

without and beyond British India." That means that if any Native Indian subject of her Majesty criticises, in a way which the new law forbids, the acts of the Indian Government in this country, in this town of London, or in this hall this evening, the Indian Government takes the power to prosecute that Indian gentleman, not in this country, not before an English magistrate or an English jury, but when he goes back to India, four, five or six years hence. Then he will be taken before an Indian magistrate who is also the head of the local police. (Cries of "Shame.") In every civilised country the law declares that an offence shall be tried in the country in which it has been committed, but the Indian Government, in its anxiety to get all native Indian subjects within the clutches of the Indian law, have provided that, wherever the supposed offence is committed, the Government will wait until the supposed offender goes back to India, and will then haul him before an Indian magistrate, who is the head of the local police, in order to get him convicted. (Renewed cries of "Shame.") And mark, that this provision has been made specially to apply only to Native Indian subjects of Her Majesty. Therefore, if an Englishman should be so misguided as to write something in newspapers here, or to speak something which might increase the ill-feeling between race and race in India, there is no provision for prosecuting him in India. But if an Indian subject tries to reply to him in a manner calculated to have the same effect, then he can be prosecuted when he goes back to India. Is this in conformity with the promises and

pledges so often given of equal justice to all classes of Her Majesty's subjects? (Cries of "No.") Now let me pass on to the main alteration made in the Penal Code, and that is the definition of the words "disaffection." The word was carefully defined by a lawyer whose name is as well-known in India as in this country, I mean Sir James Fitz-James Stephen. (Cheers.) He defined it so as not to include such disapprobation of the measures of the Government as is compatible with a disposition to render obedience to the lawful authority of the Government. That means that whatever our criticisms are—and I trust that all British subjects in all parts of the world will always criticise the acts of the Government, and so help the cause of good administration (Hear, hear)—so long as those criticisms are consistent with a desire to render obedience to lawful authority, there is no sedition. Will you believe it, that this most necessary and important provision has been struck out in the present law? And will you believe it, that the provision has been so struck out not because the Viceroy of India considered it necessary to do so for the safety of the Empire, but against the wishes and against the recommendation of the Viceroy by mandate of the Secretary of State for India? (Cries of "Shame.") The Viceroy said in his despatch that it was not necessary to amend Section 124A, since the highest courts in India had laid it down that the section did in substance reproduce the law of sedition in force in the United Kingdom. He added, "we consider that it is not necessary or desirable to amend the section. It might

be possible by redrafting it to make its meaning more clear, but we think it unwise to undertake any revision of it so long as the interpretation hitherto placed upon it by the Courts in India is maintained." To that Lord George Hamilton replied, "I have come to the conclusion that the section should be revised, and that being so it seems better to make the alteration simultaneously with the change of jurisdiction." Not only that, but Lord George Hamilton also sent out a suggestion of what the definition should be, namely, that "disaffection includes all feelings of ill-will." (Laughter.) So, if the remarks have just fallen from our Chairman about the currency question have excited in you any feelings of ill-will—that is disaffection! If the remarks which I have the misfortune of making with regard to the new sedition law are exciting in you any feelings of ill-will—that is sedition! If the remarks which my esteemed friend Mr. Bose may make later on about the proposed Municipal law for Calcutta excites any feelings of ill-will—that is sedition! And if the remarks of my esteemed friend Mr. Khalil about the Indian frontier war produces such an effect on your minds—that is sedition! (Loud laughter.) This is how the Act was proposed to be altered, and although the Viceroy did not desire it, although he thought it "unwise," yet it is probably not known to you that legislation in India is to a great extent carried on by "mandates" from this country, and the Viceroy had virtually to accept the orders of the Secretary of State for India. (Cries of "Shame.") The definition finally adopted was that "disaffection includes

disloyalty and all feelings of enmity." It leaves the offence dangerously vague and undefined. I have now only a few other remarks to make about the important changes in the Criminal Procedure Code. One of the most startling of these is that which classes the editors of newspapers with vagabonds, professional thieves, and professional burglars—(Laughter)—in so far that a magistrate is empowered to demand from them security for good behaviour, to refuse such security when offered, and to send them to gaol with hard labour, without any specific offence having been proved. (Cries of "Shame.") For you will understand that if any specific offence is proved proceedings are brought under the Penal Code. If no specific offence is proved, then, on vague information, on vague stories heard by the Magistrate, he can fall back on the Criminal Procedure Code, and send an editor to prison with hard labour. The Government of India had hitherto empowered the Magistrates to take this course with regard to notorious bad characters. I myself, as an Indian Magistrate, have exercised this law for about 20 years. When I found crime increasing, and the universal suspicion of villagers pointing to a particular man as the author of the crime, I have called on that man to give substantial security for his good behaviour, and on his failing to do this I have sent him to gaol with hard labour. This law has so long been reserved for habitual offenders, for notorious thieves, burglars, and extortioners. It has now been extended to editors of newspapers. (A Voice: "A downright shame.") Can you conceive a county Magistrate in

this country calling upon the editor of the *Times* or the *Daily Chronicle*, the *Daily News* or the *Manchester Guardian* to give security for good behaviour on the strength of information he had received, and on the editor failing to satisfy the Magistrate in regard to security, sending him to gaol? (Laughter.) There is one other amendment to which I wish to allude. Hitherto all these offences relating to sedition have been tried by experienced judges. Now, this important class of offences are to go before district officers—men of high education and responsible position, no doubt, but men who represent the Government in their districts, and who are mainly responsible for the peace of their districts. So that virtually it comes to this, that the man who is the head of the police and the virtual prosecutor in all criminal cases, is to try editors or bind them down for good behaviour. I can only say that this condition of the law reminds me very strongly of the law which prevailed in England 200 or 300 years ago for stamping out witchcraft. They took an old woman suspected of being a witch and threw her into a deep pond. If she floated, that was considered a proof that she was a witch, and she was burned at the stake; if she sank, that proved that she was innocent, and she only died of drowning. (Loud laughter.) So in the case of editors, if any specific offence is proved against them, they are convicted and sent to gaol under the Penal Code. If no specific offence is proved against them then they are not convicted, but are sent to gaol for failing to furnish security for good behaviour under the Criminal Procedure Code.

("Shame.") I have only to add a word or two. I have told you that I have passed the best years of my life in the service of the Indian Government, and for many years I was in charge of important districts, which in area and population far exceed the limits of an ordinary county in this country. Being thus isolated, as a Government official, in the midst of vast populations, I felt that my own security, and the security of the Government which I humbly tried to represent, rested on the confidence of the people in the justice and fair play of the British Government. It is with deep regret that I have to say that I can hardly remember any time—and my memory goes back to the time of the Mutiny—when the confidence of the people of India in the justice and fair play of English rulers was so shaken as it has been within the last two years. (Cheers, and a Voice: "Very true.") It is a calamity that this should be so. It is a grave calamity that the very foundation of British rule in India, our confidence in the justice of English rule and English administration, should be shaken; but it is a still greater calamity that the British Government itself should in this Sedition Law show its weakness and its want of trust in the people. (Cheers.) In the interests of my countrymen and of the Government of my country, I do ask those men who shape our destinies to turn back from this policy of coercion and repression, and to turn to that policy of conciliation and trust and confidence in the people by which the British Empire in India has been established, and by which alone it can be maintained. (Loud cheers.)

VII. THE CALCUTTA MUNICIPAL BILL.

*[Speech delivered at a great meeting in Manchester,
on November 22, 1898. The Bishop of
Hereford presided.]*

THE following summary of Mr. Dutt's speech is taken from *India*. Mr. Romesh Dutt said : They had listened with pleasure and instruction to the eloquent speeches which had explained and insisted on the duty of Englishmen to deal with native races in all parts of the British Empire, with justice and equity. For himself, coming from India, he could say that he had listened to them with gratitude. Such eloquent advocacy of just and fair dealing was needful and beneficial ; and there never was a time within this generation when it was so needful as at the present day. In India it would almost seem as if we were going backwards from the path of progress which we had trod so long, and that the rights and privileges accorded to the people by wise statesmen in the past were about to be withdrawn under the influence of a New Imperialism ! The Empire of India was built up by the co-operation of the people, by Indian soldiers who had fought side by side with English soldiers, and by the help of races and nations who had rallied round the only power which could give the people peace and security and civilised government. But lately they had passed through evil times ; the famine of the last year was the tenth great famine which had marked the Queen's

reign in India ; and these ten famines were estimated to have carried off ten or twelve millions of their Indian fellow-subjects. But what was perhaps even more alarming than the famine was the change which had come over the spirit of British rule in India, and the want of trust and confidence in the people which betrayed itself in measures of coercion and repression. There can be no wise and successful administration in India with its vast population without the advice and help and co-operation of the people themselves. (Applause) It was not the officers who went out to India who were to blame ; he had himself had the honour to belong to the great Civil Service of India for 26 years of his life, and he would say this ; take the Indian Civil Servants with all their faults, they were as fine a body of administrators as they sent out to any part of the world. It was not the men, it was the system which was to blame—(Applause)—and the system was not improving with the lapse of time, but was becoming more distrustful, more unsympathetic, and more despotic under the perfervid Jingoism of the present day. He would give them one illustration of the manner in which popular administration had succeeded in India in the past, and how, nevertheless, the present Government seemed bent upon withdrawing popular rights and privileges, and reverting to methods of despotism and distrust in the people. Twenty-two years ago, when India was under the administration of Lord Northbrook, the ratepayers of Calcutta were allowed the right of electing two-thirds of their Municipal Commissioners, the remaining third being appointed by the

Government. We in this country should not consider it a great concession to the metropolis of India to allow it to elect two-thirds of their Municipal Commissioners ; but they in India were thankful for small mercies, and during the last twenty-two years they had cherished this as one of the most valued rights they had secured under British rule in India. How the elected Commissioners had done their municipal work was a matter of history, they had cleansed the city, improved the drainage and extended the water supply, and in the words of Sir Antony MacDonnell, one of the most successful administrators of India, they had worked with a zeal which rose to the level of devotion. Men who had entered young had grown grey in the service of the town ; and the best educated and most patriotic citizens took a pride in their work, and in their position as representatives elected by their townsmen. Calcutta was not an ideally sanitary town yet, but Calcutta was nevertheless one of the healthiest places now in Bengal, the value of land had doubled, and thousands of people came to the city annually from the surrounding country to improve their health. More than this, when a few cases of plague were recently imported into Calcutta from Bombay, they were promptly stamped out, partly through the superior sanitary arrangements of Calcutta, and partly through the zealous and devoted exertions of the elected Commissioners of the city. (Applause.) They would think that after this good work of twenty-two years, after saving the town from the horrors of a plague, the ratepayers of Calcutta had deserved some extension of their rights and

privileges, some broadening of the scheme of self-government in the city. But would they believe it, at the present moment there was a Bill before the Bengal Council virtually withdrawing from the citizens the right of self-government ! It was a wanton measure of injustice to the people of Calcutta, and it was felt as a confiscation of the people's rights. He had had enough experience of Indian administration to know what the result of the change would be ; they could not administer the concerns of 860,000 people, which was the population of Calcutta without the co-operation of the people themselves and the good work which had been done in the past in the metropolis of India would be ruined. He appealed to them on behalf of his countrymen and not to ruin Indian administration by rejecting the willing and zealous co-operation of the people themselves. (Applause.)

[The following note on the past history of Calcutta was referred to by the speaker in course of his speech]

Commissioners appointed by the Government, 1856. They failed. Act XXVIII. of 1856 vested the administration of Calcutta in three Commissioners who "shall be appointed by the Lieutenant-Governor of Bengal, and shall be removable at his pleasure." The Commissioners so appointed by the Government failed to improve the town, and Mr. (afterwards Sir John) Strachey thus describes the town in 1863 :—

"With regard to the northern or native division of Calcutta which contains some hundred thousand people, it is no figure

of speech but the simple truth to say that no language can adequately describe its abominations. In the filthiest quarters of the filthiest towns that I have seen in other parts of India or in other countries, I have never seen anything which can be for a moment compared with the filthiness of Calcutta. This is true not merely of the inferior portions of the town, or of the byeways and places inhabited by the poor classes, but it is true of the principal thoroughfares and of the quarters filled with the houses of the richest and most influential portion of the native community. If a plain unvarnished description of the northern division of Calcutta, bordered by the horrible open drains in which all the filth of the city stagnates and putrefies, were given to the people of England, I believe they would consider the account altogether incredible."

Justices of the Peace appointed by the Government, 1863. They failed. Act. VI. of 1863 was then passed by which the Government handed over the administration of the town to Justices of the Peace appointed by itself. The Justices did something to improve the town, and introduced water-works, but failed to improve it effectually. Dr. Payne, the Health Officer of the town, wrote thus in 1876.—

"It is impossible to conceive a more perfect combination of all the evils of crowded city-life in the primitive filthiness and disorder than is presented in the native portion of Calcutta. Dirt in the most intense and noxious forms that a dense population can produce covers the ground, saturates the water, infects the air, and finds in the habits and incidents of the people's lives every possible facility for re-entering their bodies; while ventilation could not be more shunned in their houses if the climate were arctic instead of tropical. If then Calcutta be not a deadly place, filth in its utmost intensity must be innocuous, and sanitation a pretentious sham."

Election System introduced in 1876 as a remedy. Act IV. of 1876 was then introduced by

SIR R. TEMPLE, then Lieutenant-Governor of Bengal, and passed into law. It provided that the Corporation of Calcutta was to consist of 72 members, 48 of whom were to be elected by the ratepayers and the remaining 24 appointed by the Local Government.

How the Election System worked between 1876 and 1884. In 1884 a Commission was appointed "to enquire into certain matters connected with the sanitation of the town of Calcutta." Two of the members of the Commission point out defects (which have since been remedied), but did not recommend any constitutional changes. On the contrary they suggested the inclusion of the suburbs of Calcutta within the town, which has since been done. The third member of the Commission, **Mr. H. J. S. Cotton**, now Chief Commissioner of Assam, thus spoke of the Corporation:—

"The Corporation of Calcutta as a representative body commands the confidence of the vast majority of the ratepayers; it has already done very much in the direction of sanitary reform; it has not retrograded in giving effect to a single sanitary improvement; stimulated by the healthy action of public opinion and profiting by the greater experience gained year by year, it has afforded, by the systematic enterprise of the past three years, the most solid guarantee that it will continue to advance on the path of the progress."

Favourable Opinion recorded in 1890 by Sir Stuart Bailey, then Lieutenant-Governor of Bengal. The amalgamation of the suburbs was effected by Act II. of 1888, which provided that the Corporation would consist of 75 members, 50 of whom were to be elected by the ratepayers, 15 to be appointed by the Local Government, and 10 to be elected by

European commercial bodies, and the Port Commissioners. How well the Commissioners, thus variously elected and appointed, worked with their Chairman is shewn by the following extract from a resolution recorded in 1890 by Sir Steuart Bailey, then Lieutenant-Governor of Bengal, on the retirement of Sir Henry Harrison, who had been Chairman of Calcutta for 9 years.

"For 9 years he was Chairman of the Corporation, and the useful administration of the affairs of the municipality during this long period, the firm financial credit of the Commissioners, the innumerable sanitary reforms effected, specially the extension of the water-supply and the conservancy of *bustees*, the increase in material prosperity in the city which, in consequence of these reforms, has shown itself in so marked a degree that the value of land in Calcutta generally may be said to have doubled, the re-organisation and re-construction of nearly every department of work, the hearty zeal and co-operation with which the Commissioners as a body now unite with the Executive to advance the welfare of the city—and attitude for which they were not always distinguished, but which is in itself the best testimony to the capacity of a chairman—the methodical and systematic development of civic administration in all departments, are a sufficient and lasting tribute to the manner in which Sir Henry Harrison has discharged the duties of his responsible, difficult, and thankless office. His name will always be honorably associated with the growth of municipal institutions in the Metropolis."

Favourable Opinion recorded in 1893 by Sir Antony MacDonnell, then Lieutenant-Governor of Bengal. The Municipal Commissioners of Calcutta, the majority of whom were elected by the ratepayers, continued to effect sanitary improvements in their great city; and the opinion recorded by Sir Antony MacDonnell in 1893 is a valuable testimony to their zeal, efficiency, and devotion :—

"Sir Antony MacDonnell has perused with much interest the report reviewed in the preceding paragraphs : it records the execution of much useful work, especially in the direction of sanitation and of structural improvements, such as the extension of drainage and water-supply and the improvement of the *bustees* ; and for their share in carrying out these measures, the thanks of the Lieutenant Governor are due to the executive officers of the Corporation, the Engineer and the Health Officer. The Commissioners themselves have, as a whole, displayed a care and attention to their duties which is very meritorious, and has in some cases risen to the level of devotion.

Favourable Opinion expressed in 1898 by Sir John Woodburn, present Lieutenant-Governor of Bengal. The Municipal Commissioners of Calcutta, the majority of whom are elected by the rate-payers, have continued up to the present day to perform their work with efficiency and zeal, and will appear from the following words spoken in November last by the present Lieutenant-Governor :—

'They are entitled to all the credit—and it is a high one—of realising the value and necessity of the great schemes which have been drawn up for their approval, such as those for the drainage of the city and the construction of Harrison Road. They have not shrunk from the heavy taxation which was needed to bring these beneficent projects into effect, and I have myself had evidence of the high public spirit and laborious circumspection which many members of the Corporation bring to the discharge of their municipal duties. These are qualities which not in Calcutta alone have elicited my respect, and it is a pleasure to me to have this opportunity of acknowledging them.

VIII. THE CURRENCY QUESTION.

*Evidence given before the Currency Committee
on November, 30, 1898.*

PRESENT :

The Rt Hon. SIR HENRY H. FOWLER, G.C.S.I., M.P. (in the Chair).

Sir JOHN MUIR, Bart.

Sir FRANCIS MOWATT, K.C.B.

Sir DAVID BARBOUR, K.C.S.I.

Sir CHARLES CROSTHWAITE, K.C.S.I.

Sir ALFRED DENT, K.C.M.G.

Mr. ROBERT CAMPBELL.

Mr. EVERARD HAMBRO.

Mr. W. H. HOLLAND.

Mr. F. G. LE MANCHANT.

Mr. ROBERT CHALMERS, *Secretary.*

*[Examination of witness, Mr. Dutt, by Sir Henry
Fowler, Chairman.]*

10,628. You were selected for the Indian Civil Service at the open competition held in London in 1869?—That is so.

10,629. You joined the service in 1871?—That is so.

10,630. Will you tell us your experience in the Indian Civil Service?—After serving in the lower grades, I held appointments as District Magistrate and Collector between 1881 and 1894 in various districts in Lower Bengal, and as Divisional Commissioner in Burdwan and Orissa Divisions between 1894 and 1897 after 26 years' service.

10,631. The Departments that you were in did not deal specifically with either currency or accounts?—No.

10,632. But they gave you the opportunity of studying the condition of the agricultural labouring classes?—Yes.

10,633. And it is with that experience and your knowledge of Indian affairs that you approach this question?—That is so.

10,634. I will first ask you what you thought of the closing of the mints. Had you any opinion at that time on that point?—We were not consulted. I hardly knew anything about it.

10,635. You were in India when the step was taken?—No; in 1893 I was in this country on furlough.

10,636. You are aware, I suppose, that the rupee had been steadily falling for a large number of years?—Yes.

10,637. At the time when the mints were closed in 1893, they were closed on the ground of the fall of the rupee being a very serious danger to the financial position of India?—I heard that vaguely in this country.

10,638. Since you have been here, you have thoroughly mastered the new proposals of the Indian Government?—In a general way, yes.

10,639. Will you just say, in your own language, what you would like to say first as to the effect of those proposals?—The first effect is likely to be this, that it would lead to general increase of taxation in India. Because all the taxes are paid in rupees, and, by closing the mints, the value of the rupee has been enhanced, and, if the same number of rupees are taken now as were taken before, it means a real increase in taxation.

10,640. Have you any figures as to what the raising

of prices has been? When you went to India in 1871 the price of silver was $65\frac{5}{16}d.$ an ounce, and the average rate at which the Secretary of State sold his bills was $1s. 10\frac{3}{4}d.$ per rupee?—Yes.

10,641. The rate began to fall, I think, materially in 1878 or 1879, and, when the mints were closed in 1892-93, it had gone down to $1s. 2\frac{1}{2}d.$?—That is about it.

10,642. That is a fall of $8d.$ in the rupee in those years?—Yes.

10,643. Did the proposals of the Government of India to arrest the fall of the rupee have the effect of raising its value?—Yes, I think it was $1s. 2d.$, if I remember rightly, in 1893, and it is now nearly $1s. 4d.$, so that within this last five years the value of the rupee has been enhanced by $2d.$ as compared with gold. With regard to the fall from 1871 to 1893, I may be allowed to explain that the Indian Government and the Provincial Governments got a natural increase in their revenue in consequence of the fall. The land revenue and other revenues went up in this way. The prices in rupees rose all round; the prices of food grains rose, and, as the Government in its recurring settlements made that a ground of enhancement—because the Government as landlord is entitled to an increase of rent if the price of the produce rises—there was a natural increase in land revenue. Then also with regard to the income-tax; as the incomes, estimated in rupees, went up, the Government got an increase of the income tax; so that, while there was a fall in the value of the rupee from 1871 to

1893, Government was directly, and in a natural way, getting an increase in the revenues as estimated by the rupee.

10,644. When you talk of an increase in the income-tax, will you explain that further?—Suppose a man's income in 1871 was 1,000 rupees a year. If his real income remained the same, then, by the falling of the rupee, his income as valued by the rupee would be something like 1,200 rupees.

10,645. What do you mean by his real income?—His income estimated by the produce of the country. I am speaking of people outside those in Government employment—not members of the Government service. I am speaking of merchants and traders, agriculturists, and farmers—people outside Government employ.

10,646. You think there was such a rise in prices that, practically, profits were increased to that extent?—Profits as estimated by the rupee. If a man's real profits remained the same, the value of the rupee having fallen, his profits, as estimated by the rupee, must have risen. If his income was 1,000 rupees in 1871, and if the rupee had in the meantime depreciated 8*d*, his income in 1893, as estimated by the rupee, must have risen, and, therefore, the Government would get an increase in the income-tax obtained from that man.

10,647. Do you mean that they would get more rupees?—They would get more rupees. The depreciation of the rupee has not been a loss to Government, because in this way there is a general increase in taxation without making the burden heavier on the people—there.

is a general increase in taxation as estimated by the rupee.

10,648 Do you think that in India itself—I am not talking now of external trade or payments out of India—the internal trade has increased?—There has been an increase in the price of food grains within my experience. Between 1871 and 1893 there was a considerable rise in the price of rice.

10,649. Was that accompanied by an increase in wages?—To some extent; and the landlords were able to increase their rents, and the Government in all cases, except where there were permanent settlements, were able to increase their land-revenue on the basis of an increase of rents.

10,650. What would have been the position of things if the rupee had remained stationary?—Then the increase of the land-revenue would not have been so marked, as estimated by rupees. I will try to explain myself in this way. Suppose the Government land-revenue of a district not permanently settled was 3 lakhs in 1871. In the 22 years between 1871 and 1893, the prices of food grains rose; where rice sold at 1 rupee 8 annas per maund in 1871, it sold in 1893 at, say, 2 rupees per maund. In the same way there is an increase in the prices of wheat, barley, jawar, and bajra, and all the principal staple foods of India; there was a general increase of prices in all food grains. Therefore, when the Government came to revise the settlements, it found that there was a general increase in the prices of food grains all over the country, and obtained a legitimate

increase of probably a lakh of rupees solely on the ground of increase in prices. If there had not been that increase, the Government might have raised the land-revenue a little, but certainly not so much, if prices had remained stationary.

10,651. I was dealing with the connexion between the falling of the rupee and the rise of prices. Do you consider, for instance, the opening up of the European markets to wheat is a factor?—It is a very small factor.

10,652. Do you think the increased consumption of rice is a factor?—I do not think so, for there has been an increased cultivation. I think the main reason of the rise in prices is that the rupee has depreciated between 1871 and 1893. And the land-revenue, as estimated in rupees, has increased.

10,653. Supposing, instead of the Government arresting by their action the fall of the rupee, they had allowed the fall to go on, and that the rupee had gone down to 6d., what do you think would have been the effect of that?—I hardly think it would be possible; but, if it did go to 6d., it would not have made any difference, because the land-revenue would rise at the very next settlement; the rise in the prices of food grains would be so considerable that, without any effort on their part, the Government would get a natural increase in the income-tax, and a natural increase in the proceeds of almost every tax in the country.

10,654. (*Sir F. Mowatt.*) You are assuming that the prices would immediately follow the fall of the rupee?—Yes.

10,655. It is on that assumption that your opinion is founded?—Either immediately or within a short time; and my experience during the last 26 years in Bengal has been that, as the rupee has gone down, prices have risen.

10,656. (*Chairman.*) Will you apply that now to the salt-tax?—I do not remember the incidence of the salt-tax.

10,657. The salt-tax is now $2\frac{1}{2}$ rupees per maund. That is a fixed sum?—The Government would be quite justified in increasing the tax in proportion to the fall of the rupee.

10,658. Then take the excise duties and apply the same argument—I mean the duties on spirits and liquor. I want to see where you think the Government income would rise?—In this way. On the liquor distilled in Bengal the Government imposes a duty of something like 2 rupees for each gallon distilled. When the rupee depreciated and food grains all rose in price, the Government would be justified in imposing 2 rupees 8 annas, or 2 rupees 12 annas, or 3 rupees.

10,659. That is dealing with what the Government might do, but that is not what has actually occurred. I understand your point to be this, that automatically, by the reduction in the value of the rupee, the revenue has increased?—In most cases, excepting in those cases where the Government imposes an arbitrary sum, in which cases the Government has the power to increase that sum, and it would be justified in increasing that sum in correspondence with the fall of the rupee.

10,660. Now, your next point, I think, is that the Government have improperly appreciated the currency?—That is my argument, and I find that that argument was taken up, as no doubt this Committee is aware, in 1879 in a letter to the India Office, by the Treasury. I have an extract from that here. This question was discussed in 1879, and the India Office received a letter from the Treasury from which I will read this extract: "In general, the object of such Governments"—this is in reference to those Governments which have depreciated the currency in order to reduce their liabilities—"has been to diminish the amount they have to pay to their creditors. In the present case the object of the Indian Government appears to be to increase the amount they have to receive from their tax-payers. My Lords fail to see any real difference in the character of the two transactions." That is in a letter dated 24th November 1879. The proposal of the Indian Government to raise the value of the current coin of India, and thus to obtain from the ratepayers a really larger revenue, without ostensibly increasing the tax, appears to me to be open to the same objections. The injustice and the hardship are none the less real and none the less oppressive by reason of the fact that, instead of raising the amount of taxes 30 or 40 per cent, the proposal is to raise the value of the rupee to the same extent, or to keep the value of the rupee high to the same extent. Such a proposal does not disguise the real increase in taxation, and does not minimise either its pressure or its arbitrariness.

10,661. Your first objection is that practically this means a general increase of taxation?—Yes, over and above the natural increase.

10,662. Then in the next place, you object to it with especial reference to the land revenue?—Yes; the Government of India is the receiver of land-revenues in India. It receives fixed revenues from landlords in Bengal, and rents from actual cultivators in most other parts of India. I assume that, when the value of the rupee is artificially raised, or artificially kept up to that point to which it has already been raised, the Government will not be disposed to make a proportionate reduction in the amount of its rents and land-revenues.

10,663. But what do you say about the fall that has already taken place in the value of the rupee since these rents were fixed?—Do you mean in Madras or Bombay?

10,664. Anywhere?—In consequence of the fall of the value of the rupee, the rents have already been increased, as I explained just now.

10,665. That would not apply in the first place to the permanent settlements?—No, I am speaking of other places. Settlements are continually going on.

10,666. In individual cases?—In some parts settlements have taken place; in others, settlements are going to take place; so that, if there has been a rise in prices through the fall of the rupee, the Government has either got the advantage of it, or is going to get the advantage of it. But, by increasing the price of the rupee, you, not automatically but suddenly, raise the land-revenues all over India. Take Bengal, for

instance, where the revenues are permanently settled ; some zemindar has engaged to pay, say, 50,000 rupees as the revenue of his zemindary, and he has paid that sum since the permanent settlement—since 1793 ; now the rupee is raised from 1s. 2d. to 1s. 4d., i. may possibly go higher, but it has been raised from 1s. 2d. to 1s. 4d. Therefore, in place of the 50,000 rupees which he has been paying since the permanent settlement, by raising the rupee 2d. you impose a real addition to the amount of revenue paid by him.

10,667. But you must go further back. When the Cornwallis settlement was made, the rupee was worth really more than 2s. The Government, of course, have lost by that ?—In the permanent settlement tracts the Government have lost and the people have gained, and the agriculturists have greatly benefited by that. The condition of the Bengal agriculturist has greatly improved on account of the rise in prices, and the Government has derived advantage from the increased prosperity of the cultivators.

10,668. But do you not think the zemindars have increased their rent ?—To some extent they have, but the great benefit is derived by the Government themselves, and not by the landlord. In other parts of India—leaving out those places where the revenue has been permanently settled—the land-revenue has adjusted itself, or is going shortly to adjust itself, according to the rise of prices. Now by suddenly increasing the value of the rupee, there is a further increase in land-revenue. In Madras, for instance, the land-revenue of a district

may have been 3 lakhs of rupees ; it will be 3 lakhs of rupees now, but of rupees of an enhanced value. Therefore, by this action of the Government, there is a sudden increased demand by the Government over and above the natural increase which it has received already. In order to explain this better, I have prepared this table of figures, which has been placed before every member of the Committee, which will show that in nearly every division in India there was a fall in the prices of food grains immediately after the closing of the mints, in the Punjab, in the North-West Provinces, in Bengal, in Bombay, in Madras, in Assam, and in the Central Provinces. I have compiled these figures from the book called "Prices and Wages in India," annually published by the Government of India ; and I have given the reference to the pages from which I have compiled my figures. [*For this Table, see Appendix.*]

10,669. You say there has been a fall in prices since the closing of the mints ?—Immediately after the closing of the mints.

10,670. (*Mr. O'Connor.*) The prices of 1892 were extraordinarily high. (*Witness.*) I have taken 1893-94 together, and 1894-95 together, and I find that in every division almost there has been a fall in prices. I have taken division by division, in order to show that there is not only a fall in the different provinces, but that there is a fall in prices all over India in almost every division. I cannot myself explain that in any other way excepting by imputing it to the closing of the mints. I was in Bengal myself in 1892, 1894, and 1895 (I was absent

in 1893), and the fall in prices in 1894-95 was certainly not owing to any abundant harvest, because there was scarcity in some parts of Bengal in those years, and there was scarcity in the North-West Provinces, so that naturally you would expect that prices would range high in 1894 and 1895. Instead of that, prices apparently fell in all parts of India. What I am driving at is this, that, although the prices fell, the cultivators had to pay the same amount in rupees. When they sold their wheat, say, at 13 seers for the rupee, they paid a certain rent; when prices fell to 15 or 16 or 17 seers the rupee, they got less by the sale of their wheat, but they had still to pay the same rent. In other words, it was an indirect increase in the rental all over.

10,671. (*Chairman.*) Supposing prices had risen?—The zemindars would have very soon got an increase.

10,672. But take the other parts of India, where there are no zemindars?—Then the Government would have got an increase in the next settlement. The cultivators would have got an advantage for some few years, and then the Government would have had its own share.

10,673. Sooner or later, you say, it would amount to raising the land-revenue?—Yes, according to the rise in prices.

10,674. Then you say that there is another and a still graver objection to the proposal. Will you explain that?—The millions of agriculturists and labourers in India are indebted to moneylenders and mahajans, and the debt is, in many cases, reckoned in rupees, and not

in grain. To artificially enhance the value of the rupee, or to fix the value at the rate to which it has been already artificially raised, is to increase the indebtedness of the cultivators and labourers of India to moneylenders and mahajans. The measure serves to add to the profits of the prosperous classes who feed on the distresses of the poor, and to add to the weight of the millstone which the poor and indebted classes carry round their necks. Throughout the bazaars and money markets of India, the effect of raising the value of the rupee is to add to the profits of the rich moneylender, and to enhance the liabilities of the poor cultivator who has a debt. I may only add to this, that even this point was touched upon in that Treasury letter to which I referred just now. In paragraph 20 of that letter from the Treasury to the Indian Office, dated 24th November 1879, there is this passage :—"This relief"—that is the relief to those people who get their pay from the Government—"will be given at the expense of the Indian taxpayer, and with the effect of increasing every debt or fixed payment in India, including debts due by ryots to moneylenders." That is exactly the point I have tried to explain.

10,675. What was the state of things when that proposal was made? The then value of the rupee was 1s. 8d., and the Government proposed, did they not, that it should be at once raised to 2s. ?—Yes.

10,676. Is it not against that proposal that the Treasury letter is directed?—I believe that is so, and I think what we are doing now is much the same thing.

10,677. That was a distinct proposal to raise the

value of the rupee, which had been for a long time, and was then, about 1s. 8d., to 2s. At the present time the proposal is to prevent any further fall?—But it has been raised by the closing of the mints from 1s. 2d. to nearly 1s. 4d., and the proposal is to keep it at that.

10,678. Assuming it to be fixed at 1s. 4d., that would be raising it, that is what you mean?—Yes, then I was referring to paragraph 18 of the same letter, in which the Lords of the Treasury go on to say, "It alters every contract and every fixed payment in India." Virtually what it is proposed to do now would have very much the same effect. If the value of the rupee is kept at its enhanced rate by the action of the Government, it really adds to the indebtedness of the cultivator to the moneylender. The cultivator's income estimated in rupees has gone down; it went down during those two years, 1894—95, but then, of course, prices rose again during the famine years. I have not taken famine prices into consideration, but it stands to reason that, if the value of the rupee is artificially raised, the income of the cultivator, estimated in rupees, must fall, but his indebtedness to the moneylender, where it is reckoned in rupees, remains the same. Where he is indebted to the extent of 100 rupees to the moneylender, the moneylender will claim his 100 rupees, although the 100 rupees now represent a larger quantity of rice or wheat than before. Probably the whole produce of the field was 100 rupees before, now the produce of the field would not amount to 100 rupees, but the cultivator is still indebted to the extent of 100 rupees; so that, reckoned

by his income, (and the income of the cultivator is in the produce of the soil) his indebtedness to the mahajan is increased all round.

10,679 You assume that prices fall as soon as the exchange value of the rupee is raised?—I assume that, because it must be so, and because our experience of those two years shows that it has been so in the past. In the years 1894—95, from the figures that I have given, it is clear that immediately after the closing of the mints the value of crops went down all over India; and it stands to reason that, if the value of the rupee is enhanced, the value of everything, estimated in rupees must fall. When the rupee is artificially raised, the value of everything must fall. Therefore, by the sale of the produce of his field, whether it is rice or wheat, the cultivator will get, in the number of rupees, less than he got before.

10,680 What have you to say about silver hoarding?—Before leaving this, I would ask permission to say that I think it is sometimes stated that the indebtedness of the agriculturists to the moneylenders is in grain and not in money. I wish to explain that it is so in some cases, but in many cases the indebtedness is in money. In many cases that I know of, in Bengal villages, the debt is estimated in rupees, and the debt is not contracted all of a sudden. Just after the harvest, probably, the cultivator pays off his debt, and then he goes on borrowing 5 rupees or 10 rupees from time to time. When he has to marry a son or daughter, or has some domestic expense of some kind, he goes to the

moneylender and gets money advanced till the harvest time comes, and then much of the debt is cleared off. But what I want to point out is that much of his indebtedness is in rupees. There is a portion of it in grain, but much of the cultivator's indebtedness, in Bengal at any rate, is in rupees. Therefore, to that extent, his indebtedness is increased by your artificially adding to the value of the rupee.

10,681. You are assuming that the debt has all been contracted at one specific period and 'is all going to be paid off at another?—It is annually contracted or runs on.

10,682. But, for instance, during the last 12 months the rupee has been at 1s 4d. In 1893 it was at 1s. 3d. nearly, and in 1894 it was 1s 2½d. Then it went down to 1s. 1d. ; then it began to rise, and now it is at 1s. 4d., you may say. But the people who contracted those debts contracted them when the rupee was worth 1s. 4d. or more, and that extends back?—But the debt is renewed from time to time.

10,683. It is renewed in rupees?—Yes, with the interest, and it is paid off also in the harvest time, if there is a bumper crop.

10,684. I want you to explain this. Supposing it is an annual loan ; suppose a man raises money on his crops and pays his debt when the crops are sold, he pays and receives according to the then rate?—Yes.

10,685. The injustice would arise if the man borrowed when the rupee was worth 1s. and had to pay it off when the rupee was worth 1s. 4d. ; but that cannot

occur in one year?—The practice is not uniform. Sometimes the loan is annual, sometimes it is for two or three years.

10,686. But so far, with the exception of three or four years between 1892 and the present time, the rate was always above 1s. 4d. ?—Yes.

10,687. Every liability in India, prior to 1892, was raised on the basis of more than 1s. 4d. ?—Yes.

10,688. Therefore—I am assuming this for the sake of argument—fixing the rupee at 1s. 4½ would not be an injury, on your hypothesis ?—For those old debts, no.

10,689. Nor would it be for those debts contracted in the last two years when the rupee was at 1s. 4d. ?—I did not know it was 1s. 4d. in the last two years.

10,690. It has been steadily rising. Your argument, whether sound or unsound, would only apply to debts contracted in the three years 1894, 1895, and 1896 ?—Yes.

10,691. And to settlements made in those three years ?—Yes, and a great portion of the settlements and debts now current among the agricultural population of India are of those years. The civil law is that, unless a debt is revived within three years, it lapses, and most of the current agricultural debts in India are of the last three years, and those debts have been virtually increased by enhancing the value of the rupee.

10,692. Now will you come to the matter of trinkets?—All that the poor people in India can possibly save in years of good harvest is saved, not in

savings banks, which do not exist in India for the poor, but in silver jewellery and trinkets for their women. Practically, all the spare wealth which the cultivating and labouring classes have in India is in this form; and, in years of scarcity and famine, all this silver, or a great part of it, is sold in the affected districts in order to procure food grains. The proposal of the Government of India is virtually one to confiscate about a third of the poor man's savings in India. The value of the rupee being artificially raised, the silver bangle or bracelet in which the cultivator has invested all his savings sells for less than what it cost, and thus, by one stroke of the pen, the Government of India reduces what is really the national wealth of the poor in India, in order to meet its own liabilities on somewhat easier terms. No proposal likely to affect in a similar manner the savings of the poor could be entertained for a moment in England; and it is possible to conceive that, if such a proposal was made in a poor continental country like Italy, the masses would rise in rebellion from one end of the Peninsula to the other. The Indian Government is stronger and more absolute than the Government of Italy, and the responsibility, therefore, of saving the interests of the poor, and of taking no action injuriously affecting the savings of the poor, is all the greater.

10,693. How if the savings were hoarded in rupees?
—There is very little of that.

10,694. We will not go into the quantity of it, but what is the proportion?—Of course that would increase

in value, but there is a very little saving in rupees in Bengal. I have been in a great many districts in Bengal, and practically all the wealth of the cultivating classes is in the silver jewellery of the women. I have been in districts that were affected by scarcity and famine. I remember that, after the great storm wave and cyclone in 1876, I was sent to a place where the cultivators had practically lost all their paddy and rice. Previous to the calamity the people in this place had been very well off, and for nine or ten months they supported themselves by buying shiploads of rice, paying for it by the proceeds of the sale of the jewellery of their women. That was in 1877. The cyclone was in 1876, and this distress was in 1877. I happened to be sent to the island which was most seriously affected by this cyclone and storm wave. On the greater part of that island the crops were totally destroyed. If such a thing had happened in other parts of India it might have been followed by a famine, but here the cultivators were very well off, and their women had a quantity of jewellery, and, as a matter of fact, they brought out these silver ornaments in order to raise money to tide over their temporary difficulty. I did not see that they brought out hoarded rupees; in fact, the hoarding of rupees is rather the exception in Bengal.

10,695 In the case of ornaments bought previous to 1893, what would be the difference between the value at the time of purchase and the value now?—They paid one rupee for a tola of silver, which is the rupee weight. They take the silver things to the bazaar, and now

they get 10 annas for the tola. That is, where they find the difference.

10,696. The price is regulated by the market value of silver?—The value to the cultivator when he purchased his ornaments was about 14 to 16 annas per tola. Now, for the first time, a difference is made between the price of silver and the coined silver.

10,697. No; the difference that is made is this, that you cannot take silver and have it coined?—The result is that there is a great difference between the price of silver and coined silver.

10,698. The bazaar price is what?—About 10 or 11 annas per tola. In the last 20 or 30 or 40 years, when the cultivator went into the bazaar to buy silver, he paid at the rate of 14 or 15 or 16 annas per tola. They have always made their purchases of jewellery for their women at this rate. Now, if they go to sell their silver ornaments, they get a third less. Therefore it is virtually a confiscation of a third of what they have paid for their jewellery, which, as I have explained, represents the savings of the people of India.

10,699. You say that "the proposals of the Government of India are calculated to add to its own liabilities." Will you explain that?—There I was referring to the rupee paper—the Government Securities, as we call them in India

10,700. You contend that it will increase the charge for interest on those securities?—Yes, it virtually raises the value of the securities, because the rupee is raised.

10,701. You say, "the debt of the Government of

India is partly in rupees, and, by adding to the value of the rupee, you add to the debt ?"—Yes. The indebtedness is mainly to moneyed classes in England, and the net result of the proposals, therefore, will be to add to the indebtedness of the people in India to the money-lenders of England. Where the Government borrowed a thousand rupees of small value, the Government now virtually tears up the old bond and executes a new one for a thousand rupees of enhanced value.

10,702. That again will only apply to the borrowing that has taken place in those three years, and the bulk of the rupee debt was contracted before. Therefore the Government gains now ?—Yes, my remark applies to what took place in the last three years.

10,703. •You say, "the proposals of the Indian Government mean a general increase in the pay and perquisites of all officials who are paid in rupees." Will you explain that : do you draw there any distinction between the incomes that have to be remitted out of India, and the incomes that are spent in India ? I will tell you why I want to ask this question. The evidence that has been given here is that inside India a rupee goes now as far as it used to go, practically ; that there has been no appreciable difference made in the internal value of the rupee ?—It goes further, I should say, from the prices which I have quoted here.

10,704. We have had evidence to the effect that, for all practical purposes, that is so ; that is, if I have an income of 1,000 rupees a month and I have to spend that in India, that 1,000 rupees will go just about as far

as it would have done 10 years ago?—Well, there has been a fall in the price of food grains and that means an increase of pay to those who get the same number of rupees as before.

10,705. Suppose I have in India an income of 1,000 rupees per month or 12,000 rupees a year, and if I am obliged to remit 600*l.* a year to England for the maintenance of my family, then at a shilling rate I should not have much left?—I was referring only to what is spent in India. I say the proposals of the Government of India mean a general increase in the pay and perquisites of all officials who are paid in rupees. There, of course, I refer to all officials, including those who are natives of India, and who spend their pay in India. I say the poorer and indebted classes, who deserve relief at the hands of the Government, are crushed by an addition to their taxes, by an addition to their indebtedness, and by a reduction of their savings, while to the fortunate classes who are in the Government service, or who draw their pensions in rupees, the Government makes a real donation in the shape of an unearned increase to their pay and perquisites.

10,706. The gist then of this is that you regard raising the value of the rupee as adding to the national debt of the people of India and to the high price which their foreign administration costs?—Their administration generally, because I am referring to the native employees also.

10,707. Then will you tell us how you think these proposals have an effect on the manufacturers of India?

—On that point I should premise that my information is second-hand, because I am not personally engaged in manufacture or trade ; but I have consulted men engaged in trade, and they tell me that the raising of the value of the rupee artificially dislocates trade, and has injured manufacture. I have heard from merchants engaged in Bombay in the cotton industry, that the cotton industry is in a miserable state just now, especially in competition with the produce from China and Japan, and they impute that, directly or indirectly, to the closing of the mints. It is well known that many of the manufactures of India have been all but ruined—within the memory of living men—by an unequal competition with the steam and machinery of Europe. I have myself, within the period of my service, visited villages of weavers almost deserted, and relapsing into jungle, manufactories of various Indian dyes, which have been closed and abandoned, and industries in metal and in leather, which are declining. It is useless to complain of this, it is useless to expect, in these days of free trade, that any sort of protection would be extended to the dying industries of India by the British Government. But it is not unreasonable to expect that the Government will refrain from taking any direct action calculated to further repress the declining Indian industries. If India had representative institutions, the representative of the cultivators and manufacturers and exporters would have unanimously raised their voice against artificially raising the value of the rupee. In the absence of such representative institutions, the Government of India represents the

interests of the people, and a moral obligation rests on the Government not to sacrifice the interests of the people to the demands of special classes, however strong and however influential. British trade is prospering with other Asiatic countries having silver currencies; why should British traders demand, in the case of India, a fixed ratio between gold and silver, which they cannot demand from other Asiatic countries? The people of India do not ask for it; the people of India will not profit by it; the people of India are likely to lose in a variety of ways, as indicated above, by the artificial raising of the value of the rupee. And the Government of India, naturally representing the people, and standing forward as the protectors of their welfare, should reject a scheme which the people do not want, and cannot profit by. What I ask is that no further impediment should be placed in the way of manufacturers by the closing of the mints, and by the direct or indirect consequences arising from that. It is my opinion, derived from merchants, both in Calcutta and in Bombay, that the closing of the mints has very seriously affected the cotton industry of Bombay, the sugar industry in Bengal and in Northern India, and several other industries in India, and especially industries which are affected by the products of those countries which had silver currencies, like China.

10,708. You think it has affected the competition with China?—Yes.

10,709. Do you regard it as giving a bonus to China as against India?—That is the opinion of the merchants I have consulted.

10,710. You say, "The proposal of the Government of India is not the natural or the proper remedy for that increasing drain which is annually flowing from India to England, in the shape of pay, and pensions, and allowances"? The allowances are paid in England in gold, and, instead of reducing its gold obligations, which is the natural and proper remedy, the Government seeks to adopt the unnatural and desperate and dangerous remedy of converting all its revenues in India into gold. Let us suppose the case of an Indian landlord, who gets his rents from his estate in rupees and has to pay an agent in London in gold. What would courts of justice and equity think if the landlord preferred suits to realise his Indian rents in gold, on the ground that he has to pay one London agent in gold?—His prudent and proper course would be to minimise his London expense, and, similarly, the natural and proper remedy for the difficulties of the Government of India would be to carry on the administration of India, as far as it is consistent with efficiency, through the instrumentality of the children of the soil, whose pay and pensions have not to be defrayed in gold. I say that an endeavour ought to be made, as far as is compatible with efficient administration, to reduce its expenditure; to have as much work done in India by the natives as possible, and, I think, with the spread of education in India, it is possible now to utilise the people of India to a larger extent than is done now under the existing rules. Under the existing rules, the higher services in all departments are recruited from England, and, therefore, from among Englishmen; not

only the Indian Civil Service, which includes the Executive and Judicial services, but also the Engineering Department, the Postal Office Department, the Opium Department, the Forest Department, the Medical Department, and the Education Department. In all those departments—I do not know why, but it is a fact—the higher posts are almost invariably filled by Englishmen. The result, of course, is that there is a greater drain from India to this country. When these people retire from the various services, their pensions have to be paid by India, and remitted to this country. My idea is, even from this financial point of view, it is now desirable that, education having spread in India, a greater proportion of the higher posts in the service should be allotted to the people of India.

10,711. At reduced payments?—Reduced gold payments—at reduced payments in the first instance, and also reduced gold payments.

10,712. You think, generally, that there might be a great reduction of expenditure?—Yes.

10,713. Both military and civil?—Yes.

10,714. Then you say, “the proposal of the Indian Government withdraws the natural check which now exists against extravagant expenditure and unlimited borrowing in England” I do not quite follow that. *First of all, you can borrow in England at a very low rate of interest?*—Yes.

10,715. Is it an advantage to India to have English money spent in productive works in India?—If the Government have to borrow, it is certainly an advantage

to be able to borrow at low rates ; but, I say, an earnest attempt ought to be made to reduce our public debt, as has been done in England during the last 50 years.

19,716. What is the public debt of India ?—The debt has gone up by 63,598,000*l.* sterling in the last 20 years.

10,717. Would you define what you mean by “the debt” of India ?—I am speaking of the total debt, including railways. I will distinguish that afterwards.

10,718. But that is all important. Of course, where we have made such very large and successful efforts in this country to reduce our debt, the debt is represented, so to speak, by nothing—there is no property against that debt ; it was a debt incurred for public purposes at the time, and there was no reproductive return upon it. Therefore, it is a burden upon the taxpayers of the country, and we have a sinking fund ; and when we reduce the debt, as you very properly say, that is an advantage to the country. But let me put this extreme case : Suppose this country had to take over the whole railway system of Great Britain, and had to pay 1,000,000,000*l.*—which, I suppose, is a very moderate estimate—would you say that the debt of his country was increased by 1,000,000,000*l.* ?—I will take the two things separately, as you desire.

10,719. If you please. I wanted to be quite clear, because my impression is that for the year 1898-99, the year we are now in, the charge for the debt proper of India is a lower figure than it has ever been since the Mutiny. I have the figures here from the parliamentary

return ; 15 years ago, the charge, in 1884-85, was Rx. 3,907,848. This year the interest on debt is Rx. 2,448,000 ?—I take the figures for the last 20 years, according to Sir Henry Waterfield's evidence before this Committee. He says, "the total increase of debt in this country within this period is 63,598,000*l.*" Against that he shows a total capital outlay on public works of 61,036,000*l.* sterling. If you take that completely away from both sides, the debt within the last 20 years, which have been years of continuous peace inside India, has not been reduced at all, according to Sir Henry Waterfield's evidence. He says, what we have spent on productive works—in which he includes, I suppose, railways, canals, and irrigation works—is more than covered by the debt that we have incurred in this country. We have spent on public works about 61 millions, we have borrowed 63½ millions. So that, if we deduct all that has been spent upon public works, and so forth, and on the other hand all that we have borrowed in England, our net indebtedness, instead of being reduced, as has been done in this country, has increased in India by 2½ millions in these 20 years.

10,720. But the fall of the rupee alone involved the Indian Government in borrowing 6,000,000*l.* sterling ?—But the fall of the rupee has directly increased the revenues of the Indian Government.

10,721. Dividing the debt into the debt in India and the debt in England, the excess of assets in India (such as railways, irrigation works, loans to corporations, &c.) over the debt in India is Rx. 29,489,000. As

against this, there is a balance of liabilities over assets, so far as the debt in England is concerned, of 55,675,000*l.* So that, when the Secretary of State put his Budget before the House of Commons last session, the real debt of India, which represents the Mutiny and all the military operations that have taken place in India, is the difference between the liabilities of 55,675,000*l.* in England, and the assets of Rx. 29,489,000 in India. You can hardly find a parallel to that state of things. All I want is, that you gentlemen, who influence public opinion—quite legitimately—amongst your own people, should not think that your country is as poor as it is sometimes supposed to be?—I should like to learn that from you.

10,722. The interest upon the debt of India is this year only $2\frac{1}{2}$ crores?—Will you allow me to take these two things separately? I will leave out of consideration railways now, and I will say that, taking Sir Henry Waterfield's figures, there has not been any reduction in the public debt of India in the last 20 years. Those 20 years have been years of uninterrupted peace, during which there has been a great deal of reduction of the public debt of England; and, I say, there ought to have been a very considerable reduction in the public debt of India.

10,723. Do you say there has been a period of uninterrupted peace for the last 20 years?—Yes.

10,724. What do you say to the Afghan war?—That only cost 3,000,000*l.* You mean the war last year?

10,725. No, I mean the Afghan war.—That is 20 years ago.

10,726. Since 1880 the English Exchequer has voted 5,000,000*l.* towards the cost of that war?—I know. It was a war outside India.

10,727. At any rate, you cannot call it a period of uninterrupted peace?—Leaving out the expense of the Afghan war, which was a war outside India, we have made no reduction in the public debt of India, and we ought to have made a reduction. An endeavour ought to have been made during those years of peace to bring down our public debt, so that we might borrow again when it was necessary to do so. And I further say that the people of India—say one financial representative from each of the five great Provinces—ought to be consulted by the Government; they should form a committee, and some place should be found for them in the Viceroy's Executive Council, in order to advise Viceroy and the Finance Minister in preparing every year's Budget. A systematic endeavour should be made to reduce the net public debt in every year of peace. That is my first contention. My next point is with reference to railways.

10,728. You say: "Every fresh loan contracted in England by the Indian Government is hailed in this country as a further opening for profitable investment; every fresh order for tools and machinery and rails pleases great English manufacturers; every new line opened in India is a new opportunity for English capitalists and manufacturers." Do you not think all those things a great advantage to India?—The first lines of railway were a great advantage to India, and they would have been cheap if we had had to pay twice the

amount that we have paid for them; but the new lines which are being added now, from year to year, are not so much for the benefit of the country. I remember the condition of India 20 years ago. At that time all the main lines had been opened. The new lines that have been opened since have not added much to the development of trade; they have been constructed, rather, with regard to local interest. Take one of these newly opened lines in Bengal, which connects North Behar in Assam. The great mass of the cultivators and traders of Bengal did not ask for that line, and have not, as far as my information goes, benefited by that line.

10,729. Who have found the money for that line?
—I do not know.

10,730. Do you refer to the Assam-Bengal Railway?
—Yes. Nobody travels that way—that is, in the natural course of trade; the trade is all between Calcutta and the northern part of Bengal. The line may be for the interest of some particular class, but we do not know why the line was laid down. We are never consulted in these things.

10,731. But is not that a matter for the people who find the money? In this country there have been railways made from nowhere to nowhere, but, after all, the loss, if there is a loss, is the loss of the people who put their money into the line?—Exactly; but in the case of India, it is the people of India who put their money into the line.

10,732. No?—We are held liable for the guaranteed profit, which comes to the same thing.

10,733. (*Sir J. Muir.*) Is there a guarantee in the case of the Bengal and Assam line?—I believe so.

(*Sir C. Crosthwaite*) There is a guarantee, I think, in the case of the Assam-Bengal Railway.

10,734. (*Chairman.*) But the capital was all found in this country?—The capital was found: but, so far as the Government gives a guarantee, we, the people of India, are responsible for finding the guaranteed profits from our taxes.

10,735. The guarantee comes in if the traffic is not sufficient to pay?—Yes. A second instance, I would say, is the line from Assam to Chittagong. That goes over a very wild and hilly country, and I doubt if it will ever pay. It certainly has not developed and will not develop, the trade of that part of the country, because there hardly any produce at all in that part of the country.

10,736. (*Mr. Campbell*) Has that a guarantee?—I have no information, but I believe it has.

(*Sir C. Crosthwaite.*) It is part of the Assam-Bengal line.

10,737. (*Chairman.*) Let us assume, for the sake of your argument, that the Indian Government have not always sanctioned the best railways, as the English Parliament has not always sanctioned the best railways. We are now dealing with the development of railways throughout India by English capital. Is not that to the advantage of the people of India?—Certainly; but I say that what we are doing lately is different from the main lines that had been constructed before. By 1878 the whole of the trade of India had found proper and

legitimate outlets, and the money which has been spent since has not to the same extent developed trade.

10,738. Then how do you explain the increase in traffic, the tonnage and the passenger revenue?—That is mostly along the main routes constructed before.

10,739. The traffic must be taken as a whole. Taken as a whole, the system of Indian railways, including the railways which are not productive, shews a net return on the capital cost of about five per cent.?—But I find by the last Railway Administration Report, which I have no doubt the Committee have seen, that the total loss to the State up to that date was 57 crores of rupees, out of which about one-half, 28½ crores, had been lost in the last 20 years. I do not condemn railways; we wanted railways to develop India, and we must pay for them, even if it is a losing concern; but what I object to is the unlimited extension of railways at an increasing charge to the taxpayer, after all the main lines have been opened out.

10,740. What do you mean by unlimited extension?—I mean what is going on now.

10,741. But there is no unlimited extension. Government sanction has to be obtained?—No doubt there is the engineer's report and the Government inspector's report, and all the rest of it, but what I object to is that the people themselves are not consulted.

10,742. I do not want you to think that these railways in India are sanctioned without considerable caution—indeed, I think a great excess of caution.

I believe that the interests of India would be much better met if the Government gave a freer hand in the construction of public works; and, if English capital goes out there at a low rate of interest, I do not think India has any ground of complaint?—But all this is adding to our indebtedness, and it is a losing concern, according to your own showing—according to the last report published for the year 1897-98. We have lost 57 crores of rupees, and, of that, $28\frac{1}{2}$ crores have been lost within the last 20 years. We should not abandon the railway system altogether, but we should be cautious, and I think the representatives of the people should be consulted before any new lines are sanctioned. There is a railway now under consideration from Mandalay up towards China. Well, it will probably be years and years before that will pay, and at the same time we have either to pay for the construction of it, or to guarantee some profit to the capitalists out of our taxes. These are matters in which, I say, we ought to be consulted. The whole thing is being overdone—to the advantage of the capitalists and manufacturers of this country, and to the loss and disadvantage of the people of India, who are not consulted. That is my contention.

10,743. Now is there any other point that you want to bring forward? You say, “the only check which now exists is that the interest of the capital so borrowed has to be paid in gold.” In some cases it is the fact, is it not, that the interest on the capital is paid in rupees?—Yes, if you wish to borrow;

but the point I wish to make is this : that an attempt ought to be made to reduce our expenditure.

10,744. That is really not before this Committee. We have to consider the question here, whether it is desirable to introduce a gold standard and gold currency into India, and whether it is desirable to have a stable rate of exchange?—What I have said would come directly under that, because the necessity for adopting a gold standard, or for giving a gold value to the rupee, would disappear to a great extent, if the expenditure were so reduced as to make our income meet our expenditure. The loss of which the Indian Government complains would not exist if more economy were practised, and the expenditure of India were reduced.

10,745. Have you considered that, if no step was taken, and the rupee went to its bullion value, and assuming that silver went no lower, you would require at the present rate of expenditure in India something like an increased income of 12 crores?—I have heard that stated. I find, in the first place, that a great portion of that 12 crores could be knocked off by a little economy.

10,746. You think that, by economical arrangement the 12 crores could be saved?—A considerable portion of it; and the remaining portion could be met by the natural increase of revenue which the very fall of the rupee would give rise to, as I have explained.

10,747. Then, taking your opinion as a whole, you would face that emergency and let the rupee go to bullion price?—Yes. I would have no hesitation what-

ever about that, because I am convinced that the revenues estimated in rupees would rise, as they have risen in the past, with the fall of the rupee; and, secondly, that a good deal of saving could be effected if we practised economy in India.

10,748. For all those reasons that you have very clearly put before us, you are opposed to the proposals of the Government of India?—I am strongly opposed to them.

10,749. Do you upon this question represent the views of the Indian National Congress?—No, I do not belong either to the Indian National Congress or to its British Committee.

10,750. But you do represent a mass of native opinion that you feel justified in bringing before us?—Yes.

[Sir John Muir, Bart. remarked: "The evidence which you have just given has struck me as very important. Could we obtain evidence from others of the Natives of India? We have had difficulty in getting at information from the Natives of India. It appears to me most desirable that we should have that evidence."

Mr. Dutt suggested that witnesses should be called from India, and mentioned the names of Messrs. Rojoni Nath Roy, Seraj-ul-Islam, B. L. Gupta, I.C.S., Sita Nath Roy, A. M. Bose, R. D. Mehta and Perojsha Mehta, None of these Indian witnesses, however was called or examined.]

IX. CONGRESS AT LUCKNOW.

[*Presidential speech, December 27, 1899.*]

Acceptance of the Chair.

WHEN in October last I received through my friend, Mr Bonnerjee, your kind invitation to preside at this meeting of the Indian National Congress, I confess, I received it with some degree of surprise and some degree of misgiving. I happened to be then engaged in the pleasant task, to which I have cheerfully devoted most of my spare time during the last fifteen years, of trying to interpret to my countrymen and to modern readers generally some of the literary heritage which has been left to us by our forefathers ; and, I confess, the prospect of a sudden change from the desk to the platform somewhat alarmed me. Nor was the alarm altogether groundless ; for when I read the speeches made from this platform in past years by some of the ablest and most eloquent men that our country has produced during this generation, I felt grave doubts whether you were altogether wise in your choice in asking me to preside in the present year. However, I felt the great honour you did me in imposing the task upon me ; I feel the high honour as I stand to-day among so many who are so well qualified to perform this task ; and for better or for worse, I have accepted your kind proposal and am amidst you to-day. And if you will listen with some indulgence to the plain words

of a plain man, I will try to convey to you in a few words some practical suggestions, on the administrative questions of the day.

I need hardly tell you that these questions have received my attention and my consideration for years past ; I have spoken and written on them during the last two years ; and during the preceding twenty-six years I had constantly to deal with many of them in official correspondence. It is perhaps known to all of you that the Government of India and the Local Governments permit and encourage the utmost freedom to all officials in the expression of their opinions in official correspondence on the administrative questions which constantly come up for discussion. It is in the course of such discussions that the men in the Civil Service come to know and to respect each other's opinions, and are often brought in closer contact with each other. And as we are holding this present meeting of our Congress in the North-West of India, I recall to-day with pride that it was in the course of a discussion of this nature over the Bengal Tenancy Bill which was passed into law in 1885, that I had the pleasure and the privilege of first knowing that sympathetic ruler and that distinguished statesman whom you now claim as Lieutenant-Governor of these provinces, but whom we in Bengal are proud to claim as originally of the Bengal Civil Service.

Gentlemen, I often felt it my duty in the course of these official discussions to suggest reforms on the basis of accepting in a larger degree the co-operation of the people of India in the administration of the country.

And although I have ceased to be an official now, I still consider it my duty to do what lies in my humble power to advise and help the Government of the day in the great task of a good and successful administration based on the co-operation of the people. And it is because this is precisely the object of the Indian National Congress—it is because it is your aim and endeavour to sustain and help British administration based on popular co-operation—that I find myself amongst you to-day, and in complete unison with you in views and aspirations.

The creed of the Congress.

Gentlemen, I have perused a great portion of the Congress literature as published in a handy volume by the enterprising publisher Mr. Natesan ; and to those who desire honestly to know the aims and aspirations of the educated men of India, I can honestly recommend a perusal of this valuable publication. An honest critic will find in this volume—from the first page to the last—a sincere desire to support and sustain the Government by the co-operation of the people, to strengthen the hands of the Government by fair criticism, to help the Government by keeping it informed of the views and aspirations of the people. These are services which would be useful and valuable to administrators in any country in the world, and these are services which are doubly valuable in India where the people are not represented in any of the Executive Councils and Secretariats where executive and legislative measures are first put into shape. For remember, gentlemen, that there are generally two sides

to every question which comes up for discussion, and it is desirable and necessary that both sides should be properly represented and heard before the question is decided. It is no disrespect to the Civil Service of India to say that it represents, ably and fairly, the official side only of Indian questions. I have had the honour of passing the best years of my life in the Indian Civil Service, and I shall be the last person on earth to question either the ability, or the honesty of purpose, of those able and hard-working men who form that magnificent service. I have pleasant recollections of the years which I have passed in complete accord and friendliness with my colleagues in that service, of the fair and handsome treatment which I received from my seniors, and of the loyal and zealous co-operation which I received from my juniors; and I will say this, that take the Indian Civil Service with all its faults and all its shortcomings, — for hard work and honesty of purpose there is not a finer body of administrators in the world. Nevertheless, it must be admitted, and it is no disrespect to the Indian Civil Service to say it, that that service represents only the official view of Indian questions, and does not and cannot represent the people's views. There are two sides to every question, and it is absolutely necessary for the purpose of good government and of just administration that not only the official view, but the people's view on every question should be represented and heard. There are local bodies in different parts of India which give expression to the people's views on local questions; but this National Congress is the only body in India

which seeks to represent the views and aspirations of the people of India as a whole in all large and important, and if I may use the word, Imperial questions of administration. Therefore, this National Congress is doing a service to the Government the value of which cannot be over-estimated, and which, I feel certain, is appreciated by the Government itself. It is a gain to the administration to know what we feel, and what we think, and what we desire,—though our demands cannot always be conceded. It is a help to responsible administrators to know in what direction our wishes and our aspirations tend, though they may not always agree with us. I honestly believe therefore that you are helping the cause of good administration and of good government in India by your deliberations year after year, and I trust and hope that you will continue to carry on these deliberations in the future, as you have done in the past, with good sense and moderation, with loyalty to your rulers, and with fidelity to the real interest of the people. We cannot fail in this endeavour; the future is with us; and looking at the progress of nations all over the British Empire in every part of the world, I, for one, feel confident that we, too, are destined to move onwards as a portion of that great Empire, and that we, too, shall secure some measure of progress and self-government under the imperial rule of England. This is the creed of the Congress as it is mine, and it is, therefore, gentlemen, that I feel it an honour to find myself amidst you to-day. And consistently with this principle, my speech to-day will be, not one of criticism,

but mainly and essentially one of practical suggestions to which the Government will, I humbly hope, give such consideration as they may seem to deserve.

Famine of 1897.

Gentlemen, it is a little over two years ago you celebrated in India, with every demonstration of loyalty and good feeling, the sixtieth year of the reign of the Queen-Empress. I happened to be in England on that day; and I witnessed with joy and gratification the august procession in London—Her Majesty driving in state through a circuit of six miles, preceded and followed by representatives of every portion of the British Empire, and cheered by half a million of loyal Englishmen who lined the circuit. Every contingent from every land was cheered as it accompanied the Queen, and I can tell you that none was cheered more loudly and more heartily than the Indian contingent—the Indian princes and rajas, distinguished by their graceful dress and noble demeanour, their manly bearing and their soldier-like appearance. It was a great and imposing and gratifying sight, but it was clouded by one dark shadow. The British public felt, British newspapers wrote, and British statesmen spoke, that while every self-governing colony represented in that procession was prosperous and happy, India, alone, with its vast population, was even then suffering from a famine which had spread over a larger extent of country than had ever been visited by famine in any single year. Questions were asked why there should be such famines in India when famines were

unheard of in any other well-governed country in the world, and doubts were expressed if British rule in India had been altogether a blessing for the poor cultivators and labourers of India.

But, gentlemen, the famine of 1897 was not the only calamity of that year; it was accompanied by a war outside our frontiers which cost us some millions and many brave lives, and it was accompanied by a plague the ravages of which are not yet over. In the midst of those calamities the Government thought it necessary to adopt rigorous measures, and the Government thought it wise to restrict that liberty of the Press which we in India had enjoyed for over sixty years. (It is not my intention to-day to dwell on the sad occurrences of 1897, the saddest year in its accumulation of calamities since the time that India passed from the hands of the East India Company to the Crown. Nor is it my intention to revive to-day the discussions which were held in this country and in England when the unfortunate Sedition Bills were passed into law.

Sedition Law of 1898.

I recall with sadness the debates which took place in the Viceroy's Council and in the House of Commons when these Bills were passed into law. It was my privilege to hear those debates in the House of Commons, and I think I only echo the general feeling of all educated men in this country when I acknowledge our debt of gratitude to those who so ably but so unsuccessfully fought for us both in the Viceroy's Council and in the

House of Commons. I do not desire to renew these discussions, but now that the fight is over, and the Bills have been passed into law, I often ask myself if there is a single Englishman in this country with an intimate knowledge of the country and its people who honestly thinks that the reactionary measure was needed, or that it is answering any useful purpose, or that it has strengthened the Government and increased its reputation and credit in the eyes of Europe. Gentlemen, the measure was based on a blunder—the blunder of connecting sedition with the spread of education. The truth is precisely the reverse of this. English education has not only not produced sedition in the land, but it has been the strongest weapon by which the Government has stamped out real sedition in this country within the last fifty years. In the dark days of 1857 and earlier, there was real sedition in the land,—a real wish in some dark and obscure corners to overturn this great Empire. That desire was born of ignorance and lurked amidst ignorant classes, and the Government has successfully stamped out that feeling by the spread of education. There never was a greater imperialist among the Governors-General of India than Lord Dalhousie, and Lord Dalhousie strengthened and fortified the Empire by giving effect to the famous educational despatch of 1854, and spreading education through vernacular schools. There never was a stronger upholder of British dominion in its darkest days than Lord Canning, and Lord Canning established the Universities of Calcutta,

Bombay, and Madras. The same policy has been pursued by successive Viceroys during the last forty years with the same object and the same effect, and wherever education has spread, sedition in India is dead. And if real sedition still lingers in any corner of India, it is in the darkness of ignorance, not in the sunlight of education and free discussion. If I were disposed to foment sedition in India I would desire in the first place to suppress all free discussion, suppress all newspapers, and suppress all public meetings, as a burglar puts out the lights of a room before he commits burglary. And I make bold to add, gentlemen, that if you had been inspired by hostile feelings against British rule in India, you would have worked in the dark, and not come forward from all parts of India, year after year, to openly and loyally place your views before the ruling power. Educated India has practically identified itself with British rule, seeks to perpetuate British rule, is loyal to the British rule, as Lord Dufferin said, not through sentiment, but through the stronger motive of self-interest; because it is by a continuance of the British rule that educated India seeks to secure that larger measure of self-government, that position among the modern nations of the earth, which it is our aim and endeavour to secure. Gentlemen, if you had a single representative in the Viceroy's Executive Council, if you had one Indian member to take a part in those deliberations in the Executive Council which resulted in the Sedition Law, you could have explained these matters then and there. But it is a penalty which all Governments constituted like

the Executive Councils of India have to pay, that they have to decide questions after hearing one side only, and not other. Only one view is properly represented before them, and not the other ; and the ablest, the most just, and the most conscientious of judges will make mistakes, if they base their decisions on evidence produced by one party, and not the other.

Only one word more before I leave this subject. I regret as much and as sincerely as any man in India the bitterness of tone which sometimes pervades journalism in this country. Five years ago, as officiating Commissioner of Burdwan, I had occasion to write on this subject, and if I allude to my report now, it is because the report was printed and published in the *Calcutta Gazette*, and is therefore not an official secret. I said on that occasion, and on many succeeding occasions, that differences in opinion must always exist between the English newspapers and the Indian newspapers in this country. English newspapers hold that an absolute government is the best and only possible government of India, and that any system of representation or self-government is a mistake. The Indian papers hold on the other hand that there can be no good government in a large and civilised country like India, and no satisfactory solution of those great problems like famine and the impoverishment of the humbler classes, without some co-operation of the people themselves in the control of the administration. It is possible, I said, to hold and maintain these opposite views without studied contempt and sneer on the one side, and bitterness of tone on the other side. And those