to Mr. Temple's Memorandum, and said that, the words therein used were "The Government will make its payments in notes."

SIR BARTLE FRERE said, the Memorandum was no part of the Bill, and must not be considered to be a final and authoritative exposition of the intentions of Government.

Mr. FORBES remarked that the Memorandum was put forth officially, and was signed by Mr. Temple as Currency Commissioner.

SIR BARTLE FRERE continued, however that might be, it must not be considered as a final and authoritative exposition of the intentions of Government. With regard to the objection raised by the Honorable and learned Vice-President respecting insolvent circles, he (Sir Bartle Frere) had no objection to the introduction of any Clause which would make the matter clear, but he would put it to the Council, whether Government was likely to allow such a thing to occur. To allow their Currency Commissioners to become bankrupt, when the Collector in the adjoining district had silver in his treasure chest, would not be at all to the credit of the Government, nor did he think that such an event was likely to happen.

With regard then to the case put by the Honorable and learned Vice-President respecting the Mint certificates and the omission of the mention of any time within which the Commissioners should not be bound to give notes for bullion, he would only observe that the difficulty alluded to by the Vice-President was the very circumstance which led to the demand on the part of many branches of the mercantile community for this measure. The circumstances were exactly as stated by his Honorable and learned friend. Merchants, both here and in Bombay, had large sums in bullion and foreign coin, which the Mint could not

coin in'o Rupees fast enough to meet the demand for money; the Banks, with their cellars full of bullion, were unable to advance money to their best and safest customers to meet their liabilities, and men were in danger of stopping payment with large sums of silver at the Mint, which could not be converted into current coin for many days to come. Bullion was abundant, while in the shape of any circulating medium, silver was scarce. It was then felt by the mercantile community that, if we had had a rational Paper Currency on a sound basis, it would have sufficed for all wants, and the merchants would not have pressed the Mint to coin their money.

He thought that, as far as the means at his command went, he had answered the objections by the Honorable Gentlemen, and he understood them to vote for the second reading so far as the principle of the Bill only was concerned, and not with regard to its details.

Mr. SCONCE said, by way of explanation, with reference to the misconception referred to by the Honorable Member opposite (Sir Bartle Frere), that he (Mr. Sconce) was not sure on what point the Honorable Gentleman supposed him to be mistaken. He (Mr. Sconce) entirely agreed in the extract from Mr. Wilson's papers which had been read, and which went to show that a paper currency should be in substitution for, and not in addition to, a metallic currency. He entirely accepted that statement, and all that he meant to argue was that the substituted paper currency would have the effect of depriving the country of the same amount of coin.

The Motion was then put and carried and the Bill read a second time.

RECOVERY OF RENTS (BENGAL).

Mr. SCONCE moved the second reading of the Bill "to amend Act X of 1859 (to amend the law relating to the recovery of Rent in the Presidency of Fort William in Bengal.)"

The Motion was carried and the Bill read a second time.

Sir Bartle Frere

EMIGRATION TO ST. KITTS.

SIR BARTLE FRERE moved that the Bill "relating to the emigration of native laborers in the British Colony of St. Kitts" be read a third time and passed.

The Motion was carried and the Bill read a third time.

EMIGRATION TO THE FRENCH COLONIES.

MR. BEADON said that, as the Standing Orders had been suspended, he begged to move that the Council resolve itself into a Committee upon the Bill "to regulate and authorize the emigration of Native laborers to the French Colonies."

THE VICE-PRESIDENT said that, unless there was very great necessity for proceeding with the Bill to-day, he should prefer the consideration of it to stand over till Saturday next, as he had not had time to look into the Report of the Select Committee.

Mr. BEADON said, the necessity was that the Agent appointed by the French Government for emigration to the Island of Re-union had arrived, and that repeated applications had been made for the early passing of the Bill. As the orders from home were extremely urgent, if there was no objection, he should like the Bill to be proceeded with.

Mr. SCONCE said, he also wished that the Bill should not be passed to-day. It had been hastily prepared and hastily revised; and as it was an important matter, he did not think that it should be hastily considered by the Council before it was finally passed. He wished the Council to remember that the Bill did not only apply to Calcutta, but also to Madras and Bombay; and he thought that the Madras and Bombay Governments should be consulted on the subject.

THE VICE-PRESIDENT said that, by Section XIII, emigrants could leave for Re-union at all seasons of the year. He thought therefore that it would make no difference whether the Bill was passed a week earlier or a week later. When we passed the Act for Mauritius, we did not suspend the

Standing Orders although emigration to that Colony was also very urgent and an Agent for the purpose had arrived. He (the Vice-President) did not see any particular necessity for passing the Bill so hurriedly. Nor was it even stated that the Agent of the French Government had hired a ship for conveying emigrants to Reunion, and as the Honorable Member for Bengal had suggested, the Madras and Bombay Governments ought to be consulted in the matter. The Bill was one which, if once passed, could not be altered.

Mr. BEADON said that, if the Honorable and learned Vice-President and the Honorable Member for Bengal still objected to the Bill being proceeded with to-day, he should have no objection to its consideration being postponed till Saturday next [Mr. Beadon then read Despatches from Lord Wodehouse and Sir Charles Wood showing the desire of Her Majesty's Government, that a law should be passed without loss of time to give effect to the Convention.]

Mr. HARRINGTON said, he thought that this discussion was not very well timed, and that it should have taken place on the Motion of the Honorable Member of Council (Mr. Beadon), who was in charge of the Bill, for the suspension of the Standing Orders with a view to an instruction being given to the Select Committee, appointed to consider the Bill, to make their report within a week. If he recollects rightly, that was the time fixed for the Select Committee to make their report. It was the practice of Select Committees, on Bills referred to them after the second reading, whether sanctioned by the Standing Orders or not, he was not then prepared to say, not to meet and consider a Bill until the period for which the Bill was published for general information had expired, unless, as in the instance in point, a special direction should be given to the Committee to make its report on an earlier date. The time for collecting the opinions of the local Governments was during the period that intervened between the second reading of a Bill and the date

fixed for the Select Committee to which it was referred, to make their report upon it. Unless when a Bill was ordered to be republished, there would be an obvious inconvenience in seeking the opinions of the local Governments upon a Bill after it had been reported upon by the Select Committee which was what he understood was now proposed by the Honorable Member for Bengal in respect to the present Bill. The objections taken by the Honorable Member for Bengal to their proceeding with the Bill to-day might perhaps have been properly urged when the Motion for suspending the Standing Orders was made for the purpose of giving to the Select Committee the instruction already mentioned, but not having been brought forward at that time, and the Council having resolved that the Bill should be proceeded with as rapidly as possible, he thought that the Council could not now consistently grant the delay asked for by the Honorable Member for Bengal on the ground on which he had placed his Motion.

After some further discussion, Mr. Beadon withdrew his Motion, and moved instead that the consideration of the Bill be postponed till Saturday next.

Mr. SCOTCHE moved by way of amendment that the consideration of the Bill be postponed until reports were received from the Governments of Madras and Bombay on the subject.

The amendment being negatived, the original Motion was then put and carried, and the consideration of the Bill was accordingly postponed till Saturday next.

PENAL CODE.

The Order of the Day being read for the adjourned Committee of the whole Council on "The Indian Penal Code," the Council resolved itself into a Committee for the further consideration of the Code.

The postponed Section 66 and Sections 67 to 70 were passed as they stood.

Section 71 was passed after an amendment.

THE CHAIRMAN moved the introduction of the following new Section after the above :—

“Whoever kidnaps or abducts any child under the age of ten years, with the intention of taking dishonestly any moveable property from the person of such child, shall be punished with imprisonment of either description for a term which may extend to seven years, and shall also be liable to fine.”

Agreed to.

Sections 72 and 73 were passed as they stood.

Sections 74 and 75 were passed after amendments.

THE CHAIRMAN moved the restoration, with modifications, of Section 76 of the Original Code. The Section as proposed was as follows :—

“Whoever unlawfully compels any person to labor against the will of that person, shall be punished with imprisonment of either description for a term which may extend to one year, or with fine, or with both.”

Agreed to.

Sections 76 and 77 (relating to rape) were passed after amendments.

Section 78 (respecting unnatural offences) was passed as it stood.

Section 1 of Chapter XVII (of Offences against Property) was passed after an amendment in illustration (k).

The consideration of the Code was then postponed, and the Council resumed its sitting.

The Council adjourned at 5 o'clock, on the Motion of Mr. Harington, till Tuesday morning at 7 o'clock.

Tuesday Morning, September 25, 1860.

PRESENT :

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

H. B. Harington, Esq.,	C. J. Erskine, Esq.,
H. Forbes, Esq.,	and
A. Scone, Esq.,	Hon'ble Sir C. R. M. Jackson.

PENAL CODE.

Mr. ERSKINE said, he had received a very voluminous correspondence from the Bombay Government,

suggesting that the crime of adultery be made a penal offence. It was not desirable that the papers should be printed. He should therefore move that they be laid upon the table.

THE VICE-PRESIDENT, in putting the question, observed that there was now in the Penal Code a Clause which provided for the offence.

The Motion was carried.

The Order of the Day being then read for the adjourned Committee of the whole Council on the “Indian Penal Code,” the Council resolved itself into a Committee for the consideration of the Code.

Section 2 of Chapter XVII related to theft.

Some conversation ensued as to making this Section applicable to larceny in dwelling houses.

The Section was ultimately passed as it stood, the Chairman undertaking to prepare a new Section specially providing for the other matter.

Section 3 (relating to theft by a clerk or servant of property in the possession of his master or employer) was passed after the substitution of “ten years” for “seven years,” as the maximum term of imprisonment to which the offender was liable.

Section 4 (relating to theft after preparation made for causing death or hurt in order to the committing of the theft) was passed after a similar amendment.

Section 5 (defining extortion) was passed after a verbal amendment in illustration (c), and with the correction of a misprint in illustration (a).

Sections 6 to 9 were passed as they stood.

Section 10 rendered extortion by threat of accusation of offence punishable with death, transportation, &c., liable to be punished with imprisonment for ten years and fine.

SIR CHARLES JACKSON said, there were certain accusations tantamount to assassination, such as accusations of unnatural offences, which he thought, ought to be punished with transportation for life.

The Section was passed with the addition of words to the above effect.