



Burma was treated exceptionally. The Chamber of Commerce elected one member, but the government nominated four members to represent the Burmese, two to represent the Indians and Chinese in Burma, and two to represent other sections. To the Assam legislature the Muhammadans, the landholders, the municipalities of the province, and the local boards, elected two members each, the tea-planters elected three. The Punjab had a University and a Chamber of Commerce; each returned one member to the legislature. The C. P. and Berar landholders elected two and one member respectively to their council. And the rest of the elected members in both provinces were returned by municipalities and district boards.

None but British subjects were eligible for election. Officials, females, bankrupts and insolvents, persons judicially found to be of unsound mind, and persons under twentyfive years of age were disqualified. And persons dismissed from government service, legal practitioners deprived of their *sanads*, persons sentenced to imprisonment exceeding six months, or transportation, or ordered to find security for good behaviour, and, finally, persons whose election the Governor General in Council, in view of their reputation and antecedents, declared to be contrary to the public interest, were also to be held disqualified, unless and until in any particular case the Governor General in Council waived the disqualification by a written order. Females, minors, and persons of unsound mind were also disqualified for voting at the elections. The elected members were to serve for three years, but the members nominated to the councils by government might be nominated for any shorter term. In constituting the electorates various methods had to be adopted, according to local conditions, and even so, not a few of the electorates were experimental, some of them were avowedly provisional until better ones could be

devised, and there were also cases, e. g. the Punjab Muhammadans and landholders, and the various sections of the Burmese population, in which no electorates could be formed at all, and selected representatives had to be nominated to the councils. Most of the electorates were indirect. And in the direct electorates of Muhammadans and landholders, the qualifications required for a vote varied greatly from province to province.

Critics of the Act of 1892 have observed that although the principle of election was not adopted in words it was adopted as a fact.⁵ Critics of the Act of 1909 have observed that though the principle of election was adopted in words, the legislatures created were such as could not be accepted as representative in any real sense.⁶ Both criticisms rest upon facts obvious to all. Enlightened Indian opinion felt nevertheless that the Act of 1909 was a great step in advance of the Act of 1892. Political freedom, as the West understood it, was unthinkable without representative legislatures; without bodies composed of elected representatives of the people. In 1853, 1858 and 1861, it was held impossible to constitute such bodies in India. Indian political effort concentrated more and more upon getting this judgment quashed. Citizens, in the Western sense, were primary voters whose representatives in constituted assemblies controlled the executive government in general policy and daily administration: this and this alone was political freedom; this and this alone was true citizenship. Indian political opinion aspired to that citizenship, at first in British India itself, and then in the British Empire as a whole. It failed in the attempt in 1892, but succeeded in 1909. The acceptance of the principle by parliament was, from the Indian point of view, the main battle. At last was made the longed-for start, and the only destination possible was the status of "the King's equal subjects."⁷

⁵ Report I. C. R. § 69.

⁶ Report I. C. R. § 83; *Dyarchy*, pp. 366-8.

⁷ Lord Morley used the phrase in his speech, 23-2-1909; Gokhale quoted it enthusiastically in his budget speech, 25-3-1908.

It is too mechanical a view of political moments to judge them by the new scaffolding. The meaning of an advance is as a rule better indicated in the new functions assigned, the new goal set. No change was made, none was intended,⁸ nor expected,⁹ in the essential subordination of the legislatures to the executive. Lord Morley emphasized this repeatedly. It does not follow, however, that his critics, from Lord Curzon downwards, were incorrect in pointing out, that though he "assured us that he had no ambition to set up any sort of parliamentary system in India, or 'even to share in the beginning of that operation,' it will inevitably be the consequence of his act."¹⁰ Lord Morley certainly desired an association of the representatives of the people with the executive; an increasing association as the representation improved and the representatives acquired experience and outgrew the stage of negative irresponsible criticism; when or how this was to grow into influence and pressure, and that into parliamentary control, he left to the future. Through what events,—enlargements of the electorates, dead-locks in the legislatures, conflicts between the provincial and central governments—this future might have been shaped, or how soon, it is impossible to tell, for in less than five years, the Great War burst upon the world, and altered everything.

The association that was desired was rendered possible by an increase in the criticising and deliberative functions of the legislatures. Members could now follow up their interpellation by a *supplementary question*, though under the same stringent safeguards as formerly. They

8 Reform Despatch (No. 193--27-11-1908), § 22.

9 Gokhle (Budget Speech, 25-3-1909): 'To safeguard the essential elements of British supremacy, to associate the people more largely with the administration of their affairs, and to do this cautiously, impartially, and at the same time, in accordance with ideas and aspirations which Western education has fostered...'

10 Curzon's speech, 2nd reading Debate, 23-2-1909



could move *resolutions*, in so far as allowed by the president, and on subjects of public interest not excluded from the competence of Indian legislatures by the Act of 1861, nor *sub judice* at the moment, nor affecting the relations of the government with a foreign State or a Native State. In the debates that followed, speakers were subjected to a time limit, amendments were allowed, and a resolution if carried, had, according to the letter of the regulations, no more effect than a recommendation. But of the 168 resolutions moved in the central legislature from 1910 to 1917, 24 were accepted by the executive, and 68 were withdrawn by the members either because the debate showed the inadvisability of pressing them, or because the executive undertook a sympathetic reconsideration of the matter. Seventy-three of the resolutions might "be described as fructuous. In not a few instances substantial results were obtained." "The view taken at the time that this concession was perhaps the most important of all the changes, was (thus) justified by experience." ¹¹.

It is impossible to arrange the various parts of a complex scheme in the order of their importance and effectiveness. All the parts were designed to help materially in the desired dilution of irresponsible autocracy with popular influence. Where enumeration or other mechanical tests can be applied, the result can be stated in statistical or other definite forms; but it does not follow that the results were inferior in the case of those other parts of the scheme, the operations of which were not easily amenable to mechanical analysis.

Even under the old constitution of the legislature, the debate on the budget had, in the central council, afforded to the diplomatic and resourceful persuasiveness of Gokhale an excellent means to bring popular opinion to bear upon the financial policy of the government. What he

¹¹ *Report I. C. R.*, § 94. For resolutions in the provincial legislatures, see § 98.



was thus able to achieve from 1902 to 1909 is all the more surprising when we remember that his greatest triumphs were won while Indian policy and finance were under the guidance of two such dominating personalities as Lord Curzon and Lord Kitchener.¹² Under the Act of 1909 the opportunities conceded to the representatives of the people to influence the BUDGET were multiplied. The regulations, as finally modified in 1918, provided for a general debate on the preliminary estimates, called the *financial statement*, followed by a debate on such resolutions as the members might move, and, when all such resolutions were disposed of, by an explanation of the various parts of the statement under convenient heads or groups of heads. At this stage also resolutions were permitted on certain heads of revenue and of expenditure. And, finally, the *budget proper* was presented to the council on or before the 24th March, when again the Financial Member, the official members in charge of particular heads, and the President might enlighten the council on the differences between the final and the preliminary figures, on the reasons for the adoption or rejection of the resolutions, and on other topics. In the provincial councils, the preliminary statement was submitted to a committee of the council composed of official and non-official members in equal numbers. The provincial government then drew up a revised statement in the light of the discussions in this committee, submitted it to the Government of India for provisional approval, and then presented it to the council as a whole; the proceedings thereafter were of the same character as in the central legislature.

One more feature of these new councils has to be noted. A representative is a man whom a constituency

¹² Compare Gokhle's budget speeches with those of the Finance Minister and the Viceroy, year after year, and judge how much of the reductions in taxation, the more accurate estimating, the larger grants to the nation-building heads of expenditure, the more sympathetic tone and attitude, were due to Gokhle's influence.

send on their behalf to an assembly because of their general confidence in him. He knows their particular views, but in the assembly he is perfectly free to decide for himself how he is to vote.¹³ A delegate, on the other hand, is a mere agent and holds himself bound to vote in accordance with the views of his constituency, even though his own opinion of what the interests of the nation as a whole required might be different. How were the official members to speak and to vote in these assemblies, and the non-official members nominated by government? From 1861 to 1892 the non-official members were free to speak and to vote according to their own judgment, for although they owed their nomination to the government, it was understood that they were nominated as the best men who could be found to voice the feelings and opinions of the people in the legislature. The members of the executive council, on the other hand, were the government; although any of them might differ strongly from his colleagues, and although he might have exerted himself to the utmost in the privacy of the executive council to influence and alter their views, when a measure came before the legislature as a government measure, he was bound to act and to vote with his colleagues. This was not however always realised, and, as a matter of fact, "when divisions in the councils were recorded, it was by no means unusual that official members were as much divided among themselves as the non-officials."¹⁴ Hence it was, that the question, how the officials who were not members of the executive government were to act and to vote, did not arise during this period in an acute form.

13 Not local purposes, not local prejudices are to guide, but the general good, resulting from the general reason of the whole. You choose a member, indeed, but when you have chosen him, he is not member of Bristol, but he is Member of Parliament."—Burke.

14 Sir V. Bhashyam Aiyangar: from his Note on the Minto-Morley proposals submitted to Government, 1908.—A. R. Aiyangar: *Indian Constitution*, (1913), p. 161.



The reforms of 1892 brought not only enlarged councils but a new class of member: the nominated non-official who was for all practical purposes an elected member. He began to undertake the *role* of 'His Majesty's Opposition'; his example also acted upon the non-official nominated member, and in the budget debate, the provincial official in the central legislature spoke up for his own province, and in the provincial legislature, often voiced local or departmental views as distinguished from the secretariat or government views. Modern civilised governments even when autocracies in fact are in appearance governments by persuasion, and must, in the long run, command the intellectual ascendancy of better information, larger views and more solid arguments than their critics, and the formal ascendancy over them of a majority of some kind at the back of their decisions. The debates grew in interest, and the voting, when there was any, could not always be left merely to the balance of the argument and the good sense of the members. Government urged that all the officials were bound in honour to support them both in the debates and the voting, but especially the latter. There were protests against this from time to time, but as a rule the sense of discipline and solidarity prevailed. Thus arose the 'official bloc.' This however was not enough. Government by persuasion necessarily needs honest and independent support, high in quality, even if small in quantity. Official support even when absolutely honest and independent is generally discounted as merely official. A change of heart, a policy such as would beget trust and co-operation, a spontaneous leadership of the people putting forth measures, both administrative and legislative, such as would remedy or remove grievances, elevate the status of the people, and secure their material and moral progress in increasing volume, would be the noblest way of winning such honest and independent support. In other words, a benevolent despot, or a philosopher-king such as Plato dreamed of, is theoretically the best means



to bridge over the period of transition from a despotism to a democracy. But autocracies in power are rarely able to adopt such a policy of gradual and progressive self-effacement, or to pursue it steadily for long. And, in any case, in the concrete world as it is, neither are the issues so plain, nor the remedies so easy. Is the goal of a democratic government and society the best goal for us? People differ. Best or middling or worst, is it practicable, can it be attained? There are again differences of opinion, thoroughly honest and passionately held. Granted for the sake of argument that we can all agree as to the goal, honest differences of opinion would again emerge at every step, as to the rate at which we should or could advance in that direction, and as to the concrete measures to be adopted at any time. And faced with such differences of opinion in a legislative assembly, the members of the executive government whose duty it is to obtain a majority for their measures, and who, besides, are not in a position to accept an adverse majority vote as a decision bringing them a release from responsibility, are inevitably driven by the pressure of the situation, to adopt various arts to secure what they need so badly, viz. a majority clinging more or less uniformly to their own side, and containing at least some elements in it (occasionally, if not always) of really honest and independent support. Thus we discover, as the situation develops, the non-official European members, nominated or elected, usually casting their votes with the official *bloc*; the executive government exercising their power of nomination so as to obtain representatives of the people or of some section who are also 'safe' and pliant; and executive officials manipulating elections and constituencies in various ways, more or less indirect. Soon precedents create practices, these again win recognition as rules, and express orders follow, general or occasional, published for all to read or confidential. "In plain words, moderates" and non-party men, both amongst



officials and non-officials, Indians and Europeans, "are forced into the camp of extremists... Wherever this system has been long continued, government by 'influence' has set in, degenerating into government by intrigue and ending in government by corruption."¹⁵ The only remedy is government by executives really responsible to representative legislatures.

To avoid misunderstanding, we have to add in conclusion, that the above is a description of evil *tendencies* necessarily inherent in every system of elected legislatures not armed with control over the executive. The more representative the legislature, the more certain is the degradation of politics, unless and until the executive—through deadlocks, conflicts, dictatorships, and other incidents—drops its autocratic character and becomes responsible, until the political sovereignty is transferred as a matter of fact to the active-minded amongst the people, whatever the changes adopted in the form of the constitution. The course of political development in India could not entirely escape this tendency to degradation. That it was escaped, however, to a great extent, was due to several circumstances. The Indian legislatures from 1892 to 1909, though containing representatives who were really elected, were in numbers mere toy assemblies, nor could they claim a representative character. And when larger and more representative legislatures were introduced by the reforms of 1909, they had, luckily for India, but a short span of life. In less than five years the Great War was upon us, and brought about a radical change of constitution. The system of 1858 was cast aside, India ceased to be a dependency ruled from above, the principle of partnership was accepted for her relations with the other members of the Empire, the principle of responsible government was accepted for her internal constitution, and the only questions which remained for consideration were,



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how far these principles were to be applied immediately, and through what stages they were to be further developed to a full logical consummation.

Mukharji I pp. 245-385: the text, extracts from Minutes, Despatches, Speeches, Resolutions, and the Central Council Regulations as amended upto 7-2-1918.

Ilbert pp. 108-125 and Appendices I, II and V.

Morley *Indian Speeches* (Macmillan. Also Natesan).

" *Recollections* Bk. V.

Curtis *Dyarchy* pp. 366-380.

Report I. C. R. ch 4

CHAPTER VII.

ADMINISTRATION OF JUSTICE

§ 31 *Under the Company.* From law-making organs we pass on to courts whose function it is to apply and administer the laws. We have seen that the East India Company had established Mayor's Courts in 1726 in the presidency towns, and that their powers had been enhanced under revised letters patent in 1753;¹ the president and council formed a court of appeal, and final appeals, in cases involving sums exceeding Rs. 4000, lay to the King in Council. We have also seen that wherever the Company acquired zamindari rights zamindari courts had been set up, and in Bengal, soon after the acquisition

¹ Prior to 1726 a court consisting of a lawyer and two of the Co.'s servants decided suits under the Charter of 1863. The Charter of 1753 provided that the courts were to entertain only such suits between Indians as the parties of their own free will submitted for their decision. This limitation had no practical effect in Bombay Island, a colony of Indians brought together and fostered by the Company. Ilbert p 354; Kalbari ch 5.

of the diwani, civil and criminal courts, with the *sadr adalats* at the top, had been taken over by the Company and reformed (1772). Then followed, in Bengal, the Regulating Act, and the Supreme Court by royal charter (26-3-1774) took the place of the Mayor's Court at Fort William. The conflict between the indigenous courts and the Supreme Court was moderated by a working compromise and by amending legislation. Lord Cornwallis reorganised the whole system of judicial administration in Bengal and established district courts, provincial courts of appeal, and the *sadr* or highest and ultimate courts, for civil cases as well as criminal trials. "Every civil servant from the beginning of the nineteenth century has looked upon 1793 as the commencement of a new era. The Cornwallis Code, whether for revenue, police, criminal and civil justice, or other functions, defined and set bounds to authority, created procedure, by a regular system of appeal guarded against the miscarriage of justice, and has been the basis of every attempt to introduce law and order into each successive acquisition of districts and kingdoms."² And, above all, he introduced the principle of the supremacy of law by laying down the rule that "the official acts of the Collectors might be challenged in the civil courts, that government itself might be sued like any private individual, and that such suits could only be cognizable by judges who had no direct or personal interest in enforcing the claims of Government." This foreign autocracy thus "divested itself of the power of infringing in its executive capacity on the rights and privileges which it had conferred in its legislative capacity."³ Records' courts succeeded Mayor's courts at Madras and Bombay in 1798, and these were replaced in turn by Supreme Courts, at Madras in 1801 and at Bombay in 1824. District, provincial and *sadr* courts, criminal and civil, were created in both presidencies as they acquired territories by wars and treaties.

² Cornwallis pp 94-5.

³ Cornwallis, p. 37.



and on the same system embodying the same ideas and reproducing the same defects and difficulties as in Bengal. And as subsequent governors-general introduced changes in Bengal, they were adopted in these presidencies also. Thus district judges became district and sessions judges with criminal as well as civil powers, collectors and their higher assistants became magistrates,⁴ and the intermediate provincial courts between the district and the sadr courts were abolished. Then followed the charter of 1833. The 1813 system of licenses was abolished, it was anticipated that Englishmen would in consequence resort to India in numbers, and this circumstance, we have seen, had its due influence upon parliament. British subjects were entitled to have the same system of law and justice to live under in India as they were accustomed to in England, and a codification of law, a standardisation of procedure, and a single system of courts were seen to be necessary. Law Commissioners and a Law member of Council were accordingly appointed and the best men available were chosen for the posts. But, as George Campbell (who later rose to be Lieutenant Governor of Bengal) justly remarked, England then had hardly any jurists amongst her lawyers.⁵ Macaulay, he admitted, had great and versatile talents, but he added,—“in these days of division of labour it may be doubted whether any man can become master of many great subjects; and assuredly of all tasks requiring the perfection of human skill, one of the most difficult is that of forming codes of law for a great country, strange to us, in which

4 In Bombay, Madras and the N. W. P., (as also in the Non-Regulation provinces, of course) one and the same officer was from the first and throughout both Collector and Magistrate. In Bengal proper there were various changes of system—*Ramsay Macdonald*, p. 201.

5 *Modern India and its Government* (1852). Chs. 11 and 12 are a valuable survey of the judicial system, its results and its defects, upto 1852; they also include an independent estimate of the work done by the Law Commission and its successors upto that date.



much that is indigenous had become disorganised, and little had been done to analyse the mass of old and new laws and customs." And if Macaulay was no jurist, "the men of Indian experience (added to the Commission), again, were no jurists" ⁶ either. No wonder, the Indian Penal Code and the Codes of Criminal and Civil Procedure, which they set about to compile took many years and even when completed excited a certain amount of quite legitimate opposition and dissatisfaction. ⁷ The code of Civil Procedure became law in 1859, and the code of Criminal Procedure in 1861; both have been repeatedly amended and improved since; the Indian Penal Code became law in 1860.

§ 32 *The Indian High Courts Act, 1861*, abolished the Supreme and Sadr Courts and established High Courts instead, one for each presidency; their original jurisdiction, civil and criminal, was limited by the letters patent, to the presidency towns, but they were otherwise constituted the highest judicial authorities in and for their

⁶ P. 220.

⁷ "The draft (of the penal code) was strenuously criticised by many of the judges in India"—*Gazetteer* IV p 138. For a very different way of stating the facts see Sir James Stephen's well-known rodomontade:—"The long delay had the singular but most beneficial result of" subjecting the work of a Macaulay to "a minutely careful revision" by a Sir Barnes Peacock; "an ideal code ought to be drawn up by a Bacon and settled by a Coke" (*Strachey*, p 103). With the highest respect for Sir James Stephen's erudition, it is impossible not to smile at this. Macaulay was no more a Bacon than was Sir Barnes a Coke.

The substantial excellence of the Indian Penal Code is due above all to this that it was a composite result arrived at by several sets of minds each set working more or less jointly, and each set trying to carry the process onwards from the point at which it reached them, but also bringing to the task fresh points of view. Macaulay was no more in this process though, no less than the most active and the most distinguished member of the first set, Sir Barnes Peacock no more than the most painstaking and expert member of almost the last set. To assign the whole credit of the success to these two only or in the main is bagiatry.



presidency, superintending the work of all the other courts, regulating their practice,² and empowered to direct the transfer of any suit or appeal from any of them to any other of equal or higher jurisdiction. The judges were to be appointed by the Crown, their maximum number was fixed at sixteen, one third of the number including the Chief Justice were to be barristers, and another third were to be members of the covenanted civil service. The Act also empowered a fourth high court to be established, and the Allahabad High Court thus came into existence in 1866. The *Indian High Courts Act, 1911*, increased the maximum number of judges from sixteen to twenty, provided that 'additional' judges could also be appointed, each for a period of two years, and empowered the creation of other high courts as they might be needed. This enabled the Bihar and Orissa High Court to be established in 1916, and the Punjab High Court in 1919. In place of a high court, Lower Burma still has its Chief Court, while Upper Burma, C. P. and Berar, N. W. F. P., and British Baluchistan have Judicial Commissioners. Non-regulated portions of regulated provinces, e. g. Sindh in Bombay and Oudh in U. P., have also at the head of their separate system of law courts, the ultimate court of a Judicial Commissioner.²

These are the highest law courts in British India. Appeals from them to England are appeals to the King in Council, that is, under the Act for the better Administration of Justice in H. M.'s Privy Council (1833), to the Judicial Committee of the Privy Council. That Act made the Judicial Committee the one court of final appeal for all the colonies and dependencies of the empire, and persons of the highest legal talent and judicial experience in Eng-

1. The rules, forms, scales of fees, &c., were, before they went into force, to receive the sanction of the Governor General (or Governor) in Council.

2. Chief Courts and Judicial Commissioners' courts derive their authority from Indian legislation.



land were appointed to constitute it, and were to be assisted by two retired judges, also appointed members of the Privy Council, from the parts to which the clients seeking British justice happened to belong. Sir Syed Amir Ali is the only Indian so far elevated to the Privy Council. The high court judges, additional judges, chief court judges, judicial commissioners, and additional judicial commissioners in British India numbered seventy-three at the end of 1920; and sixteen of these posts, including one chief judge-ship, were held by Hindus, five by Muhammadans, and one by a Burman. This total of twenty-two includes two Hindus belonging to the I. C. S., five Hindu barristers and three Muhammadan barristers; only twelve out of seventy-three posts have as yet fallen to Indians who could not have risen to them as civilians or as barristers-at-law.³ This little analysis of the facts is interesting in view of the repeated admissions of the bureaucracy that "natives have shown themselves eminently qualified for the performance of judicial duties," that "the largest possible share in the administration" should be given to them, and that "in some branches of the service there is almost no limit to the share of public employment which they might properly receive."⁴ Again, "the names of Dwarka Nath Mitter in Bengal, Muttuswami Ayyar in Madras and Rannade in Bombay need only be mentioned to prove that Indians have occupied seats on the benches of the chartered High Courts with distinction."⁵ And yet we find at the end of 1920 that the actual figures reveal the magnificent proportion of twelve out of seventy-three, nine Hindus, two Muhammadans and one a Burman.

Mukharji I pp. 386-430.

Ilbert ch 3 part IX.

³ Compiled from the *Indian Year Book*, 1921.

⁴ Strachey, p. 546.

⁵ Gazetteer IV p. 152.

§ 33 *Lower Courts, civil and criminal.* For the administration of criminal justice there are: (1) Third Class Magistrates' courts with power to inflict a fine upto Rs. fifty and imprisonment for one month; (2) Second Class Magistrates' courts with power to fine upto Rs. two hundred and sentence to prison for six months; (3) First Class Magistrates' courts which can fine upto Rs. one thousand and sentence to prison for two years;¹ and higher than these (4) Sessions Courts, as a rule one for each district, which can inflict any punishment authorised by law, subject, in the case of capital sentences, to confirmation by the High (or Chief or Judicial Commissioner's) court. The amount of the punishment mentioned indicates but roughly the various offences which each of the Courts can try. The offence of trespass, for instance, varies from a simple house trespass to housebreaking and trespass by armed men who might also cause, before they leave the house they enter wrongfully, grievous hurt or worse to one or more of the people they find there. The first offence any third class magistrate can try, the last would have to be committed to the sessions. The powers of the magistrates vary also with the nature of the offence. Defamation, for instance, is not so serious an offence as theft, but while a third class magistrate can try cases of simple theft, no one lower than a first class magistrate has power to try a man on a charge of defamation, since it is far more difficult to decide in such cases whether the offence was really committed and what should be held to be the degree of the guilt. Again, offences against the State stand in a category of their own. The lower magistrates might not have the courage and independence necessary to acquit a man when it is the State that brings up a charge against him; or even if some of them possess these qualities, few of them would be given that credit by the accused or by the general public. A court of session is therefore the lowest court empowered to

1 Their powers are greater in non-regulation areas.



deal with such cases.² These illustrations show that the powers and mutual relations of these courts cannot be settled on a simple logical plan, but various considerations have to be practically balanced, and a system such as will work has to be put in force by the supreme legislature of the land. For British India it is the Criminal Procedure Code that lays down the system, going into a deal of detail for the purpose. It also views a criminal trial from beginning to end and prescribes what the judge and the accused, the prosecutor and the defence pleader, the witness, the assessor and the juror, must and what each must not, as also what each might and might not, do throughout the trial. Every detail prescribed, prohibited or permitted is carefully designed for the protection of innocence and the furtherance of justice.

The magistrate has a double personality. To judge the accused judicially and impartially about the crime he is charged with and on the evidence produced and admitted is only one part of his functions. Besides this judicial capacity he has another, which might be called investigatory. Magistrates and police have to work together in the prevention and removal of public nuisances, the prevention of crime, the detection of the criminal, and the bringing up of the accused before the proper court to stand his trial; and while performing these duties the magistrates have to act as checks upon ignorant police zeal or inveterate police rascality, and to see that the police do not behave illegally or harrass people for nothing. The police must have certain powers for the adequate performance of the necessary functions which a complex modern society finds itself forced to entrust to them. But these powers are there with the police, as poison-drugs are there in the doctor's medicine chest: only the right drug is to be used, only on the right occasion, only in the right manner, only upon the right person, only in the minimum dose, and

² In some of these cases the Criminal Law Amendment Act, 1908 prescribes a bench of three judges.



only for the minimum period of time. The doctor knows the potency of the drug, the rigid limitations fettering his discretion on every side, the risks of the slightest negligence, and he has no temptation to overlook these, indeed, every motive to observe them with all possible care and caution. The policeman's case is entirely different. The policeman's pursuit of crimes and criminals and suspected characters and obscure situations and shady circumstances might itself easily become the worst of crimes against law and peace and order. The watch-dog might destroy the peace of mind of the poor flock long before he actually preys upon them. Hence it is that the law links up the magistrate with the policeman at almost every step in the latter's performance of his duty ; the magistrate is so to speak a heart and a conscience super-imposed upon the policeman, which the latter is bound to report to and to consult and to obey, which of its own accord asserts itself every now and then and compels its eyes and ears, hands and legs—the policeman—to better fuller prompter obedience. This is the essence of the complex relationships which the law of civilised societies sets up between their magistrates and their police officers: relationships described in quite a maze of technicalities and unavoidably involving not a little latitude of discretion in the mutual behaviour of the two parties. Lastly, a man is moulded by the work to which he sets his hand, and by the particular class of people he has to deal with and out-wit. To the policeman the people around him are either criminals or people who could, if they only would, help him in the performance of his duties against criminals. And the magistrate has to restrain this police temper and attitude of mind at every step. The magistrate, in his capacity as an investigatory officer, need not quite adopt the principle which is obligatory upon the judge, that every one is innocent until proved guilty,—he has to handle matters long before they are ripe enough for submission to a judge,—but still from the point of view of society at



large, he would perform his duties all the better, if he goes on the maxim that policemen are bunglers, and so, whenever in doubt, gives his decision against the policemen and in favour of the citizen haled up before him.³

The magistrates in the presidency towns are called presidency magistrates, their grades, powers and mutual relations are different, there also are honorary magistrates and justices of the peace. In some provinces the village headmen and police patels are petty magistrates or *quasi*-magistrates; in cantonments, again, the difference of system is not confined merely to details and names of the posts; in N. W. F. P. and British Baluchistan local institutions, like *jirgas* (councils of elders), are utilised; but the essence of the matter is as it has been described above in broad outline.

The system of civil courts can be dealt with more briefly. (1) For many petty money-claims there are honorary arbitrators and other suitable volunteer agency, throughout a province for urban as well as rural areas. This type of civil court deserves to be carefully but widely extended with increased powers.⁴ (2) For petty money-suits there are Small Cause Courts where experienced judges give quick decisions at small cost and trouble to the parties. The powers of these courts are greater in presidency towns than in mofussil areas. (3) Presidency towns have also insolvent debtors' courts since 1848. (4) The Madras City Civil Court Act, 1892, created a City Civil Court which can deal with suits of a value not exceeding Rs. 2500, with strictly limited powers of amercement of property in execution of decrees. Such courts should be established for all the larger towns. And

3 G. C. Whitworth. *Rajkumar Law Lectures*, lecs. 16-22; a very simple and lucid account for the beginner of the nature and purpose of criminal law, law-courts, and procedure.

4 Some provinces have paid village munsifs for petty suits of this character.



We have the courts of (5) the District Judge, (in some places also an additional or assistant Judge), (6) the First Class Subordinate Judge, and (7) the Second Class Subordinate Judge or *Munsif*, for the mofussil, and (8) the High Court itself, in its original jurisdiction, for civil suits in the presidency towns. Each court has a fixed status and can entertain suits arising in a certain area and not exceeding a certain value. Every suit goes to the lowest court competent to try it but may be taken or transferred to any other court of equal or higher status. This applies to criminal cases also, and the District Magistrate and the District Judge perform the function of distributing the criminal and the civil work among the inferior criminal and civil courts in the district.

Appeals are allowed very liberally both in criminal and in civil cases. First appeals are to the next higher court; second and third appeals go to the High Court or to the full bench of the High Court, and for really important suits the party feeling aggrieved can, under certain circumstances, go up even to the Privy Council. The High Court can also order reviews, revisions or retrials, and call for an explanation of anything unusual or irregular. And special points of law are either referred by a lower to the High Court for decision, or appeals from the decision of a lower court because of some such special point are allowed. This system grew up as a result of various influences. The Supreme Court, the Chief Court, and the High Court, when introduced, were in advance of the requirements of the country, the feeling was that government owed to the people a better administration of justice than had till then been provided, these new institutions were the instruments through which the reformation was to come about, and it was natural to allow people to profit by the new blessing as much as possible. The codes of Civil and Criminal Procedure when first introduced were also a big step in advance. Even in the

regulated provinces, "the evidence was (till then) taken by uneducated *mohurrirs* and read over to the judge, whose judgment was afterwards written by the *sarishtadar*. The judge thus tried after a fashion perhaps five or six cases at once. Such a system was not simple substantial justice unfettered by forms, but, it seems to me, a mere imitation of justice in which the correctness of the judgment must have been very much a matter of chance." But that no-system was what the district magistrates and judges all over the country had been accustomed to, and it was felt that some years at least must elapse and a new younger set of people accustomed to the stricter system of the new procedures must grow up, until the courts could be fully trusted and left as a rule to themselves. Thirdly, when from the time of Lord William Bentinck Indians who had obtained some instruction in law came to be appointed as munsifs and subordinate judges, the people in the beginning looked at them askance, and they wanted a decision from the *Huzur*, either the magistrate or the judge. Lastly, the judge has to decide after all according to the evidence; unless the evidence is full and fairly reliable, no conceivable system can educe a right decision out of it. Now, in the old days which are delineated for us in the writings of the age of Sleeman and Meadows Taylor, the Englishman went into the village community or the bazaar, the craft-guild the temple or the fair, he appeared on the spot only a little while after the dispute arose, and the complainant, the defendant, their witnesses, the elders and repositories of custom, the learned in the law, public opinion and social and religious influences, were all there, every detail came out and was checked, and in that full glare of the Indian sun beating equally upon all, the gods whom Indians acknowledged were also present, the pieties and chivalries Indians responded to were also felt, the complainant was fain to



reduce his complaint and the defendant to admit his responsibility as far as possible, and the Englishman had the happy privilege of being the universally respected medium through whom the good sense of the community as a whole corrected its more violent and erratic members, and maintained peace and executed justice. These idyllic conditions, however, could not last. The heroic dawn of *shikaris* and *budmash*-hunters who were also Daniels was transitory, and gave place to a morning during which the administration of justice was given over to the *mohurriar* and the *sarishtadar*. The educated munsif and subordinate judge were a vast improvement upon these, but, in the meanwhile, that other vital condition of seeming full and fairly reliable evidence, had somehow slipped out of the fingers of our foreign centralisers. Not that they were not aware of this. Campbell noted in 1852 '—

"The longer we possess any province the more common and grave does perjury become, and the more difficult to deal with. The judicial oath, as it is used, does not in the very least affect the evidence. And yet this is not because the religious sanction of an oath is unknown to the people. On the contrary, it was nowhere stronger; and this is another of the changes caused by our system. In a new country, among the Jats of the North, I found that a solemn oath was astonishingly binding. Nothing was more common, in cases of cattle-raid, than for the plaintiff to demand the oath of the headmen of the suspected village. He took them out of court to some sacred place, or made them lay their right hands on the heads of their sons, and there in the face of their people swear a solemn oath. If they did so, the plaintiff was perfectly satisfied. If the cattle had really gone to the village, the headmen would not swear, but made private restitution and produced the plaintiff's written declaration that he had become satisfied of their innocence. But such binding oaths do not exist in our older provinces."6

They existed in full force in the pre-British days, the headmen, their solemn oaths, and their influence with the people. They survived into the British system for some time, but they did not suit the British centralisation of all authority and influence into British hands, and lingering on for a space, long or short, according to the sturdiness



of the people, disappeared throughout British India. One consequence was, in Sir J. Stephen's words, that the "people appeared to regard falsehood in a European court as absolutely no crime or sin at all."⁷ And it is to this that Sir J. Stephen himself principally attributes the liberality shown by the codes in respect of appeals. "The consciousness of this fact (that because of the unreliability of the evidence failures of justice must be 'very frequent') has, no doubt, coloured all legislation on procedure. Each of the codes of procedure proceeds upon the notion that an elaborate and intricate system of appeal is a security for the administration of substantial justice."⁸ "Appeal has apparently been always regarded in India as the one remedy for the defects inherent in an administration of justice specified above."⁹

One of the considerations repeatedly advanced in the official literature on the subject is that the absence of a press and of a strong bar in India left the careless, incompetent or corrupt judge without any check, and it was therefore necessary to give the client an extensive right of appeal. This was perfectly true in the sixties of the nineteenth century. It was also the case that the laws and the procedure then recently enacted were not very familiar to the Indian and Civilian judges of the day. The need to centralise was also at the time paramount. Lastly, a new conception of law, a new ideal of the supremacy of law had to be introduced amongst an alien people. Thus, historically speaking, the new system of the administration of justice had ample justification. There might be reasonable difference of opinion about some of its features, and more of its details, but its fundamental principles and the broad outlines of the organisation by which they were applied to the functions undertaken, could hardly be impugned.

7 Ch. 3.

8 Ch. 3.

9 Ch. 5.

But like the political constitution created for the governance of India at the same time, this judicial system has been maintained almost unchanged throughout the period from 1858 to 1920. Why? Reasons for improvements were accumulating fast decade by decade. The judges, the lawyers and the people had all progressed at a phenomenal rate during the interval; but the system remained as it had been planned when introduced, although many of the grounds on which some of its most questionable features were defended then were admittedly of a purely temporary character.

The blame must rest to some extent at least upon Indian lawyers and barristers and judges as a class. The Indian bar has not yet developed sufficient corporate sentiment to enforce a high standard of professional morality or to restrain and reclaim and reduce the number and the influence of the black sheep among them. If the people have taken full advantage of the right of appeal, if they have failed to get the full benefit out of the facilities for arbitration allowed by law, if they can still be charged with litigiousness and an insufficient regard for truth and fair play, and a readiness to adopt any means to gain their suit or gratify their grudge, the lawyers without whose advice they dare not take a single step in such matters, cannot be acquitted of all blame. Indian lawyers have proved themselves good citizens and excellent patriots and rendered most invaluable services to their country politically and socially. Let them prove themselves equally good citizens and patriots *even as lawyers*.

It might be objected that 'public spirit even as lawyers' is but a phrase, and that 'restraining, reclaiming and reducing the numbers and influence of black sheep' is rather a tall order. So we might give a little space to another concrete suggestion, just one, but equally far-reaching in character. "Of what use" asks Sir F. Lely, "is the extinction of bribery if it is replaced by stamps



and fees to pleaders? I have myself seen the accounts of legal expenditure incurred by a small landholder in fighting through all the courts for his son who was charged with murder. The total amount was Rs. 7,882-8-0,¹⁰ which of course meant hopeless debt."¹¹ The stamps and the charges for certified copies of papers &c., are matters for government, and it is of course scandalous that Government should charge so much in this poor country on all such counts in criminal and civil cases as not only to recover the cost of their extremely topheavy dilatory and wasteful department, but even to make a net income. The plea that high costs check litigiousness is a mere sophism and is twin-sister of the plea that high excise rates check drunkenness. But the 'fees to pleaders'? No one wants criminal lawyers to abate a pie of their gains from forgers, gamblers, and other pests of society; honest men with the instincts of gentlemen should feel a reluctance to try to defend such people and would be perfectly justified in charging fancy rates for such unpleasant though necessary tasks. But amongst the accused there always are—and there always will be until the police department become nationalised—a high percentage of people who are really innocent, and not a few who are, moreover, really deserving of the greatest sympathy and all possible help. Have lawyers as a class ever attempted to distinguish such cases and treat them differentially? How can they expect the public to show real sympathy for them as a class, if the only social rule they habitually follow is to make the maximum profit out of their neighbour's difficulties and misfortunes? Lastly, it is in the hands of the practising rank and file of the profession, much more than in the hands of legislature and judiciary combined, to give the country, in Dalhousie's pithy words, "a system of

10 By no means an unusual amount. Ag ain, in civil suits about houses and lands, the costs often exceed the value of the property in dispute many times over.

11 *Suggestions*, p. 27.

justice which will satisfy common sense." How can they expect the public to feel sympathy for them as a class while in the performance of their daily duties they behave as ministers and guardians of mere forms and ceremonial rather than of substantial justice?

Chailley Bk. II chs 4 and 5.

§ 34 *Separation of Functions.* In the ryotwari provinces the officers of the revenue department are also the 'judicial courts' from whom people have to try to get redress against themselves. For such a union of functions there can be no defence, and it ought to have been discontinued at the earliest possible moment after a division or even a district had become fairly settled. Again, in the Bombay Presidency, if a ryot felt after a new settlement of the revenue that his assessment had been fixed too high, his only remedy was a petition to the Revenue Department, which forwarded it 'for report' to the Survey department, and there was no reply.¹

"for at least a year, often for much more. The official feeling was that too much encouragement would bring down a swarm of, often vain, petitions far too numerous for the existing staff to cope with, and the popular feeling was that the Survey Department would not be ready to admit their own mistake. It was too like appealing to a judge against his own decree...The disinclination to stir up the mud after the work has once been fairly well done was natural, but should not be allowed to weigh against the honour of Government even in small things...Herein is a weak place which must be made good."

The Joint Select Committee of the houses of parliament appointed to consider Mr. Montagu's Government of India Bill, 1919, observe in their Report—

"that the imposition of new burdens should be gradually brought more within the perview of the legislature. And in particular.. they advise that the process of revising the land revenue settlements ought to be brought under closer regulation by statute as soon as possible. At present the statutory basis for charging revenue on the land varies in different provinces; but in some at least the pitch of assessment

¹ Sir F. Lely, *Suggestions* p. 51.



is entirely at the discretion of the executive government...The people who are most affected have no voice in the shaping of the system, and the rules are often obscure and imperfectly understood by those who pay the revenue. The Committee are of opinion that the time has come to embody in the law the main principles by which the land revenue is determined, the methods of valuation, the pitch of assessment, the periods of revision, the graduation of enhancements, and the other chief processes which touch the well-being of the revenue payers"²

The claim of the Government of India has all along been that the right to land revenue was an immemorial right of the State in India, that they succeeded to it by conquest, that the Indian States whom they replaced were autocracies who did not tax people by legislation, and that this was one of those prerogatives of the Indian State which was theirs independently of parliament or of the legislatures set up by parliament. But the Government of India Act, 1920, has cut away these foundations from under them. A new era is beginning. The recommendations of the Joint Committee quoted above will have to be carried out at no distant date. And the popular legislatures who will make the enactments will also consider at the same time, whether the ryot having a grievance against the Revenue and Survey Departments should have Arbitration Courts to go to, manned by the elders of the people, or at least judicial courts manned by officers independent of those departments, or whether the present system was to continue unchanged.

A question that has excited far greater controversy is the union of executive and magisterial functions, which distinguishes the organisation of the district administration. The principal revenue officers of the district are also magistrates. And the subordinate judges who might be magistrates are in their magisterial capacity the subordinates of the civilian head of the district, who is both Collector and District Magistrate. This "strange union of the functions of constable and magistrate, public

prosecutor and criminal judge, revenue collector and appeal court in revenue cases"³ has been repeatedly condemned from the time of Lord Cornwallis. Mr. (afterwards Sir J.) Grant condemned it in 1854, pointing out that the union of functions had become all the more objectionable since the judicial powers of magistrates had been "raised six times higher than they were in the days of Lord Cornwallis." The Court of Directors advised a little later (Despatch No. 41, Judicial, September 1856) that the administration of the land revenue should be separated from the police, and that the management of the police should be taken out of the hands of the magistrate. But the Police Commission of 1860 came to the conclusion that the union, however anomalous and indefensible, was, in the circumstances of India, unavoidable, as a practical and temporary convenience, at least in the exceptional case of the district officer. Act V of 1861 thereupon gave fresh legislative authority for a system which has continued ever since. In the debate on the second reading, Sir Bartle Frere said on behalf of the Government, "it was one thing to lay down a principle, and another to act upon it at once and entirely, when it was opposed to the existing system; to all existing forms of procedure, and to prejudices of long standing... He hoped that at no distant period the principle would be acted upon throughout India as completely as his hon. friend could desire." The hope, remarks the weighty memorial from which the above quotations have been taken, has yet to be fulfilled.

It is impossible to find space for a history, however brief, of the efforts made by Indian public opinion to get this union of functions altered. But gradually the ruling

3 From the Memorial on the subject to the S. S. for India submitted in 1899 by Lord Hobhouse, Sir Richard Garth and others; quoted *in extenso* in Abdur Rahim's *Minute of Dissent, Islington Commission Report*. The memorial was one of the results of the persistent efforts of the Indian National Congress to enlighten and organise opinion in England and India on the subject.



bureaucracy have themselves become divided on the subject. Thus, in the budget debate in the central council in 1908 Sir Harvey Adamson, the member of council in charge of the Home Department, admitted :

"The exercise of control over the subordinate magistrates by whom the great bulk of criminal cases are tried, is the point where the present system is defective. If the control is exercised by the officer who is responsible for the peace of the district, there is the constant danger that the subordinate magistracy may be unconsciously guided by other than purely judicial considerations... It is not enough that the administration of justice should be pure; it can never be the bed-rock of our rule unless it is also above suspicion."⁴

The theoretical case in favour of a separation can hardly be put more strongly.

Another important fact is that the union does not prevail to the same extent all over British India. "In the presidency towns separation is an established fact. In Madras it already exists in the lower grades. In Bengal where there is already complete separation so far as the provincial civil service is concerned,⁵ additional district magistrates have been established in certain areas. Administrative exigencies will doubtless carry the process of separation further, stage by stage."⁶

In the new era that is dawning we may reasonably look forward to a reformed police department, the higher posts in which are manned in increasing numbers by Indians with a high sense of public duty; the number of

4 Quoted in Abdur Rahim's *Minute*. Lord Curzon wished the question "to be taken up and dealt with in my time," but it was one of the questions he could not handle as he had to resign his post soon after he began his second term of office.—*Raleigh* I p. 137.

5 Evidently, Bombay is herein behind both Madras and Bengal, here the union prevails in the subordinate as well as the provincial grades, for revenue officers of both grades are armed with magisterial powers, and as Sir M. Chaubal pointed out in his dissenting *Minute*, their legal training (excepting those few cases amongst them who had a law degree) left much to be desired. *Islington Report*, I. 237-8.

6 *Islington Report*, I. 194-6.



Indians in the Indian Civil Service itself will also increase though not so quickly nor to the same extent. Under these circumstances, the question of a separation will enter upon a new phase altogether. As the analysis in an earlier section will have shown, the crux of the problem is the amount of power which must be given to the police for the prevention and investigation of crime: the problem is how to restrain abuses of that power. If the superior ranks of the police and their superiors,—the half a dozen men at the head of the executive administration of a district—know the people, sympathise with their aspirations, and can inspire trust in the minds of the popular leaders and representatives of the district, the popular demand that the power to check abuses of these powers be handed over to the judiciary, and the departmental demand, that the executive officers be also armed with the judicial functions of trying accused persons, will both weaken in force; and honorary magistrates will at the same time increase in numbers and influence and can also be entrusted with wider and higher functions than at present.

J. Ramsay Macdonald ch. 14.

Chesney ch. 9.

§ 35 *Privileged position of European British subjects.* It has been remarked times without number that under the Hindu Law Brahmans had privileges intolerable in any civilised community and that under the Muhammadan law non-Muhammadans had equally intolerable disabilities. But—let him alone cast stones that is himself really above reproach. Every empire-builder has sinned more or less against liberty and justice and humanity and for a longer or shorter period. The only difference is that while some have done so frankly and openly, others have done so otherwise, and it is purely a matter of opinion and standpoint whether to look upon this additional feature as mere



hypocrisy, and even so, whether to regard it as giving the sin a deeper tinge or rather as the homage that vice renders to virtue. Much more important and infinitely more helpful it is to study in the first place all the circumstances under which the original injustice arises, and in the second place the historical process by which the initial sin is slowly but surely attenuated and refined away. By handling the facts in this large and connected manner constitutional history reveals the higher truth—the higher justice—as it is in process of development, increases the strength, accelerates the pace and improves the quality of that development, and best performs its civilising mission of spreading broad-minded toleration, fraternal understanding, and political patience linked with a reasonable and continuous upward political endeavour towards the ideal.

The Europeans who accepted the Company's service and came to India were placed under the Company's jurisdiction from the very first charter, and the extent of this jurisdiction was increased and defined more fully by later charters as experience indicated the directions in which such additional powers were necessary. The independent European appearing within the geographical limits assigned to the Company was a transgressor of the monopoly legally assigned to it and the Company could confiscate his goods, seize his person and bring him back to England.¹ The next step was, the Company was empowered to set up courts so constituted that there was to be at least one lawyer sitting on them. These were followed by mayor's courts and by the appointment of the president and members of his council as justices of the peace. The Supreme Court at Calcutta succeeded, a King's Court with full jurisdiction criminal and civil over all European British subjects. Finally, the charter of 1793 allowed British inhabitants not in the Company's service to be nominated

1 Act III of 1864 still empowers Indian governments to order any foreigner out of British India and compel obedience.—*Libert* p. 88.



J. P. s in all presidencies, and every such J. P. was to serve in the presidency and in the places subordinate to it named in his commission of appointment (§ 151).

With the charter of 1813 the number of European British subjects settling in India increased; the Company gave them every facility for settling down permanently as planters and in similar capacities. A Eurasian community had also been springing up at a fairly rapid rate. And the charter of 1833 was expected to bring further large additions to the permanent settlers as well as the temporary members of the class. Lord Cornwallis, we have seen, had organised the administration of justice systematically and improved the personnel. Haileybury and Addiscombe had begun to send out civil and military officers of a far better type, and Wellesley and his contemporaries had inspired them with higher ideals. The district judges were in every case² to be officers belonging to the covenanted service and the educated Indians whom Bentinck had begun to appoint under them were doing excellent work and showing a remarkable moral advance upon the older class of Indians in the Company's service. Under these circumstances government took the first step towards reducing the exceptional position of the European British subject, by passing an Act which has come to be known in history as Macaulay's *Black Act*, 1836.

In the presidency towns the European British Subject had no privileges, as all alike were under the jurisdiction of the Supreme Court. In the mofussil, however, they could bring civil suits against Indians, but if Indians brought such suits against them, they could plead that the local court had no jurisdiction over them. This meant that the Indian had no legal remedy unless, however small the amount, he could move in his behalf a court that

² The provincial courts were abolished. 1831.

was far off, and very slow and costly³ besides. It was this state of things that Macaulay's Act XI of 1836 put to an end. The opposition to the measure was confined to the European inhabitants of Calcutta and was of a character⁴ that could be ignored. A petition from them to the house of commons led to a motion for an inquiry into the operation of the Act, which fell through without a division (22-3-1838).

As soon as the penal and criminal procedure codes had been passed a similar reform to bring this privileged class under the same criminal courts as the rest of the population became possible. The amalgamation of the sadr and supreme courts into the High Court deprived the community of the strongest technical ground in favour of the exceptional immunity they had enjoyed. And their brutal behaviour at the time of the indigo-riots (1860-1) had shown how urgently a reform was needed. But during the generation that had gone by, they had increased in numbers and in influence; the old antagonism between the Company's servants and other Europeans had become a thing of the past; the recent experiences of the Mutiny had created a fraternal feeling which had drowned for the moment the pride of the true blue European;⁵ and

³ For the ruinous costliness of the Supreme Courts of Calcutta and Madras see a quotation from Macaulay's minute on the subject of the Black Act,—*Strachey*, p. 117.

⁴ Trevelyan, *Life and Letters of M.* ch 6, pp 287-9.

⁵ Chailley shows the perspicacity of the French intellect in noting that Englishmen "only regard as real English those who are so twice over, by blood and by surroundings. This distinction does not appear in the laws,...but it exists all the same." The children of English parents brought up and educated in India are "treated as English of India and esteemed inferior to the English of England" (pp 534-5). According to the legal definition, a master-piece of jingo classification for which India has to thank Sir J. Stephen, a European British subject is a British subject born, naturalised or domiciled anywhere in the Empire, except Asia and Africa—counter exceptions: Cape Colony and Natal—or any child or grand-child of any such person by legitimate descent. As Chailley has commented, the definition "would include a Zulu!" (p 460). And we might add that it is quite impossible to say offhand whether General Smuts, for instance, would be included



Englishmen—and Englishwomen, too—were in the first flush of a new hope just dawning before their eyes, that here, even in this land of exile, they might build up dear little Englands in many a place where they could lead all by themselves just the same life as in the home-land.

One condition appeared necessary to the realisation of so sweet a dream : the complete exclusion of Indians from these green little areas scattered all over this vast country : that condition, however, was the *sine qua non*. Nor was it they thought really much to ask of the Indian, in return for all they had done and were going to do for him, to allow them such exclusive enjoyment of a few hundred patches like that out of his vast country, some of which, moreover, he, left to himself, would never have cared to occupy.⁶ But their predecessors, before whose eyes a possibility like this had never dawned, had had other dreams and visions in the course of their strenuous lives, which they had given out from the house-tops. Eloquent speakers had given expression to them from their places in parliament, and parliament and Crown had turned them into solemn laws and sacred promises which had been communicated to Indians in the most public manner with every circumstance of impressive pomp and binding ceremonial. Even when parliament passed that schedule which created the covenanted servants into a closed service, they would not debar Indians as Indians from competing at the examinations ; and the spirit of the times was such that a committee of the first members of the India Council actually recommended that the competitive examinations should be held simultaneously both in India and in England, and that “in justice to the Natives three colloquial oriental languages should be added to the three modern European

6 Simla, for instance, which the army officers discovered, and Sir John Lawrence began regularly to make the seat of the government of India for several months every year.



languages" in the examination.⁷ And though that report was not acted upon, it was even forgotten, parliament and ministers were, they perceived, not going to let well alone. Noticing that a decade had gone by and Indians had found it very hard indeed to enter the covenanted service,⁸ the Duke of Argyll provided in the Act of 1870, "additional facilities for the employment of natives of proved merit and ability" in some of the highest posts listed in the schedule, without their having to succeed at the examination in England. The Englishmen in possession in India delayed taking action upon this as long as possible, but they knew it could not be suppressed altogether as had been the report of 1860. Hence what they attempted was to nullify it in effect in an indirect way. It is a very instructive case of executive ingenuity trying to get round legislative liberality. The Criminal Procedure Code was then under consideration for various amendments, there was no King in Israel—Lord Mayo had just been assassinated, and the officiating governor general, whatever his own views, had not the power to set aside a majority of the council—and these peculiar circumstances were seized, and *section 443 of the code* was drafted so as to make it impossible for an Indian even though a member of the covenanted service and a district magistrate, to try any charge in the mofussil against a European British subject. The immunity the European had enjoyed ever since Mir Jaffar's fateful conspiracy, and outside Calcutta even after the Supreme Court had been established, was thus surrendered, and he was made amenable to the criminal law even in the mofussil, but on condition that the officer trying him was himself a European. The introduction of this racial bar

7 Sir J. Willoughby, Sir E. Perry, and Messrs Mangles, Macnaughten and Arbuthnot were the Committee; the report is dated January 20, 1860.

8 Tagore was the first successful Indian, for several years after him no one else succeeded.

created a smaller body of pure Europeans with full powers, inside the body of covenanted civilians, whom the supreme legislature wanted to dilute with the introduction of Indians to their ranks. The motive was the spirit of exclusion and superiority which was growing up fast under the influence of the *memsahib* and of such natural but greedy measureless and impossible dreams as have been sketched above. And the bar was put up in such a manner that these Indians, though brought to their high offices by the supreme legislature and their own merits, would yet feel their racially inferior position perpetually as an unbearable indignity. The manner in which this amendment was passed was as remarkable as its provisions. It was passed by seven votes against five, but the five dissentient votes were the votes of a majority of the executive council, each of whom also spoke in support of his vote. The officiating governor general (Lord Napier of Murchistoun) and Sir B. Ellis said the new section was a stigma on the educated native of India. The Lieutenant Governor of Bengal (Sir George Campbell), the Commander in Chief and Sir Richard Temple said that Indian members of the covenanted service should be accepted as real members of it. But Sir John Strachey and Sir James Stephen had their majority and they triumphed.

In another ten years the number of Indians in the covenanted service increased to nine: six in Bengal, two in Bombay and one in the U. P., the statutory civilians appointed from 1879 raised the total to thirty-three, and under the Act of 1870 it was expected that these numbers would go on increasing until Indians filled one-sixth of the covenanted appointments. Besides, the racial bar had already created difficulties in the way of promoting three of these to appointments which they had from every other point of view fully deserved.⁹ The Bengal Government,

⁹ See *Life of R. C. Dutt*, ch 4.



where the difficulty had first arisen, proposed that the racial bar should be removed and all district magistrates and sessions judges, Indian as well as European, should have the same criminal jurisdiction over European British subjects. All other governments concurred, with the single exception of Coorg, and thus arose the *Ilbert Bill*, which was referred to the Secretary of State in Council, and when approved of by them, introduced into the legislative council by Lord Ripon's government in 1883. The European community all over India at once rose up against it as one man, and started an agitation unprecedented in its violence. Indians had not dreamt that apparently reasonable and self-restrained people should, when excited by mass-feeling, be so carried away by pride of race and contempt for themselves. The provincial governments urged that racial feelings should be somehow pacified at any rate for the moment, the executive council gave way, suggestions for a compromise which had been received from Bombay and in one particular from Madras were acted upon, and when the Bill became law as Act III of 1884, it provided that European British subjects might be tried by district magistrates or sessions judges, whether Indian or European, but they could in every case, however trivial, claim a jury, half of whom at least were to be Europeans or Americans. The bar against Indian covenanted or statutory civilians was thus removed, but only by the creation of a new privilege in favour of the European British subject, a privilege peculiar to India, for no Englishman can claim a jury in England itself in a magistrate's court. Kristo Das Pal, Syed Amir Ali, and Raja Shiva Prasad pointed out in the course of the debates that this would in many cases mean a failure of justice. A jury is a suitable instrument in the administration of justice only when its sympathy for the accused is moderated by a sympathy for the injured party and a patriotic regard for the true interests of the general public. Anglo-Indian juries have not been exemplary



juries in this sense, and there have been one knows not how many hundred cases in which, while the injured Indians have died or suffered grievously, the juries have not been able to see anything beyond simple hurt or mere accident. Lord Ripon, however, while admitting that if failure of justice occurred to any extent under the new Act, "it would undoubtedly be an intolerable evil, did not think such fears well founded," and no successor of his has yet found it possible to reopen the subject.

Proceedings G. G.'s Legislative Council, 1883-4.

K. T. Shah *Governance of India*, ch 7.

CHAPTER VIII

LAND REVENUE.

§ 36 *Village India*. From the law courts with their shrewd unreliable witnesses, contentious lawyers and the judge, mild and slow, under the *punkha*, we pass on to the villager and his fields, his children growing up in squalor almost like cattle, his cattle sharing the same room and the same affection as his children, and the dust and the glare over all. India is primarily agricultural. Of the population of India seventy per cent live directly by agricultural occupations, and at least fifteen per cent. more by occupations nearly allied to agriculture. The same broad feature reappears in another aspect when we find that of the total population eightyfive millions live in four hundred and thirty thousand villages, each sheltering less than five hundred souls, and sixty millions more live in 77000 villages, each sheltering from five hundred to one thousand souls only.¹ In the whole of this vast land

¹ There are said to be 728,605 villages in British India with an average population of 364 each, *Dyarchy*, p. 240.



there are not two thousand places with a population each of five thousands or more. This is all the more surprising when we find how densely the people are crowded together in large parts of the country. Bengal has an average density of 413 to the square mile, with a maximum density of 656; U. P. has an average density of 445, with a maximum of 751. The predominantly agricultural character of the country stands revealed once more from another point of view when we find that the population living by textile and similar industries is not yet ten millions, by commerce, transport and building occupations, not yet eight millions, and by mines, metals, glassware, earthenware, &c. not yet five millions.

§ 37 *Pre-British Land Revenue.* In ancient times the village community inhabiting each of the Indian villages was self-governing. The small percentage of the non-agriculturists included in the village, such as potters, carpenters, barbers, druggists, priests &c., rendered important services to the villagers, and were paid in kind for each service rendered, or by periodical shares in the crops, or by an assignment of fields in the village. The state and its officials were also paid in kind by shares in the crops. We find in the ancient books $\frac{1}{2}$ th, $\frac{1}{3}$ th, $\frac{1}{6}$ th, $\frac{1}{8}$ th, $\frac{1}{12}$ th, and $\frac{1}{16}$ th mentioned as the legitimate share of the State.¹ Irrigated crops and other rich crops were taxed at a higher rate. The cultivable land was also arranged in classes according to quality, and the superior lands bore higher rates. Lastly, the organisation of the primitive Indian State was quasi-feudal, so that some of its officials were paid, by the State relinquishing to them its own share of the produce in one or more of the villages. Thus, what we now call land revenue and jagirs or zamindari have existed in India from times immemorial. Money payments

¹ See *Manu* VII 115-124; 128-133; X 118-20; and similar passages in the other law-givers.

instead of shares of the harvest, and assessments uniformly levied for a whole cycle of years, were also known in pre-Muhammadan times. In fact, the celebrated land revenue settlement of Akbar and Todar Mall was copied with improvements from the earlier settlement of Sher Shah, and his was only a systematic organisation of the indigenous system that had prevailed from pre-Muhammadan times in the Gangetic plain. And, later, when the Mogul empire extended this system to the Khandesh, Berar and Ahmednagar Subas, it was varied and improved to suit those districts in accordance with the earlier system of Malik Ambar, which itself was the lineal descendent of the settlements of the old Yadava, Rashtrakuta, Vijayanagar, and Chola kingdoms.

When the East India Company succeeded by conquest and treaty right to the position of the sovereign, first in Bengal and later in other parts of India, they found that land revenue, customs, and a few monopolies like that of salt, were the only recognised and traditional modes for the state to derive a regular income from the population. The old system had many merits when administered by a strong state like the Mogul Empire. But with the decay and downfall of that empire, as also of the kingdoms that had succeeded it in every part of India, all regular administration vanished, and there was corruption and oppression everywhere. All records, all rights, all customs, all checks, all co-ordination had disappeared. The officials of the state and the money-lenders who advanced to the state the proceeds of whole districts and then tried to recoup themselves from the villagers, squeezed the villagers all they could, while paying as little into the state coffers as possible. The villagers also resisted payment as much as possible. Predatory bands large and small ranged over the country at all seasons, and India which had prospered wonderfully for a century from about 1575 to 1675 had already by 1750 sunk back into the depths of poverty. Extensive provinces were becoming



overgrown with jungle, famines were frequent, wars were incessant, and population and cultivation were shrinking up at an alarming rate. With each province, as the East India Company came into possession, its first duties as ruler were (1) to guard the frontiers, (2) to suppress and prevent internal disorders, and (3) to settle the population on the land as quickly as possible, in order that agriculture, industry, trade, population, and wealth might revive.

§ 38 *The Permanent Settlement.* The East India Company undertook the revenue administration of the Lower Provinces in 1765. They found that the Nawabs had handed over the collection of the revenue from the villages to the highest bidders at annual auctions. The Company kept up this system of farming, in spite of its grave defects, for seven years; but in 1772, when they had acquired some knowledge and insight into the matter, they made a settlement for a period of five years. This, however, turned out a failure, and annual settlements were resumed, until in 1789, they made a settlement for a period of ten years. And this settlement was, by a proclamation of the twenty-second of March 1793,¹ declared perpetual. This is the well-known Permanent Settlement of Bengal, and as, under it, a Zamindar, and not the ryots actually tilling the soil, is responsible to the State for the annual land revenue from his zamindari, it is also known as the Zamindari system. In 1795 the Zamindari system was extended to Benares, and in 1802 to parts of the Madras presidency. Altogether, about one-fifth of the assessed area of British India is under this system.²

Bengal is a land altogether dominated by its great rivers. On account of their floods, the fields in Bengal have

1 This proclamation was reissued a little later as Regulation I. of 1793.

2 Five-sixths of Bengal, Behar, and Orissa; one-eighth of Assam; one-tenth of U. P.; and one-fourth of Madras; together amounting to one-fifth of British India, and including the richest part of it *Dyarchy*, p. 249.



an ever-shifting character; a twenty or thirty years' settlement there is altogether out of the question. On the other hand, for a fresh and equitable settlement every three or five years, a detailed survey would be necessary every time, and the Company's establishments in those days were too small, too ignorant of India, too corrupt, to attempt such a vast and technical undertaking with the remotest chance of success. The famine of 1770 had been an awful calamity, large areas were still jungle, and both agriculture and commerce appeared to the best observers to be in a state of rapid decay. To the Company in those days a regular and certain income, practically without any trouble to collect it, was of incalculable value. To create such an income it was absolutely necessary to bestow on the zamindars valuable property rights in the land. It was also thought advisable to strike the imagination of the people of India from one end of the continent to the other, by conferring on the subjects of the Company in Bengal such rights as no ruler of India had ever granted in the past. Nor is this merely a surmise. The Court of Directors were fully aware that under the Mogul government the zamindars had "a certain species of hereditary occupancy, but the sovereign nowhere appears to have bound himself by any law or compact not to deprive them of it, and the rents to be paid by them remained always to be fixed by his arbitrary will and pleasure, which were constantly exercised upon this object... Though such be our ultimate view of this question, our originating a system of fixed equitable taxation will sufficiently show that our intention has not been to act upon the high claims of Asiatic despotism. We are on the contrary for establishing real, permanent, valuable landed rights in our provinces; for conferring that right upon the Zamindars; but it is just that the nature of this concession should be known, and that our subjects should see they receive from the enlightened principles of a British Government what they never enjoyed under the happiest of their own." And



again, "in giving our opinion on the amount of the settlement we have been not a little influenced by the conviction that true policy requires us to hold this remote dependent dominion under as moderate a taxation as will consist with the ends of our government." *

It has been frequently asserted that the decision was to a large extent influenced by the fact that English landlords like Cornwallis and Pitt were naturally predisposed in favour of landlordism. But those who examine the voluminous reports, minutes and other papers of the time incline to the view of Sir John Kaye that "it was emphatically the work of the Company's civil servants—members of the middle classes who had come out to India in their boyhood—and they had been incubating it for a quarter of a century." * Amongst their motives the political one of conciliating the middle and higher classes of the population, who had helped materially in the establishment of the Company as the ruling power, and "had not foreseen that the conquerors would exclude them from offices of state and command of troops," finds repeated mention. And it was fully intended that the subordinate rights of the tenants under the Zamindars were also to be safeguarded. The historical outcome of these various influences was the permanent zamindari settlement of Bengal. Under the system the land is the property of the Zamindar. He could sell, mortgage, and bequeath it at will. The only defect in his full ownership was that the state had a charge upon it of a certain fixed annual revenue, to be paid on a fixed date; this the state solemnly pledged itself never to

3 From paras 20 and 21 of their despatch of 19-9-1792. See also para 47, where they further observe that "this degrading struggle for taxes and rents" which had perpetually occupied the government, had denied it the "leisure to turn its cares to other functions of the ruling power, to the internal regulation of the community, the establishment of wholesome laws, and the due administration of them." Mr. L. C. Ray has reprinted the Despatch in his *Permanent Settlement of Bengal* (1915), pp. 41-70.

4 Kaye *Administration* pp 163-199.

increase at all; but if the Zamindar failed to pay it punctually, the state was empowered, to sell off the estate by auction. The Zamindar was to realize rents from his cultivators; he had to grant them written agreements, and was to respect their customary rights and privileges, nor was he to exact extortionate rents from them or oppress them.

As noted above, Benares and some of the northern districts of the Madras presidency were also placed under the Permanent Settlement. The total rents the zamindars were expected to realise from their cultivators, at the time the system was introduced, were set down at about Rs. five and a half crores; and the settlement was, that out of this they were to pay to the state as land revenue ten eleventh, or Rs. five crores, keeping only half a crore to themselves. But population was expected to increase and cultivation to extend, and the zamindars were to find their gain in stimulating this process energetically, for all the extra rents they thus obtained were to remain in their own pockets. This expectation has been justified by the event. During the ten to thirteen decades that have gone by, cultivation has extended, population has increased, and Bengal especially has prospered to such an extent, that the zamindars now receive from their tenants, let us say, Rs. twenty crores.⁵ And the State is debarred by its solemn pledges

5 The figures given above do not claim to be exact. Statistically and chronologically exact figures do not often give the pith of the matter as simply and clearly, as figures used with a certain freedom, but chosen, nevertheless, with great care. Such rounded figures have the further advantage of enabling a summary statement to be made that would be substantially correct for relatively long periods; for the actual figures are of course different from year to year.

The annexed table gives the actual figures for one district, the district of Faridpur, at the northern angle of the Bay of Bengal, area 2464 sq. m., population (1901) over two millions, cultivated area 1.6 million acres.

In 000 Rs.

Year	Total Rental	Government Land Revenue	Zamindars' Income
1793	660	600	60
1906-10	3,000	600	2,400



from taking from them a pie more than the originally fixed five crores. Thus the Zamindars now derive an annual income of Rs. fifteen crores, a sum that is thirty times the income that was originally left to them. In Hindu and Muhammadan Law brothers are equal sharers in the property of their father, and so the permanent settlement has created in the parts of India where it prevails, a strong and well-to-do middle class.

§ 39 *Tenant Right.* From the first there were layers of intermediaries between the zamindar at the top and the mass of cultivators actually tilling the fields of the estate at the bottom. As it came to be realised that the peace and security established by British rule were of a more durable and thorough-going character than ever before within historical memory, the number and variety of these intermediary tenure-holders under rights acquired from those immediately above them went on increasing. In fact, the extension of cultivation and the settlement of the increasing population on waste areas within the zamindari went on through the legal and contractual medium of the creation of a jungle of intermediaries. At each stage, the layer of intermediaries immediately above the actual cultivators supplied the active and energetic managers—all intermediaries above them were mostly absentees who merely drew their quota from the produce of the land—and these forceful newcomers to whom was due the increasing production, took out of the cultivators all they could extract from them, in order to have for themselves as large an income as possible, in excess of what they had contracted to pay to the layer of intermediaries immediately above. Secondly, in the old unquiet days of armed bands roaming unchecked and living on the fat of the land and destroying far more than they actually consumed, zamindar and *kunbis* (कुनबी) were tied together for the defence of all they held dear, life and children, cattle and property, homestead and honour: bonds of loyal attachment and *camaraderie* were forged, strong enough to link the generations toge-



ther. The piping times of peace followed, these higher bonds rusted and crumbled, and the cash nexus remained the only bond between Zamindar and intermediary, intermediary and cultivator. Population increased, all available areas being filled up the pressure of the teeming people on the land began, and rack-renting was the inevitable outcome. This cycle prevails always and everywhere: it has the uniformity of a law of nature: the first stage is the establishment of a strong stable government enforcing a fair system of agricultural economy; the second stage is increasing prosperity; the third stage is widespread irremediable poverty—men multiply and *Lakshmi* (लक्ष्मी the goddess of prosperity) departs. A predominantly agricultural land, which cannot annex fresh areas, which does not develop commerce industry and more scientific agriculture, and where the people go on multiplying, cannot escape this cycle. It is a simple enough proposition, stated in this abstract fashion; it sounds almost a truism; and yet we have to turn it over and over and grasp it firmly from many stand-points, for it is one of the masterkeys to the economic history of India.

The only real remedies are (1) imperialism and colonisation, (2) commerce and industry, (3) increasing knowledge of and command over the forces of nature resulting in progressive improvements in the arts, including agriculture, and (4) moral and customary checks on the fecundity of the race. All else are not real radical remedies, but, if we take large views looking at several generations together at one glance, mere palliatives; though even as palliatives they have incalculable value;—they check social discontent and disharmony; they protect the weak against the strong; and the patient—the poor suffering society—gets a little more time during which to develop, if it can, one or more of the real radical remedies.

One of the most indispensable of these palliatives is the protection of the agriculturist from the growing exac-



tions of the higher layers of the community. These higher layers—these intermediaries, the legal system has placed in the position of monopolists of a commodity, the land, of which there is only a limited supply. Hence the state which created and supports the system is bound in equity to frame further legislation with the object of safeguarding the right of the agriculturist to a living wage; and the moral right of the state to do this and so to limit the monopoly of the intermediaries, is clear as daylight, where the state has itself solemnly limited its own exactions from the topmost layer of zamindars by a permanent settlement. The title to preach and enforce abstinence in the public interest inheres in those only who themselves set the example.

These are the fundamentals of the question. The details of the original and amending Acts¹ are infinite and naturally produced immense varieties of opinion and voluminous controversies. These are for the specialist. Here we can only note the main results in broad outline. The cultivators are grouped into classes, tenants at will, tenants at fixed rates of rent, and occupancy tenants. Any one who can prove that he has been tilling land in the village for twelve years without a break acquires the status of an occupancy tenant and cannot be evicted as long as he pays the rent. Obviously it is a class that goes on increasing and already over eighty *per cent.* of the cultivators are occupancy tenants. No enhancement of rent is allowed at shorter intervals than five years, and even then only by consent or by decree of court on good cause shown. Any tenant can apply and get all the incidents of his tenancy judicially determined. A complete record of rights is aimed at, and once prepared it is kept up-to-date, the entries in it are taken as correct unless any of them is judicially proved to be erroneous, and the landlord is helped to recover arrears by summary procedure.

1 Bengal Tenancy Act, X of 1859, VIII of 1825, III of 1898, I of 1907, are the principal.



Cannot these civil courts imposing justice from above be replaced by arbitration *samitis* (समिते) composed of the elected elders of the community, the judge who at present constitutes the court merely taking the position of of the paid and responsible adviser, convener and recorder of the *punchayat*? If necessary he might be given the power to recommend that either party be allowed to appeal to a court composed of qualified servants of the State, one such court might be established for each division, and this appellate court might also have full powers of inspection and revision of judgments even without a formal appeal. It is only by institutions of this character that a real democracy can be gradually built up out of our rural communities.

Baden-Powell pp. 33-52, 131, 133-45, 154-68.

Ray Land Revenue Admn. pp. 1-57.

J. Sarkar pp. 119, 123-130, 221-237.

§ 40 *Temporary Settlements.* The Bengal settlement took the land in big areas and fixed three features with regard to each: its outer boundaries, its zamindar, the amount of land revenue he was to pay for it. But even while this settlement was being worked out and declared permanent, a school of revenue officers had arisen, with Shore at their head, who were convinced that both the rights of the State and the duties it owed to the people required a more detailed mastery of the subject in its various complexities. The land they saw must be thoroughly surveyed and mapped out, and the various soils classified, field by field. In the second place, there must be a record of the shifting pyramid of rights from that of the landlord at the apex to those of the actual tillers of the soil at the bottom. And in the third place, these masses of ascertained facts should be further viewed from time to time in the light of the history of the locality, the rise and fall of prices, the variations in the rainfall and the seasons, the



Increase in population communications and commerce, the slowly changing water-level, the increase or decrease in the number of wells and other means of irrigation, and other factors too numerous to detail. They wanted to leave the cultivator a fair remuneration for his labour, and they also admitted that both cultivator and landlord were entitled to a fair rate of profit for the improvements they made, but the State, they held, was justly entitled to a share of the surplus wealth produced, whatever it was. As the century advanced they began to plan large schemes of bridges and roads, irrigation works, and, later, railways; and it was plain that these projects would require large resources, but that they would benefit the people to such an extent, that the State was perfectly justified in asking the people to hand over to it a part of these extra gains as they materialised, since they were the result of the improvements the State itself was bringing into existence at such an enormous outlay. On the other hand, to revise the land revenue demand every year or even every few years was out of the question; the gain would be small, the trouble and the cost would be enormous, and the feeling of insecurity created and the discontent would outweigh the increase in the revenue, whatever it was. Thus arose the conviction that a permanent settlement was a temptation to be resisted at all costs; that short term settlements were also to be avoided as impolitic except in areas which were highly unsettled and contained much untilled waste; that settlements unalterable for about a generation, but subject to a thorough revision then, were the ideal compromise. This, at any rate, is the notion underlying the land revenue systems of the remaining four-fifths of British India. They exhibit local peculiarities some of the most important of which we shall go into presently, but their temporary character is the feature common to them all, and we have tried to sketch the point of view from which it appeared to its authors to be the only reasonable course to adopt.



But the problem which they thus tried to grapple with was far more complex than the one they had attempted in Bengal. To estimate the value of the net agricultural income of an area that is a geographical and economic unit is not an easy task; to strike an average for several years is only a mathematical inference the value or substantial accuracy of which was bound to be far less than that of the original premises, viz. the estimates year by year; to distribute it amongst the various grades of soil would be another mathematical inference still less accurate; and finally to apportion it estate by estate, village by village, and field by field, was to prolong the chain of abstract deductive reasoning several steps further. No wonder the first efforts were utter failures almost everywhere. No wonder, the effort to establish a fair settlement on general principles had to be given up everywhere. No wonder, that settlement officers and government had to fall back everywhere on crude empirical methods easy to apply and intelligible to the people. The claim that it was a really fair and equitable settlement can be granted only in a limited sense. The Government had strength enough to enforce it, the people were mild and pliant enough to accept it as part of their fate. Each villager knew how much he would have to pay year by year for a certain period by instalments falling due on fixed dates; and there was far less corruption and oppression of the people by the underlings than ever before. These items should be entered on the credit side of the system. On the debit side has to be entered the underlying assumption that a healthy social structure only needed cultivators, improving landlords and moneylenders, traders and labourers, and such other secondary classes, shepherds, shoemakers, shopkeepers, &c., as could live upon these primary classes by serving them. It was a truncated conception of society altogether; and it is all the more remarkable that this should not have been perceived, since there is no doubt whatever that our rulers wanted not only a peaceful and industrious commu-



nity but one that was also prosperous and progressive. The demand for permanent settlements which rose up once more as the century advanced, which was pressed by some of the ablest and most experienced officers of the government, and led to a controversy that continued down to the eighties, had really behind it the feeling that a society mainly agricultural could not possibly be healthy, prosperous and progressive, unless there was left room in it for an agricultural middle class, whose resources intelligence and leadership could alone create and sustain progressive agriculture. But by that time the Government had realised that they too were in the grip of an inexorable fate; that India was a very poor country, that it was subject to colossal recurring calamities, that the number of taxes they could impose were very very few, nor were they really free to increase any of them beyond a certain low limit; and under these circumstances they were naturally unwilling to forego whatever extra income the land revenue brought to the treasury by its own "natural and normal expansion."

§ 41 *Village Settlements.* These temporary settlements fall into two broadly distinguishable classes: village or village community settlements and ryotwari settlements. The first prevail all over Hindustan, the Punjab and the C. P.; the second are the distinguishing feature of the Madras and Bombay system.

Village community settlements were first developed in the Agra province. In that cock-pit of India, communal feeling is still strong and so are hereditary and local loyalties, although a century and more of British rule has gone far to weaken them. The village lands were, the English found, looked upon as a whole and owned and managed by the villagers or some one section of them as a community. This community was the joint landlord, even when there were, as in some parts, hereditary over-lords who without being so powerful as jurisdictional Chiefs, had

still the right to obtain substantial shares of the produce. When this share of the over-lord was larger, he was styled landlord; when smaller, taluqdar. So the lands in the Agra province were to be settled with landlord and village community or taluqdar and village community, or with the village community by itself. And as already hinted in many villages more than one community were staying together, one of these as the proprietor community, the other or others as tenant communities under the first. The landlord and taluqdar families had also families of dependents settled as tenants on their family estates. Benares district had the same social structure; but Jonathan Duncan, although he was supposed to know Indian ideas and customs so well his English comrades dubbed him a Brahman,—could make nothing of it, a community as a joint landlord was an idea altogether too recondite for our foreign rulers of those days; and the Bengal zamindari system was imposed upon the district and this the people had to submit to. However, though Duncan was puzzled, he noted some of the main facts, the Anglo-Saxon intellect is honest and persistent, even if slow, and by 1833 a start on right lines was made. We shall not trace the history of the system as it grew up but proceed at once to a very brief account of what it became when fully developed. The peculiarity of the U.P. land system is the large number of tenants who are not mere tenants at will but have customary hereditary rights partly personal, but mainly according to the community to which a tenant belongs and the custom of the locality. In making a land revenue settlement the first thing is to make out a rent roll showing against the name of each tenant the land he holds and the rent he pays for it partly to such an individual where there was one, and partly to a village community. But, as can be inferred from what has been so far stated, few of the rents were fair rents at the time of the original settlement. The tenantry were either treated as friends and almost as equals by the landlords,



in which case the actual rents were light, or they were treated as an undesirable legacy of the past, in which case the rents were heavy. This depended only partly upon the qualities and status of the tenantry themselves; the relative strength and position in the locality of the proprietor community had also something to do with it. Hence, it was not enough to make the rent roll. Some method of estimating the net produce was also necessary. That ascertained, part of it could be left with the cultivator himself, and the balance could be distributed between the two or three superior sharers, the state and the village community, and, where he existed, the landlord or taluqdar also, on a uniform system. Can the net produce, however, be estimated at all? Can this be done for an area so large as a *taluka*? And can we moreover strike an average that would answer for such a period as thirty or twenty years at a stretch, and convert it into a cash amount? As we have seen in a former section the whole process is too deductive. The vagaries of nature, the personal qualities of the cultivator, both as an individual and as a member of a particular caste inheriting certain traits, and also accidents pure and simple, play too large a part in influencing the result, field by field and village by village, to enable us to obtain anything beyond a very rough guess. And it is this conclusion, arrived at by a process defective at many points, which must be imposed upon cultivator and landlord by the superior will of the State or the community as a whole. We may still call the land revenue settlement of one area fair and of another not so fair. There may be a certain rough and relative justification for such judgments. But that is all. Nor can we ever attain a fair land revenue system for the whole of India. Again, historically, the parts in which agricultural wealth grows might contribute higher percentages and yet come really to be taxed lighter; the parts which remain stationary, might continue to contribute the same percentage of the



produce and yet might feel it a heavier burden than before; the parts which are deteriorating, might be taxed at a lower percentage, and yet find it impossible to pay even that. Such being the complexities of the case, no real friend of the State can ever claim for it that it has never erred,—and error herein spells oppression, for it is the view of the State about a locality's capacity to bear a certain enhancement which, right or wrong, is necessarily imposed upon the people,—or that it has invariably behaved sympathetically in the matter. Every student of the subject and every citizen must grasp these essential complexities, for, of course, no one can foresee the time when a State in India—manned whether by foreigners or by the children of the soil—will be able to do without taxing agricultural incomes.

To arrive at the gross produce, we have to rely mainly upon classification of soils. Five specific classes have been determined: (1) alluvial or permanently improved, (2) black cotton soil, (3) red ferruginous, (4) calcareous, and (5) arenaceous, or nearly all sand. Sorts are recognised in each species and as a rule every field is assigned to one or other class in a series of fourteen from class I to class XIV. The relative productivities of the classes in any taluka are ascertained by actual experiments and by taking the general experience of the cultivators. It would be sufficient to take, as an illustration, only three varieties of soil. Take four villages of equal size, say, 1000 acres; let village A have the three varieties of soil in equal proportions; let village B, C, and D have half its soil of the first, the second, and the third variety respectively, and let the other two varieties of soil make up the rest of each village in equal proportions. Assume finally that the productive capacities of the three varieties of soil are in the locality in the ratio of 36 : 24 : 12. We thus arrive at figures which



we might call the total units of productivity of each village, as in the following table :—

Village	Soil Class I— Coefficient 36	Soil Class II— Coefficient 24	Soil Class III— Coefficient 12	Units of Productivity
A	$\frac{1}{3}$	$\frac{1}{3}$	$\frac{1}{3}$	$12+8+4=24$
B	$\frac{1}{2}$	$\frac{1}{4}$	$\frac{1}{4}$	$18+6+3=27$
C	$\frac{1}{4}$	$\frac{1}{2}$	$\frac{1}{4}$	$9+12+3=24$
D	$\frac{1}{4}$	$\frac{1}{4}$	$\frac{1}{2}$	$9+6+6=21$

If we can further assume that for any period each unit of productivity would mean Rs. 500, our figures show that the gross income of village A or C from its fields is Rs. 12000; village B, Rs. 13,500; and village D, Rs. 10,500. This calculation would have to be modified in various ways before the final figures can be arrived at; we can here mention only two of the grounds—(1) the particular crop usually sown on a particular kind of soil in a locality, and (2) the facilities for a water supply independent of rainfall, such as a well, or a tank or a canal.

Net produce is the gross produce reduced by the proper expenses the cultivator must incur in order to obtain it. This, again, is a statement easy to make in the abstract but far from easy to apply in practice. And a fair rent, a fair over-lord share, and a fair State tax or land revenue have all to come out of the net produce, and whatever remains, remains with the cultivator, for him to spend on his social and religious needs, according to his station in life, or to invest or hoard in order that he might have some staying power against the rain-less day, or so to utilise as to increase his real efficiency as a productive member of society.

How he behaves with regard to this surplus when he has any, and when he anticipates any in the near future, is also a very important factor. For, in the long run, it will react upon the net produce and all its sharers. That education which can really teach him to behave properly towards it, to work for it with a will, to make prudent anticipations about it, and to utilise it properly when he gets it, is the type of education that he needs most, and that it is one of the most urgent needs of Indian society to provide for him, if possible. When he has this surplus, however small. Must every cultivator always have a surplus? Must no land revenue be taken in cases in which there is no surplus? Is there any reason why the land revenue should be foregone unless the rent, too, is foregone? When the rent and the land revenue were shares of the grain heap, the reduction of both upto zero happened automatically. But in our modern and more complex society with a money economy pervading all relations of life, we must all, even the cultivators, look before and after, and the fat surplus of the bounteous year must be held over for the lean year. In the case of the poorest lands in the hands of the worst cultivators, there might not be any surplus except in the very best years; a better state of things could emerge here only as the lands and the cultivators are improved; which implies a sinking of capital in them, in indefinite amounts and for indefinite periods, and with only a sporting chance of any success;—capital brought over, of course, from some outside source. This might not be always possible. Nor, in the meanwhile, could the land be allowed to fall out of cultivation, or the cultivators, such as they are, relieved of this occupation, in which they are doing something, at least, towards leading a useful life. Such fringes to the economic web there always are even in the richest countries, and if there are parts of India, which, so to speak, are all fringe, and very tattered at that, is it the fault of the government? Is it not rather a part of our



face? And a part, too, that will demand not a little pluck to face.

In the U. P., however, the net produce figures were of primary importance only for the first settlements. They enabled the rent roll actuals to be checked, fair rents to be estimated, and the shares of landlord, taluqdar, and State to be worked out on the basis of the last. But tenants and owners were in the meanwhile allowed to alter rents; if they could not agree amongst themselves, rent courts independent of the settlement and revenue departments were set up to which they could go, and there, influence and money and pertinacity had their innings. But the courts improved, the rents mounted up or down approaching real competitive levels, and even from the first revision settlements, the rent rolls became the real basis of the land revenue settlement and the net produce calculations became only a subordinate check. Finally, the rule first adopted at the Saharanpur settlement in 1855, that the land revenue should not exceed fifty per cent of the rent, worked in the direction of lowering land revenue percentages, as the rents the settlement officers considered came more and more to be the actual rents, and not some other figure largely inferential, which they denominated 'fair' rents.

The Punjab settlement differed from that of the U. P. because there were hardly any landlords or taluqdars and comparatively few tenants in that province. But there are in that province many cultivators, who, though technically proprietors, till lands of which they have only a part share, and in those cases produce shares or money equivalents are paid to each proprietor to the extent of his share, the cultivating proprietor obtaining more than his share because of his labour and capital. Thus here, too, there are rents as a matter of fact although not known by that name. In the fully developed parts the term of the settlement is thirty years, as in the U. P., but it is twenty



elsewhere. And in what are known as precarious tracts, forming about one eighth of the total cultivated area, where the rain cannot be depended upon, there is little water from other sources, and the soil is inferior, land revenue at a low rate is charged only on the area actually cropped in any year. Land alienation is also regulated by stringent laws (Punjab Act XIII of 1900, amended in 1907). A non-agriculturist who might have become owner of cultivable land can sell it freely; so can an agriculturist to another in the same village; but other alienations require the permission of the Deputy Commissioner—just as in a Native State the permission of the Chief is generally required. And since mortgages with possession might lead to transfer of ownership, they are also carefully scrutinised and restricted. Twenty years' possession by the mortgagee is, moreover, taken to terminate all claim, however high the amount borrowed.

The C. P. settlements are also for a period of twenty years, the over-lords there are known as *malguzars*, and the settlement fixes not only the land revenue but all the rents as well (C. P. Act XI of 1898). Tenants are protected in all these provinces by acts inspired by the same spirit as the tenancy acts for Bengal which have been already mentioned, but the details are different from province to province. In the C. P., for instance, there is a specially privileged class of 'absolute occupancy tenant,' whose rents cannot be raised at all except by the settlement officer at a revision settlement, and who cannot be ejected '(practically) for any cause whatever.'

Baden-Powell pp. 171-198.

Ray pp. 110-135.

Indian Land Revenue Policy, being the Government of India Resolution of 16-1-1902.

§ 42 *Ryotwari Settlements*. The Madras and Bombay system is called ryotwari as opposed to the zamindari, or single landlord, and *mahalwari*, or joint landlord, sys-



tems described above. But the ryot or the cultivator in the system, though recognised as a hereditary occupant with a full title subject only to the payment of the government demand, is really treated under it as (in the logician's phrase) an 'inseparable accident' of the field or 'survey number' or the fraction of it that he tills. The land revenue demand attaches to the survey number, and whoever occupies it or any part of it does so on condition of regularly paying its dues to the government. After various false starts, a proper beginning of this system was made in Madras from 1817-20 and in Bombay from 1835. In Madras the calculation of the net produce is claimed to be the basis on which the settlement rests. The Bombay government have been perfectly frank about it from the first; they have admitted that though net produce calculations are made and are used as a guide, still many other calculations also enter into the result, and the controlling factors are—first, an estimate of the total demand a taluka could bear, based upon general considerations, and second, a distribution of it as equitable as possible amongst the villages of the taluka, and amongst the fields of each village, in the determination of which the classification of soils, the usual crop in particular localities on particular soils, and the water facilities are the ruling considerations. Under the Bombay system the classification of soils is rather elaborate. Irrigated land, rice land, garden land, and dry land with two crops or with one are the main distinctions. And the dry land is further distinguished into black, red, or light soil, of these three seven, seven, and five sorts respectively are noted, based principally upon the depth of the soil, each 'one anna lower for valuation purposes than the one above it'; and, further, seven accidental defects are recognised, the presence of which in any field would lower its place in the scale by one point or even by two. Lastly, the whole system being empirical, limits to enhancements have from the second revisions come to be fixed by a simple rule, that



at a revision the demand from the taluka as a whole should not be raised by more than a third of the expiring settlement, that from a village by more than two thirds, and that from a single holding was not to be more than doubled, except under very exceptional circumstances. Nor were the increases to be realised in full from the first year of the new settlement. Only four annas in the rupee (i. e. one quarter of the increase) was demanded for the first two or three years and the balance was similarly added on in three further instalments (of four annas each) at similar intervals. The Madras system differs in this; there, one fourth of the increase is added on the first year, and under certain circumstances, one eleventh of the balance is added on regularly from the second year to the twelfth, while the general rule is to add one-eighth every year from the second to the seventh. In both provinces there is of course a thorough survey, and detailed maps and registers for every village based upon it. The record of rights was at first not so full in either province as in North India, the government taking the shortsighted view that for each holding they only needed the name of the individual responsible to it for its revenue. But full records noting every interest in the land have begun to be compiled in recent years. Few agricultural communities can escape indebtedness, which grows at first imperceptibly, but accumulates decade by decade until it attains alarming proportions, and brings serious evils in its train. The legal system established in British India allowed the cultivator the fullest power to borrow against his property in his holding, and he went on borrowing, until the money-lender refused to lend any more and filed a civil suit for recovery of the loans with interest. The courts in many cases allowed the claims, with the result that the cultivator's holding was sold out, and land began to pass from the hands of its hereditary owners into those of money-lenders. This was a serious evil, for where the money-lending classes are not agriculturists and the dispo-



assessed agriculturists have no other means of livelihood, these latter have to stick on to their holdings and would consent to any fancy rents and other irregular exactions besides in order to do so, thus becoming reduced to mere tenants at will at less than starvation wages. "The number of suits for debt in the courts of the Poona district doubled between 1867 and 1873, and the applications for execution of decrees increased from twelve thousand in 1868 to twenty-eight thousand in 1873." Matters came to a head in 1875; the agriculturists in four Deccan districts attacked the moneylenders, burnt all their account books and bonds, and were guilty of some other acts of violence. The Deccan Agriculturists' Relief Act, 1879, was passed as a remedy. Under the Act the civil court in hearing a suit between agriculturist and moneylender, takes the side of the agriculturist, disallows usurious interest, insists upon the fullest accounts interpreting every omission in favour of the agriculturist, and scrutinises every detail in order to go behind the contract to the equities of the case. Village registrars are provided in order that contracts might be made in their presence, and conciliators are appointed to effect equitable settlements of disputes out of court. Finally, when the court allows a claim, it fixes at the same time instalments convenient to the debtor to enable him to gradually free himself from his burden, without losing his land. The Act has been found fairly successful as a palliative and has been extended to other parts of the province. A rapid extension of rural cooperative credit and of cooperative societies to enable the agriculturist to buy manure seed &c., to buy or hire cattle, costly machines &c., and to market his produce, so as to reduce his costs, improve the quality of what he buys or hires, and increase the gain from what he has to sell, would, on the other hand, be a real remedy as far as it went. A system of rural insurance and state



agricultural banks for permanent improvements and other large outlay, such as would be productive over a large area but only after years, would be other remedies that would also be not mere palliatives. The, problem, however is vast and complicated, and in order that these and similar proposed remedies might be widely scrutinised and a strong public opinion grow up capable of giving active support to well-judged practical schemes, perhaps the greatest need of the day is for large numbers of intelligent well-informed people to take a more living interest in its various aspects than they have hitherto done.

Baden-Powell pp. 199-213.

Ray pp. 58-109.

§ 43 *Uneconomic holdings.* Men multiply, we have said, and Lakshmi¹ departs. As the generations succeed one another, there are more cultivators, decade after decade, for the same number of acres, and the holdings are cut up more and more. The individual cultivator's holding as a unit becomes progressively smaller. And it comes to consist of an increasing number of strips scattered all over the cultivable area of the village. The evils of this are great and undoubted and of a cumulative character. "Excessive subdivision and fragmentation impede current cultivation and waste time, prevent permanent improvements, prevent a man from living on his farm, prevent any orderly organisation of labour or capital, sometimes send land out of cultivation altogether, cause enmity amongst neighbours leading to litigation and permanent feuds, and produce a generally uneconomic

1. Lakshmi, of course, has many names and forms. The buxom goddess of rural plenty, the Greek Demeter, the Roman Ceres, is the Hindu Anna-purnā (अन्नपूर्णा). It is she who departs as village populations in crease without increase of village lands.



situation."² Or, as the same author puts it more generally,

"The fact that the cultivator often finds it difficult to pay his assessment, the fact that he readily runs into debt and seldom extricates himself from it, the helplessness of some and the apathy of others, these matters have attracted general attention and suggested remedies. They are, however, merely symptoms of a general disease, and that disease lies in the distribution of the land itself. The fact is that most of the holdings are not economic holdings. When a cultivator has got only five or ten acres of unimproved dry-crop land split up into several plots, and situated at a distance from the village and from each other, he has not got an economic holding. It will not provide a living for himself and his family. Much less will it leave him anything over to pay any assessment or any interest or debt, at whatever rate they may be calculated. There is no chance for him to develop or improve his property...There is no object in preventing him from alienating his land, little use in trying to put his credit straight, and little advantage to be expected from making him advances or granting him remissions of revenue...What is an economic holding?...The desirable area would vary greatly in different parts according to circumstances. A gardener in the Surat district with three acres of good garden land can support a family in comfort, while in a dry part of the Deccan with poor soil thirty acres might not suffice. Between the ideal economic holding and the obviously uneconomic holding there are many gradations; but it would not be difficult to fix a standard for any tract."

The first thing, then, for those parts of India where the holdings have become uneconomic is to get back to economic holdings. That, however, is easier said than done. Legislation alone, or executive action alone, or influence and power exerted merely from above cannot achieve this end. The Hindu and Muhammadan laws of succession and the habits of the people have brought us to this pass, and Government and people have to act together, first to reconstitute the land into economic holdings, existing interests in the land being all fully taken

² Slightly condensed from Mr. G. Keatinge's No. 10457 (11-11-1916) to Government. See also the same author's *Rural Economy* pp 51-55, and Paper submitted to the Board of Agriculture, annual meeting, 1917 (*Ind. Jl. of Economics* July); the Baroda State Report on the subject, 1917; Prof. Stanley Jevons's paper on the Consolidation of Holdings in the U. P., 1917; Dr. H. H. Mann, *Land and Labour*, pp. 43-54 and 150-156; &c.



into account, and then to protect the integrity of these new holdings by such laws and customs as might prevent a later recurrence of the present evils through a fresh series of slowly accumulating subdivisions and fragmentations. There will also have to be pursued simultaneously large practical schemes for the provision of non-agricultural occupations for those who have to be thus bought out of their present interest in the land. And obviously, such joint action of people and government for such large and complex concrete ends would provide as effective a training as could be desired in the arts and difficulties of democratic self-government.

CHAPTER IX

FAMINES: RAILWAYS: IRRIGATION.

§ 43 *Frequency, Duration, Extent, Intensity.* The statement is sometimes made that famines are now more frequent than in the past, they last longer, they affect larger areas, and, moreover, inflict greater suffering. It doubtless has its origin in natural opposition to the cuckoo song of steadily increasing wealth and prosperity which official publications sing in various keys in season and out of season, year after year. But it is none the less the product of minds unscientific and unhistorical, filled with vague unrest and discontent, and rising up in futile protest against things as they are in general and against the powers that be in particular. It does not stand to reason that the awful famines which destroyed states, crippled arts and crafts, and snapped the thread of culture and settled existence, until fresh beginnings could be made somehow and somewhere, should have been less intense or shorter in



duration than the famines of today. It does not stand to reason that in a society cursed with chronic warfare between states, when the defenders had frequently to destroy standing crops themselves, and more frequently to miss the seasons for sowing, when the moving armies ate up all they could and destroyed far more than they consumed, and roving bands owning no allegiance to man or god spread devastation, the terror of their approach, besides, causing panic and famine conditions over areas far wider than those they actually overran, the famines should have been less acute or frequent or shorter in duration than now. It is quite impossible for minds with the slightest glimmering of historical perception to stand such nonsense as any attempted comparison must be of present conditions with those when mothers ate children, when the dead choked up rivers, were cast into pits, and lay about everywhere for vultures and hyenas to feast upon, when husbands and fathers sold their women and children into slavery if they were so lucky as to find buyers, when valuables and heirlooms were bartered away at nominal prices, and grain rapidly rose upto twelve or fifteen times the normal,¹ until it became literally unobtainable, and whole villages went into the jungle by hundreds to live on jungle roots and bark and leaves, their progress marked by people dropping out at every step. It is equally impossible even to place side by side the vague and meagre accounts which have survived and the full details of modern famines,—famine camps, gratuitous relief street by street, medical treatment and precautions and reports, the numbers of the people and their cattle migrating, the quantities of the grain and fodder supplied from place to place,—dates, and graphic pen-pictures, and carefully compiled statistics, and snapshots revealing every bone. These accounts and photographs excite our pity and move

1 A rise in price upto 32 times the normal was recorded in the Bombay district famine of 1709.—*Loveday*, p 27.

the hardest of us to tears even when referring to the farthest province of India, however different from us in blood and language and religion. We have become more sensitive to national suffering and helplessness, and more insistent in our demand that such things should cease to be. That is all to the good. But that is itself part of the advance already achieved under British rule, an advance that has relegated to the limbo of the past the awful calamities of the earlier centuries, never again, let us trust, to reappear in modern India. For modern famines differ *toto caelo* from their predecessors which spread such tremendous havoc. The last of the old type of famines was, let us say, the Bengal famine of 1770. Since then with every visitation of famine our efforts to reduce its intensity and bring the inevitable loss within measurable limits have become almost continuously more intelligent and better directed. Full success is still very far off, no doubt, and we are quite right in emphasizing the insufficiency, from our modern point of view, of what has been achieved, and contrasting it with the magnitude of and the complex difficulties surrounding what remained to be achieved. Our entire point of view in the matter has been transformed. We begin to see that too little rain, too much rain, floods, locusts, plant-disease, soil exhaustion, that these and other purely natural causes of famine might be weakened in their operation, even if not eliminated altogether; further, that, when operating, they might be prevented from inflicting the maximum loss they were capable of; further still, that the loss might be prevented from causing deaths of men and cattle by starvation or epidemic diseases; and, most important of all, that the calamity when it occurred, thus restrained within purely physical bounds and reduced even as to the material losses it inflicted, individuals, even at the bottom of society, should have reserves and staying power enough to meet mainly by their own intelligent efforts, so that there might be as little dislocation of the economic and social system as possible. That is our new



ideal; when that is attained, India would have become for all practical purposes free even from famines of the modern type, although failures of rain &c. might continue to occur. That is our modern ideal, and from that point of view, there is a great deal still remaining to be done, some of it most difficult of accomplishment. To admit that, however, is one thing. To deny that any progress has been achieved, to compare our modern famines with the very different calamities of the past, and even to say, imply, or insinuate that India was really better off in the past, is to lose all sense of proportion.

Progress itself of course brings some new difficulties. There are some parts of India which are exceptionally favoured by nature. And India is so extensive, the physical and climatic conditions are so diverse, a famine from end to end of the whole country is physically impossible. Most of the famines of the past, even the worst, inflicted the horrors we read of mainly because of the absence of transport facilities. These the nineteenth century has supplied. In 1803-4, to give but one concrete instance, there was famine in the districts of Benares, Allahabad, Cawnpore and Fettehgarh, while at Bareilly, only seventy miles from the last place, wheat could be had at sixty seers per rupee,² yet it could not reach Fettehgarh! But the increase of transport facilities has meant the gradual conversion of all India into one market; the poorer districts have been obtaining the surplus of the more favoured; fairly uniform prices everywhere have meant rising prices in the more favoured parts. Secondly, as peace and security have continued, and transport facilities—railways—have become available for a steadily increasing area, population has also been increasing. The area of cultivation has extended. But as international trade has also been transformed during the same period and necessities of life

² Loveday p. 4

³ Morison, Industrial Organisation of an Indian Province, p. 260.



have become the principal staples of that trade in huge quantities, the increase in the area of cultivation has not all been an increase in the area under food-grains. Moreover, all the foodgrains produced in India have not remained in India. The prices of the food and other products have been raised more or less uniformly for the whole of India by the pull of this international demand to the world level.⁴ From the latter half of the nineteenth century these interconnected influences have been at work, and if we survey the situation as a whole as it stood during the period 1911 to 1914, just before the outbreak of the Great War, we discover we are face to face with a new problem of enormous difficulty and complexity, the PROBLEM OF FEEDING INDIA. For the first time in history India appears to have reached the limits of the population she can support. For the first time in history India appears to be producing less food than she really needs for her own consumption. The following figures⁵ present the facts in a compact form and deserve careful study :—

Population of British India—	...	...	244.3 millions.
Food-grains required for their			
Consumption <i>per annum</i>—	...	...	48.5 million tons.
Food-grains required for seed—	...	...	2 " "
Food-grains required for the			
consumption of cattle—	...	...	12.86 " "
Total requirements per annum—	...	...	63.36 " "
Area under food-grains in acres	...	...	195 millions
Total annual produce of food-grains			
<i>minus</i> wastage at 10 %	...	...	56.72 million tons
Annual export of food-grains	...	...	4.93 " "
Total quantity available for			
home consumption	...	...	51.79 " "
Deficit	...	...	11.57 " "

4 English shipping—for India has no shipping of her own, has benefited in consequence, as much as India, by this expansion of Indian exports.

5 The question is thoroughly discussed by Mr. D. S. Dubey in his *Study of the Indian Food Problem* (*Indian Journal of Economics*, July 1920 and January 1921). He studies seven years from 1911 to 1917; I omit the war years as abnormal.



If we take the requirements at 60, and the quantity available at 50 million tons, the annual deficit is one-fifth of the quantity available. Suppose, however, for the sake of argument that the standard of consumption taken to calculate the requirements (19·5 ounces per head per day for the whole population) might be high; and that the figure for the annual production of food-grains might be low; suppose, further, that wastage could be progressively reduced. The deficit would thus be lessened to some extent. But a deficit of several million tons per year, a deficit larger than the present annual export of food-grains,⁶ even if not twice the amount of the export, must be accepted as the outstanding fact of the situation to-day. The conclusion is inevitable that our population has now increased upto the limit of the subsistence available, and that to maintain our numbers, still more to increase them—the area under food-grains must increase, the production of food-grains per acre must improve, and that the prices of food-grains relatively to other produce and all other articles of value must rise higher than at present. India has been one of the cheapest countries to live in for over two generations⁷; that state of things cannot last much longer. We have outgrown the old state of chronic warfare, the spasmodic calamities and the no less spasmodic years of plenty; the whole country has become internally one economic unit and has been brought into sensitive contact with the outside world; the daily struggle for ex-

6 As increasing scarcity declares itself and prices rise, the export of food-grains stops automatically: see, in the case of wheat, *Keatinge*, pp 153-7.

7 This as it stands is a highly abstract proposition, one of those propositions easy and plain at sight but really difficult to grasp, which constitute the special difficulty of economics. In limiting the statement to about two generations I have in view (1) all India, (2) the costliness of all kinds and forms of insecurity, and (3) the sharp fluctuations which were the immediate effect of the first introduction of British rule in province after province.



istence of the modern world is upon us at last. Our economic structure must rise to a higher level, sanitation and health, education and industry, efficiency and organisation, state policy, social habits must all be recast, instinctive and customary adaptations must give way to deliberate constructions, or else starvation and misery face us.

§44 *Relief Methods.* The elemental calamities of the past, inflicting boundless suffering and loss for which no remedy or prevention was even conceivable, have been transformed into the famines of the latter half of the nineteenth century mainly by two factors. The progress of science and mechanical skill created the railway, and the railway has, so to speak, annihilated distance and made the immobility of grain and fodder, men and cattle, a thing of the past. Throughout the nineteenth century India as a whole still produced more food-stuffs than she needed. Hence wherever railway communications were introduced foodstuffs could be quickly brought up in abundance from provinces where there was plenty to those in need of it. But bringing up food to the afflicted districts is one thing, the organisation required to distribute it in the right manner is

8 The following summary of census results will emphasize the argument of the above section. "In 1891 Upper Burma, Kashmir and Sikkim were included in the census for the first time; in 1901, Baluchistan Agency, the Rajputana Bhil country, the wild Nicobarese and Andamanese, and some outlying tracts along both the N. W. and N. E. borders; in 1911, the population of the areas included for the first time was under 1.75 millions. The official computation is that after allowing for these disturbing factors, the rate of the growth of population in the Indian Empire during the last thirty years has been as follows:—

1881-91: 9.8%; 1891-01: 1.5%; 1901-11: 6.4%.

The wide-spread famines of 1897 and 1900 with their sequelae—cholera, fever, and other epidemics affected the second period; five millions in excess of the normal rate of mortality had died. During the third period the mortality from plague was substantially greater than 6.5 millions. Plague and malaria were responsible for the decreases in the Punjab and the U. P." Condensed from *India and the Durbar*, ch. 18.



a different thing altogether no less important. People who point out that almost every detail of our modern famine relief system was known and employed in India from the remote past, that hardly any important detail deserves to be regarded as a new invention, are perfectly correct in their contention, but only in an antiquarian sense. The distinguishing mark of the British administration has been the patience and the persistence with which the various remedies for relief were tried, their operation freed from defects and abuses, and the benefit of these so corrected and improved, spread over the entire area and continued for the entire period needing relief. More important was the habit which collected and sifted the teachings of experience, and by continuous experiment and reflection fitted the various details into a really practical harmonious system. And even more decisive, what may be called the final cause of it all, was the new sense of duty which never wavered, that the state was bound to exert itself to the utmost to relieve suffering, prevent loss of life, enable the normal currents of labour, trade and production, to flow on unhampered, and avoid any demoralisation of the people, as far as possible. The famine relief operations from 1770 to 1907 are full of failures and breakdowns; the inevitable results of ignorance, miscalculation, inadequate or corrupt agency, and wobbling ideas at headquarters appear again and again; a great deal can be and has often been made of these failures, and the losses resulting from them. These, however, were incidents lying on the surface. The deeper truth of the matter is that these failures and breakdowns were not disguised nor were they put up with as inevitable; the Administration learnt from their failures, they tried again and again, until they succeeded in evolving the right methods. From 1770 to 1860 is the period of apprenticeship during which but little success was achieved. Even after 1860, there are seemingly paradoxical movements in two opposite directions at once,



towards centralisation as well as decentralisation, towards spending all that was needed as well as towards economising as much as possible, towards local variations as well as towards uniformity. But on the whole the march is upward and onward, directed by increasing knowledge and inspired by a steadfast sense of duty.

The system as fully developed is a complex whole consisting of many correlated parts. The first essential is full up-to-date and reliable *information*. Rainfall statistics, the state of the crops, the stores existing from previous harvests, the state and efficiency of the trade and transport agencies, especially with reference to their ability to reach the remotest districts and the most backward sections of the people, such as hill-tribes, are all noted and estimated, and all subsequent relief operations are necessarily based upon this body of knowledge. Any serious mistakes in this preliminary, as in the Orissa famine of 1866¹, are bound to lead to disaster, however able active and devoted the individuals entrusted with the actual administration of relief. The next essential is a very careful study and correct interpretation from day to day of the *preliminary symptoms*. Sudden fluctuations in prices, attempts to corner supplies, the contraction of private charity and of the market for casual labour, the increase in petty crimes, the deepening anxiety of the people as summer breezes and summer skies continue, the epidemic of aimless loafing about in search of work and food settling down before long into a steady drift of increasing crowds towards towns, these are danger signals for the experienced administrator to note betimes. The Collector, the Commissioner of the division, and the provincial government should at an early date make up their minds, declare their policy, and take the lead of the people. Resolute many-sided activity at an early stage conceived on liberal even generous lines is more than half the battle.



It puts heart into the people, encourages the philanthropic and well-to-do minority to organise their efforts and fall into line with the general plan of campaign of the state, and gives confidence and hope to all classes. The need for thus seizing the psychological moment and striking the popular imagination was, however, not fully realised before the famines of 1897 and 1900. The third essential is the actual plan of the *relief operations* proper. Various alternative schemes for this purpose, many of quite ordinary dimensions to be put into operation at the villages' or in the centre of every bunch of neighbouring villages' some large enough for the talukas and even for the district as a whole, must be ready in proper pigeon-holes, with estimates of the tools and the amount of organisation and supervision each would require. The tools &c. must be already there in some store and as the preliminary symptoms become pronounced, more and more of the necessary staff must be warned to hold themselves ready, so that the relief camp might spring into existence as soon as wanted almost at a moment's notice. As the costliness of relief operations is ultimately measured by what we can place on the credit side as a set-off, the work which these hundreds of men at each relief camp are set to perform must be of real utility, such as were the fortresses, palaces, tanks, and irrigation canals constructed by the old rajas under similar circumstances. The British government has needed no fortresses or palaces; its plans have been earthworks for a projected line of railway, or a road, or a tank or a canal. But the railway or the road must be really wanted, and must be kept up and carried forward to completion after the famine is over, that is, it must be not only such as might be useful if built, but such as was needed as soon as possible; the tank must be such as would really hold water; the canal must be such as would really carry a sufficient quantity of water for several months in the year. In other words, the drier areas of the whole land had to be surveyed in advance,



INDIAN ADMINISTRATION

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district by district, with the special object of formulating such plans and selecting the best, and detailed estimating with reference to every one of the plans selected had to be also done in advance and kept available for use as soon as the moment for taking action arrived. This lesson was thoroughly grasped by 1878, the famine commission of 1880 emphasized it, the various provincial governments luckily got a sufficiently long period to carry out the instructions; and the consequence was that a fair number of the works executed by relief gangs in the famine of 1896-7, were of real, some even of great, utility. But we had another famine even more extensive in 1899-1900, there were few such plans available then, and one consequence was that there was comparatively very little indeed of real utility to show in return for the enormous sums necessarily spent upon relief in the course of the later famine. The size of the central relief camps was to a certain extent prescribed by the intensity of the famine in the areas surrounding them; but opinion fluctuated considerably as to the point of maximum efficiency and economy combined with the minimum of risk. But latterly, and especially as volunteer agency was found to be trustworthy and came to be trusted more and more, the effort to force every one seeking relief to become a digger or a breaker of metal has been discarded as far as possible, and special classes like weavers have been given work in their own line and in their own homes, and markets have been organised for the sale of their output. Moreover, substantial men have been given advances and this has enabled an increasing number of labourers of various classes and grades to find work with these employers. The famines of 1897 and 1907 were specially remarkable for the large amount of decentralised relief thus given. The supervision of the central camps has from an early date (1854) been handed over more and more to the expert agency of the public works department. The wages to be given to the labourers in the central camps have been fixed differently at



different times. Attempts to differentiate between the workers broke down at an early stage of the period under review, as a minimum wage sufficient to keep the men alive had to be given in any case. The system that has prevailed on the whole has been a cross between payment by piece-work or by results, and uniform payment to all but a variation of the tasks set, according to the health and capacity of the different classes amongst the workmen brought together by a common need at a central camp. Relief camps were first opened in the Madras famine of 1792, but they did not become the principal item of the relief organisation until much later.

The fourth essential is the independent and gratuitous relief of *the children and the infirm*. Kitchens and hospitals where expert medical agency controls the detailed work, but all four gates are open to visitors, and the general supervision is handed over to respected volunteers, combine efficiency as well as inspire the fullest trust; but decades elapsed before such a system could be built up. The superstitions and suspicions of the people, the corruption and heartlessness of the low-paid staff, the difficulty of providing such supervision as would make adulteration, neglect, false entries, favouritism, impossible, the domineering ways and red-tape habits of the official class, have made progress in this branch very slow, nor has it been uniform all over India. The fifth essential is to break up the relief camps as soon as the next rainy season establishes itself and to help the returning people with *takavi* loans for the purchase of seed and cattle. Such loans were an established institution of Hindu India which was also copied by more than one of her Muhammadan rulers. They have become an integral part of the British famine relief system from 1868. And from 1884 onwards they have also been given to substantial cultivators from an early stage of the period of distress for sinking or improving wells or for other agricultural improve-



ments of a temporary or permanent character. The first takavi loans were granted in the famine of 1868-70 when they amounted to Rs. 21 lakhs. The greater liberality of the policy pursued after 1901 is shown by takavi loans of over Rs. one hundred and eighty-five lakhs in the famine of 1913, and of over Rs. two hundred and twenty-five lakhs in that of 1907.² The sixth essential is the *suspension of land revenue* and its ultimate remission in whole or in part; in ryotwari India the State foregoes this; in the zamindari parts, the zamindar makes the remission and gets credit for it from the state. It is plain that when the cultivator loses his crop and has so little reserve remaining from past profits as to be brought to the verge of death by starvation, it is not at all possible for him to pay the land revenue. The contract the state makes with him, however, is a long term contract, and according to the letter of it, the state is clearly entitled to its revenue from him even in the years of famine. However, during 1900 suspensions of revenue were granted amounting to two hundred and six lakhs, and out of this sum one hundred and ninety-eight lakhs were remitted altogether.³ The Famine Commission of 1901 recommended early announcements of remissions and since March 1905 the principle has been accepted by most provincial administrations. The land revenue demand is suspended altogether when there is no prospect even of a four anna crop, and the suspended revenue is not demanded until after the affected tract has had one fair harvest. The suspensions of land revenue granted during the famine of 1913 amounted to over a hundred and eight lakhs.

2 Loans to agriculturists for improvements and *takavi* proper are both regulated by the Land Improvement Loans Act (19 of 1883) and Agriculturists' Loans Act (12 of 1884), and by the rules framed under them in each province. The working has varied with the personal interest taken in the matter by District Officers.—See Irrigation Commission Report.

3 The largest remission of which there is any previous record is that of Rs. seventy lakhs by Shah Jehan in the famine of 1630 (*Elliot and Dowson* VII p. 25).



Two more features of the system remain to be noted. Respectable people and *pardanishin* women would rather starve in their homes than go to relief works. Amongst these also many are not averse in a time of such stress to paid work, and their relief falls under the provisions indicated above for the benefit of special classes such as weavers. But there would be large numbers of these genteel classes who would or could do no work for which any remuneration could be earned; unless helped, they would quietly starve to death or commit suicide in some manner sanctioned by their religion. Volunteers of their own or a higher status are the only channel through which GRATUITOUS RELIEF could reach them. And even with the best efforts, a number of such cases, perhaps the most deserving of all, no system of public charity could ever hope to reach, in an ancient country like ours, where we still have an extensive heritage of aristocratic pride. The cost of all gratuitous relief—to children and invalids as well as to these classes—and of extra comforts to those who earn a famine wage of some sort, is borne by CHARITABLE FUNDS. During the widespread famines at the end of the nineteenth century these funds were fed by contributions from all over the world; the 1897 fund amounted to a crore and seventy-five lakhs, of which a crore and a quarter was contributed by England; the 1900 fund amounted to a crore and a half, of which England gave nearly a crore. 1900 also saw the foundation of the Indian People's Famine Trust, by an initial donation from the then Maharaja of Jeypur of Rs. sixteen lakhs in government securities; the Trust had by the end of 1920 grown to Rs. thirty lakhs, chiefly by further contributions from members of the founder's family.* Lastly, all the other expenditure on famine relief in every form—establishments, transport, cost of necessaries, the wages and the doles—is met by the State. This is heavy; and it was, moreover, soon realised that a famine in one part of British India or another was a rather

* Indian Year Book, 1921.



frequent phenomenon. During the decade from 1867 to 1877 famine relief had absorbed Rs. fifteen crores. From 1878, therefore, it was decided to raise an additional revenue of a crore and a half per year by extra taxation, and the object was to earmark this sum as a FAMINE INSURANCE FUND. Whenever there was a famine, relief expenditure was to be met out of it; in good years, railways or irrigation works of a protective character were to be built out of it; or when no such project was ready to spend it on, debt to that amount was to be paid off or at least less debt was to be incurred to that amount. The central idea of the scheme was that in a country exposed to recurring calamities of this character, the state was justified in imposing a little extra taxation on the people, who by the payment of a small annual premium, as it were, could have the full benefit of its capitalised value whenever the calamity was upon them. The term, used to describe the extra fund was clearly a misnomer; here, there was no one like an insurance company to hand over the capitalised value. The policy should be regarded rather as an attempt to spread the heavy burdens of a famine over several years, and at the same time to hurry on the construction of railways so as to link up the poorer and drier parts of India with the more favoured, as quickly as possible.⁵ Hence, in the construction of protective works out of revenue precedence was given to railways for over twenty years. But all the main lines of protective railways were thus constructed, and the famine commissions of 1898 and 1901 recommended that in future protective irrigation works were to be similarly constructed out of revenue as far as possible. The Irrigation Commission of 1901-03 followed. It explored the possibilities of new irrigation works all over India, productive as well as protective, and drew up schemes of protective irrigation works for the areas most frequently liable to famine,

⁵ For a criticism of the Famine Insurance Fund, see Dutt *Victorian Age* pp 592-4; *Famines in India* pp 78-81.



such as the Bombay Deccan, Bundelkhand, and parts of Bihar and the Central Provinces. As a consequence fairly steady progress has been made and the average annual addition to the cultivable area protected by fresh irrigation works of a 'major' type constructed by the state out of current revenues might be roughly put down at fifty thousand acres. The rate of progress has been slower during the abnormal years from 1914.

A. Loveday, *History and Economics of Indian Famines*.

Sir T. Morison, *Indian Industrial Organisation* chs 10 and 11.

§ 45 *Famine Prevention*. To protect the famine stricken and to relieve them is one and the same thing. If we restrict the term protection to relief activities pure and simple and to their immediate consequences only, all other activities on a large scale, and spread, with their consequences, over a period longer than the mere duration of a famine,—with the famine as their starting-point, the reduction of famines in extent intensity or frequency as their motive,—would be, logically speaking, activities aiming at the prevention of famine. Some of these activities and policies might have other effects also. Railways, for instance, reduce distances, unify the country, break down the isolation of the various parts, remove their ignorance of one another, make people more mobile, and while reducing their dependence upon and attachment to their birthplace increase their feeling of conscious attachment to the area of their own language and to India as a whole. Railways foster trade. Railways enable a smaller army to hold down a larger area more effectively than could a larger army a smaller area in the absence of such an effective help to rapidity of marching. An administration armed with a well-planned system of railways could rule over a very extensive area from one centre with a very small number of officers. Towns grow up more rapidly, epidemics spread faster in a region possessing a network

of railways than in one with only the old-world means of locomotion. Thus railways have political social and cultural effects as well as economic. And as long as there are areas in India which produce a surplus of food grains, to connect such areas by railways with others liable to suffer now and then from a deficiency, is to relieve the distress of the latter areas not only on a particular occasion but it is also to prevent a recurrence of it in future. Thus a well-planned policy of railway extensions spread over several decades is a policy of famine prevention, as long as in spite of deficient productiveness in some parts, a region as a whole produces sufficient for its needs as a whole. And from the point of view of administrators trying to cope with famine conditions, railway construction has this additional merit that the first stages of the actual construction only require unskilled labour working in large gangs.

Digging irrigation tanks and canals has also this merit of requiring unskilled labour in gangs. And irrigation has the further merit of bringing additional land under cultivation and winning a larger return from cultivation than before. It thus adds to the total output. It also enables an area to become independent of rainfall itself, at least for one season. If the drought be prolonged the sources of supply which irrigation distributes dry up, but such a contingency is so very rare, it might be left out of our ordinary calculations.

If we confine our attention mainly to famine needs, the superiority of a policy of extending irrigation to one of extending railways is not open to question. But it does not follow that the Indian government have been wrong in giving precedence to railways during the latter half of the nineteenth century. State policy is a complex whole where the resources available at any moment have to be carefully weighed against the needs of the moment, and the best possible working compromise sought out. The



higher utility of a rapid extension of railways from military administrative and political points of view cannot be questioned. Perhaps, all that can be said is that if irrigation extensions could have been provided earlier than they were, and at a quicker rate of progress, the country would have benefited more or suffered less. But this does not mean that such extensions could or ought to have been provided at that particular time. In matters of high policy there is no absolute principle corresponding to the categorical imperative of the intuitionist school of moral philosophy. In any country, however rich, the point is soon reached, when the statesman has to decide how to invest his last million of the available resources; his attitude of mind is—'here, now, I have only this last million: what shall I do with it—Railways? Irrigation?' He must make his choice. He cannot have both. And railways having had a start, railways being in possession, so to speak, railways being by far the larger property, and a property, too, that was a losing concern and could only be converted into one that paid by further development of it as early as possible,—it is not at all surprising that he should have decided in favour of railways, especially in view of their political and military utility also. Lastly, the choice once made, it was endorsed by the highest authority and could not be departed from. Sir Arthur Cotton, the great advocate of a rapid extension of irrigation in India succeeded on account of the famine of 1877 in attracting attention to his ideas; John Bright and other prominent men felt that England owed it to India and to herself to sift the matter thoroughly, and a select committee was appointed with Lord George Hamilton, the then Under-Secretary of State for India, as chairman (January 22, 1878). Before this committee Sir Arthur Cotton made the mistakes of both claiming too much for irrigation and running down railways too far. The Committee decided for railways, and their verdict settled the policy for twenty years.¹

¹ Dutt, *India in Victorian Age*, ch. 9.



It has been urged, however, that we have also to look at the other side of the shield. As railways spread, factory goods invaded Indian markets and conquered them, Indian manufacturers (producing by the hand, using only tools and implements of a primitive type) lost their customers, agriculture or casual unskilled labour were the only other occupations open to them, and thus railway extension at a rapid pace has meant the progressive degradation and ruralisation of the population. Even if political and military needs justified a forward railway policy, if it had been developed gradually, the invasion of Indian industries which maintained hundreds of thousands of skilled workmen each working on a small scale, by foreign large-scale industries organised in factories, would have proceeded more slowly; there might have been time for adjustments; and a stronger better balanced healthier economic organisation might have come about. As it was, the policy adopted of railway extension at the greatest possible speed, even out of additional revenues raised by fresh taxation, must be charged, at least in part, with causing the famine condition, or rather the inability of large masses of the people to tide over even the loss of a single harvest,—for which it was claimed to be the best if not the only remedy. M. G. Ranade appears to have been the first Indian to develop this point of view, in the seventies of the nineteenth century.² This indictment of the government railway policy has been frequently repeated since, and not only by Indian writers. Perhaps its best exponent is Mr. Loveday who reproduces it as under in his valuable essay on Indian Famines.

“It involves (he says) no criticism of the ultimate benefit accruing from the Government’s policy to consider the possible damage which that policy has caused in the past. The extraordinary rapidity (of rail-

2 “About 22 years ago I had occasion to notice this collapse of domestic industries, and the gradual rustification of our chief occupations, in a series of lectures which have been published...,” he said, in 1893 (Essays in Indian Economics, pp. 102-3).



was extension in India) produced an economic revolution... not unaccompanied by suffering. The obligation to save life in times of drought and the necessity of lines of strategic utility... have been the cause of that rapidity; and it has had for effect the destruction of the native industries, and the concentration of labour on that very employment to which droughts are the most dangerous. Had strategic or economic considerations allowed the change to be more gradual, it is conceivable that greater powers of resistance might have been shown by the native industries,... so that labour might have drifted to other occupations as well as to agriculture... The commission of 1898 drew attention to the decrease in the real wages of labour... Manufactured goods of the West have been imported, raw produce has been given in exchange; the price level of the former has sunk with the increase of supply, the price level of the latter has risen with the increase in demand. It is true, no doubt, that those districts which export the greatest quantities of raw produce and grain are on the whole the least subject to drought. But the importation of manufactured articles and the consequent decay of home industries, cannot be measured by the statistics of the export trade. Though pulse and millets, the products of the poorer districts, constitute but a minute fraction of the total export of grain, the explanation of the strength of the demand of those districts for British textiles is to be found in the figures of the coastal trade and the extent of internal commerce."³

So much space has been given to this controversy because of the importance of the principles underlying it, and because the aim of this book is a historical treatment. Throughout the nineteenth century India produced food supplies sufficient for her needs. That controlling circumstance rendered the extension of irrigation—and an absolute increase in her total production of food—comparatively less important then. But in an earlier section of this chapter we have seen reason to believe that India no longer produces enough food for herself. It might be said indeed that we have not at present sufficient statistical information as to the cultivation and produce of all our food-grains and until such additional information is recorded all over India, we are not in a position to arrive at any conclusion on the subject. Calculations like Mr. Dubey's are no better than guesses, however carefully made. Such scepticism, however, goes too far. Where exact conclusions are not

3 *History and Economics of Indian Famines*, pp. 106-126.

available, 'probability is the guide of life.' And in this particular case our recent experience consequent upon the partial monsoon failure of 1918 afforded ample confirmation. The deficiency in the supply then disclosed, especially in certain food-grains, was so great, and the rise in prices in consequence was so abnormal,⁴ that we can no longer afford to be easy-going in the matter. The policy of famine prevention now required, is, in the first place, a policy to increase our total annual production of food-supply as much and as quickly as possible. More irrigation, more and better manuring, better implements, and in one word better tillage all round, that is the most urgent need of today.

Luckily, the department of Agriculture, founded on the recommendation of the Famine Commission of 1880, and steadily developed since, especially by Lord Curzon, is aware of the need and is facing the problem in all its complexities. At the annual meeting of the Board of Agriculture in December 1919 it was resolved that

(1) there should be an export tax on oil-seeds and cakes, (2) and that a total prohibition of the export of bones, horns, and fish manure was necessary, because the conservation of such natural manures for use in the country itself was a matter of the gravest importance; that for a rapid extension of irrigation it was necessary (3) to revise the maximum charges for irrigation water in view of the new level of prices, and (4) to encourage the sinking of wells (5) of small bores and (6) deep borings; that (7) rivers and other sources of water should be surveyed with a view to select sites where, in seasons of drought, the water could be profitably lifted and utilised by oil-engines and pumps; that (8) the loss through erosion and the run-off of the water from the land was enormous, and to prevent this, as far as possible, the importance of

4 Prices in July 1919 compared to prices in July 1914: rice had risen from 26% in Assam to 73% in C. P., wheat had risen from 38% in Assam to 100% in C. P., millets had risen from 102% in U. P., to 132% in Bombay,—*India in 1919*, p. 66. Export of grain, pulse and flours from India proper (excluding Burma) amounted to 10·2 million ton during the 5 years 1909-10 to 1913-14; to 5·2 million tons during the next five years (*Ibid* p. 65). See also in the same government publication the scarcity chart, 1919, and the rain fall charts 1918 and 1919 and for full details the annual *Review of the Trade of India*.



embankments and a better lay-out of the land should be emphasized; that to prevent the loss of cattle, as far as possible, (9) grass areas should be improved, (10) fodder storage should be studied and extended, and (11) emergency fodder-stuffs, such as prickly pear and *nim* (नीम) leaves should be studied and the best methods of utilising them ascertained; (12) that grain storage in large quantities should also be studied; that, to obviate as far as possible the enormous loss inflicted by a single monsoon failure which runs into hundreds of crores when it is at all extensive, (13) dry tillage, drought-resistant crops and varieties of crops, and crops that would ripen early should be specially studied and, finally,

(14) that "in the opinion of the Board, the problem of famine prevention and relief has now assumed a new aspect. The established policy of relief works and gratuitous relief depends for success on the existence, somewhere in India, of adequate stores of grain, while the very success of relief operations tends to obliterate the motives which, in the past, created local stores of grain. The Board is therefore of opinion that a special enquiry should now be made into the means whereby a sufficiency of food-stuffs can be secured even in the event of two successive monsoon failures. The Board considers that the best agency for making such an enquiry would be a strong Famine Commission appointed by the Government of India".⁵

The above programme, extensive as it is, appears to need still further extension in more than one direction. Agricultural and wild or forest produce other than food-grains—textile products, woods, gums, &c.—should also be attended to; with a careful and steady development of our vast natural resources, sufficient quantities of these can be produced not only for our own use in the raw state and as the raw materials for various industries, but there should also be a growing surplus available for export. It is far better to export these both in the natural state and various more or less finished and manufactured forms,

⁵ Proceedings of the Board of Agriculture held at Pusa, 1-12-1919 and following days; see esp. pp. 53-66, 83-90, and 116-7.



than to export food grains and flour, oil-seeds, oil-cakes and oil, fish and fish manure, bones and horns, and similar necessities, of which we now find, we have not a sufficient supply even for our own needs.

In the second place, one of the outstanding defects of British rule in India has been that it has never realised how great is the need of a special cattle policy in this vast agricultural country, that will not use butcher's meat as an article of diet, and depends far more than perhaps any other mass of humanity of such magnitude, upon plough cattle for its agriculture and transport, and upon milch cattle for indispensable ingredients in its dietary in substantial quantities. The great mortality of cattle in the famine of 1900 gave almost the first shock to the ingrained indifference of the European mind to the subject. The repetition of that experience in later years, including 1918, has led to further reflection. That it is necessary to preserve breeds with special qualities, that model cattle farms are needed all over the country, that more fodder must be produced, that the cruelly high child mortality in cities cannot be reduced without a far larger supply of milk, cheap and pure, than is available, are propositions which are at length being more and more seriously considered. But it does not appear even yet that the problem is being envisaged as a whole in all its complexity. A cattle policy like that of France where there are no useless or under-sized cattle, where only the best are kept, treated as well as possible, and worked as hard as possible, but kept only while they are in their prime⁶, is a policy that the European understands. There is hardly any difference in the European's attitude towards trees and towards cattle. The meat and the milk, the hide and the labour, the feed and the return obtained, are all entered on one side of the account or the other, the maximum of profit realised, and the necessary action taken at the right moment. To the

6 See Keatinge, *Rural Economy*, pp. 130-131.



Indian it is not a question of a mere gain and loss account; religious sentiment enters into it and is even the decisive factor. This our rulers have known all along; but a state policy providing for steady increase in the cattle population of India, sufficient to supply the increasing needs of the growing human population, without any deterioration in quality or an undue increase in the prices the individual has to pay,—is still a problem for the future to solve.

Thirdly, suppose economic holdings constituted, suppose the live stock, the capital, the implements and the skill of the cultivator improved; suppose further that co-operative societies enable him to get the current capital he needs, and to buy what he requires and sell what he produces, without middlemen sticking their greedy fingers in: the lot of the average cultivator will be undoubtedly far better than at present. But will there not still be cases by the hundred thousand in which the farmer and his family and cattle are stinted, cases in which the 'hardly one full meal a day' condition persists? They do not know their India well who do not realise that one tap-root of India's eternal poverty is that the agriculturist and his dependents in the village home have not enough remunerative work to do all the year. How can there be a sufficiency of production for the masses at the bottom of society unless in return for hard full-time labour? Agriculture in India even with rich irrigated and manured land, does not furnish work all the year round. In the busy season there is so much work, there is hardly labour enough to get through it in time. And as we descend in the scale of land, capital and crops, the quantum of work agriculture provides is less and less. The moral is, there must be subsidiary occupations in the village; a comprehensive policy of cottage industries and remunerative village employments must be developed.

Finally and more generally, the well-known recommendation of the famine commission of 1880 is as true

today as then: "No remedy for present evils could be complete that did not include the introduction of a diversity of occupations through which the surplus population might be drawn off from agricultural employments and led to find the means of subsistence in manufactures or some such employments".

§ 46 *Railways*. The "industrial revolution" or the transition from a mediaeval economy of production distribution and exchange, rural and selfcontained, to a modern economy resting rather on world trade and large scale production by specialised labour and machinery, was inaugurated in India before the Mutiny, by Dalhousie's "far-reaching schemes of railways, roads, canals, and public works."¹ It was Dalhousie who planned the grand trunk lines, Mayo added connecting links and feeder lines, financial exigencies delayed the execution of the schemes and in the meanwhile famines altered them here and there and added 'protective' lines, the larger Native States followed the initiative of British India, although at a great distance, and, latterly, public bodies like port-trusts and rural boards have added a few short lines here and there. Private joint stock companies without any concession from the state except in the matter of land have also constructed some lines.² The first railway to be opened for traffic was the Bombay to Thana section of the G. I. P. Railway, in 1853. Jabalpur was reached by the East Indian Railway from Calcutta in 1867, by the G. I. P. from Bombay in 1870; Raichur was reached from Madras in 1862 and from Bombay in 1871; and at one end Dehli and at the other Mysore were reached in 1862. The mileage open exceeded the first five thousand miles by 1871, and

1 *Dalhousie* (R of I) p. 11. Before he became G. G. only three short lines had been sanctioned in 1845,—Calcutta to Raniganj, Madras to Arkonam, and Bombay to Kalyan, total mileage 192 miles.

2 E. g. The Barsi Light Ry, 117 miles; the Bengal Provincial, 33 miles.



Every additional five thousand miles by 1882, 1889, 1896, 1901, 1907, and 1915.³ The first ten thousand miles took about thirty years to build; the next thirty years added nearly twenty-five thousand miles. The Great War broke out August 1914, and the progress since has naturally been very much slower. 1917-18 was the worst year, when three hundred miles of broad gauge were dismantled for war purposes, and only about three hundred and fifty miles of new metre and narrow gauge lines could be opened.⁴ The total mileage open at the end of 1919-20 was a little over 36,500 miles, nearly a half on the broad, and a little over fifteen thousand on the metre gauge.⁵ Nearly two thousand miles more have been sanctioned and are under construction. The most important of the projects in different stages of consideration are a causeway line of a little over twenty miles to connect India and Ceylon across the sandbank of Adam's Bridge; and a railway from India to Burma, either from Chittagong to the rice-lands of Arrakan, or along the Hukwong valley in the north.

The capital needed was originally raised by a free grant of land and a guarantee of five per cent annual interest. Other conditions were that when the railway earned more than five per cent, half the surplus was to be handed over to the state every half year, and the construction working and management of the line were to be controlled by the state. The companies thus assured of their five per cent on every pie spent, had no motive for economy, or even for building the lines quickly or at a steady pace. Their engineers with only English experience to guide them had to pick up a knowledge of Indian conditions as they proceeded with the work, a process which turned out very costly indeed. Their standards of solidity and

³ See the chart *India in 1919*.

⁴ The broad gauge is $5\frac{1}{2}$ feet in width; metre, $3\frac{3}{8}$; narrow, $2\frac{1}{2}$ and 2

⁵ Of the total a little over 5000 miles were owned by Native States.



thoroughness were too high. And they were men of such conservative and swadeshi (स्वदेशी) ideas, mechanics of almost every type were at first brought over all the way from England. For instance, no Indian seems to have been employed as an engine driver upto 1875. English engine drivers cost at least £ 100 more per head per year, the wastage was high so that larger cadres had to be maintained, and later when Indians came to be employed as engine drivers and in other capacities—the departure was first made, perhaps, on the state lines to be presently mentioned,—it was also found that they “worked longer hours and gave far less trouble.”⁶ The government wanted quicker progress at less capital outlay and with cheaper working. The old contracts, moreover, had been worded so loosely, their powers of control or check could not be exercised in practice. And the guarantee meant an increasing loss, which by 1869 had grown to an annual tax of one and a half millions sterling. Even “dear railways are far better than none,” says Chesney.⁷ There is, however, a limit to the price that even a despotic government can afford. The Government of India decided to give no more guarantees and to build its own railways. From 1869-70 it began to provide about two crores a year for the purpose. In 1875 the sum was raised to four crores.⁸ War and famine followed. For the next few years the only sum the state could spare was what could be made available from the annual Famine Insurance Fund for the construction of ‘protective’ lines. Thus, the old plan of railway construction through companies attracted by means of a guarantee had to be reverted to. But the guarantee given was lower and the contracts were more carefully drawn up. The state also needed at

6 See Fawcett, *Indian Finance*, p. 66.

7 P. 304.

8 The Rajputana Malwa Railway is a good example of the class of state railways. Its main line from Dehli and Agra to Ahmedabad was constructed, 1873-79.



once some lines, neither productive nor 'protective' but even more urgent because 'strategic', and a committee of the House of Commons examined the whole subject, about the same time as Lord George Hamilton's Irrigation Committee mentioned in the last section, and advised a loan of about two and a half crores to be raised in India annually, and to be spent, two crores on state lines of railways, half a crore on irrigation. Another committee in 1883 thought a loan of about a crore more might be raised and spent upon railways. In the nineties a fresh effort was made to recast the contracts with English companies and the terms to be granted to them. A guarantee of from two and a half to three and a half per cent⁹ or a certain percentage of the net earnings of existing lines on the traffic brought to them by the new lines to be granted to these latter as a rebate as long as their own earnings did not yield a certain percentage of profit, and all surplus profits to be shared when they accrued, were the new terms. And, more recently, a few hundred miles of railways of local importance have been constructed on the security of the resources of district boards, supplemented, if necessary, by the levy of a new cess for the purpose. All the contracts, right from the time of Lord Dalhousie, included terms for the purchase of the line by the State at stated periods. Cases have happened, nevertheless, in which on the first date arriving, the state unaccountably failed to assert its right. From 1880 onwards, however when the East Indian Railway was acquired and the working again entrusted to the same company under special arrangements,¹⁰ the policy has been followed of acquiring a line whenever it could be done according to the terms of the first contract with it, and handing

9 E. g. The Burma Rys Co., formed 1897, accepted 2½%; the Assam Bengal, 1892, 3%; the Tapti Valley Ry. is an example of a Co. accepting rebate terms.

10 For a summary of these see *Moral and Material Progress Report*, 1882-3, p. 270.



over the working under a fresh contract to the same company or to another working a connected line. Some state lines, e. g. the Rajputana Malwa Railway, have also been handed over for working, the state only exercising general control. In the case of all such lines owned by the state, and worked by people who are not state officials but servants of independent companies, the fresh capital needed for extensions, laying down extra lines, increase of rolling stock, improvement of bridges, stations, &c., has to be provided by the state, just as in the case of lines which are both owned and worked by the state itself. Thus the Indian railway system as a whole is a growing property, which can fulfil its functions, pay its way, and yield a profit besides, only as long as it is kept in proper repairs and developed, moreover, by the pursuit of a steady and intelligent policy regularly requiring fresh amounts of capital to be sunk into it. Railways develop trade and human movements, and these react by making a growing demand for better equipped lines, more frequent and quicker services, and new extensions. Hence, in the course of the first decade of this century, it was decided that in allotting fresh capital the pressing needs of open lines were to rank first, and of lines under construction, company's lines were to rank before state lines. Plans for new lines were to go through various stages of scrutiny, and were to be passed for construction only as these prior claims allowed of it. The system as a whole began to yield a clear profit to the state from 1899-1900. The average profit for the four years upto 1907-08 was nearly three crores a year, and although in 1908-09 there was a loss, the profit has gone on increasing since. It is a vast asset representing in the aggregate over £ 380 millions of capital, yielding an annual net income of from five to seven per cent.¹¹

This railway system, vast as our country is vast, is admittedly an *imperium in imperio*, in many ways coming

11 The profit to the state is this income *minus* interest, annuity, sinking fund and other charges.



closer to the people than the state itself, and exercising a direct influence over the production and distribution of wealth, the success or failure of business and other activities, and the comfort or discomfort of masses of the people, second to that of no other human agency in the country. It is ruled over by a body of men as small as the Indian Civil Service, who also form a caste of foreigners even more exclusive and more unsympathetic. Immediately under them is a larger body of 'Anglo-Indians', Eurasians, and others, who hate the Indian more than any other class of men in the country, who have for the poor starving down-trodden 'coolie', only terms of abuse accentuated by kicks, and who have really no other manner or behaviour for the clerks and 'babus' doing all the intricate recording accounting and inspecting of the railways, or for the third class passengers or for any other Indians whatever. Most of these men, again, are 'volunteers', and there are hardly any other volunteers except in the few centres of the European mercantile or planting communities; thus, these men have arms and a trace, however slight, of military discipline, while all around them is Indian humanity, so mild their mildness is a vice, so accustomed to bear maltreatment uncomplainingly. From Sir John Lawrence to Mr. Gandhi prominent men in every decade have raised their voice against the maltreatment of the third class passenger and the middle class Indian gentleman by the railways and the railway-men. Mr. Curtis relates an incident in which a railway official while talking to him deferentially, kicked back like "a vicious mule" at an Indian passenger who had just happened to brush his back under circumstances in which "it was physically impossible for anything else to happen."¹² The wrongs of the third class passenger are a defect of the system. The vices of the railway official are a defect connected with the personnel of the railway staff. The only remedy for the latter is to

12 *Dyarchy* p XLIX.



dilute the railway staff with increasing numbers of middle class Indians. The true remedy for the former would involve an amount of expenditure which can only be provided by replacing the present very expensive and inefficient administration by one cheaper as well as more efficient.

The real cost of the railway system to the country is far greater than the railway accounts by themselves can ever show. This extra cost is again partly the fault of the system and partly that of the men in office, and consequently in power. Sir F. Lely's comments on railway rates¹³ pillory concrete instances, examined by him about 1903, and these serve as well as any later ones to expose the faults of the system. The railway rates for goods have been so fixed as to injure the coasting trade and ruin the petty ports. "No one in his senses would object to free and fair competition between land and sea. But is it free and fair? The boat has the great natural advantage of being cheap, but it is slow and subject to greater risk. With fair play all round, much merchandise would take the rail, while other, such as coal, would prefer the water". But the railway fixes a rate for coal, coconuts, timber, and other goods of the kind, from Bombay to Broach or from Broach to Bombay, fifty to sixty per cent lower than the rate between the very next station north of it or south and Bombay; with the result that the boats which plied between Broach and Bombay by scores even upto the last generation have lost their occupation more and more and ceased to be. The rates again are the same from Bombay to Agra as, say, from Ahmedabad to Agra. Foreign matches going from Bombay to Agra are charged the same freight as Indian matches made at Ahmedabad and sent to Agra.

13 *Suggestions*, pp 93-130: I omit his example of the adulteration of cotton or the substitution of inferior cotton for superior. The difference in prices is so great that I do not see how mere railway rating, however ingeniously planned, could stop such tricks of the trade.



In other words the state guaranteed [B. B. and C. I. Railway and the state owned Rajputana Malwa] Railway was giving a bounty to the foreign manufacturer equivalent to the whole cost of carriage between Bombay and Ahmedabad. It would strain the powers of a viceroy to do as much for a home trade...The Traffic Manager argued that competition from Karachi and Calcutta forced the railway to quote lower rates from Bombay. The Bombay government could not help, because this was an imperial matter. In other words not one but every native industry entering the field must be 'trampled down in a struggle for freight among the railways...The Traffic Manager wields an irresponsible power over the country commanded by his railway, which should not be entrusted to any man, and least of all to one who, rightly from his point of view, regards only his masters' dividend and certain wide limits set down by Government. By a slight readjustment of rates he can, and sometimes does, break down a flourishing trade or transfer it to another part of the country; he can, and sometimes does, crush a rising home manufacture in favour of a foreign customer. An amended Code of Civil Procedure occupies for days and months the wisest of the land, but is of less practical consequence to the people of a district than a new edition of their Local Goods Traffic Book."

Top-heavy establishments, with officers paid at fancy rates, necessarily involve numbers of overworked underpaid men without prospects, in the subordinate ranks. The necessary consequence is a large amount of delay, ingenious creation of technical difficulties, petty thieving, and wholesale systematised corruption. All this is an extra burden on the trade of the country and must ultimately come out of the pockets of the consumer. Can any one venture even to calculate how enormous this is? The railway system of a country is a monopoly created and maintained by the state, and it is as much the duty of the state to see that it does not take much more out of the pockets of the people than the charges publicly levied, as it is universally recognised to be, in the case of the taxation it levies directly, through the agency of its own officers.

§ 47 *Irrigation*. India is a land as various as it is vast. There are desert lands within it—Sindh, parts of the Punjab—which depend altogether upon an artificial or man-contrived supply of water for cultivation and population; there are within it wide regions where the rainfall



is deficient and irregular, and the crops in consequence more or less precarious unless the thirsty fields could get water at the right time and in the right quantities from some conveniently placed store; those parts of India, even, which have an adequate rainfall as a rule, would be benefited by irrigational facilities in more ways than one. Every few years there is a drought, when of course there would be hardly any crops but for such facilities; almost every year there are breaks in the rains, and any one of them lasting two or three days longer, might reduce the final outturn more or less seriously; and even in good years, with the help of irrigation, three crops could be raised per year or two, instead of only two or one. With the exception of the districts of the heavy black soil where cotton is the King of the crops, there is hardly any region of India which does not gain largely by irrigation facilities. *Lift irrigation*, where the sub-soil water is reached by a well and raised vertically upwards by means of a leather-bag or a rotating wheel of pots, has been practised in India from times immemorial. Madras is, relatively speaking, the province best supplied with wells, but in Bombay and the Punjab too, they might be counted by lakhs, and U. P. and C. P. are also increasing them at a fair rate. One of the best legacies handed down to us by the religious past, is our sentiment that the building of wells and stepwells is an act of piety, and rajas and their officers, merchant princes and their ladies, and *sanyasi* managers of religious foundations have all vied with one another in building and repairing wells all over this sunbaked land. The roads of the Emperor Asoka had trees on both sides, and rest-houses for man and beast at convenient intervals, and a well at each rest house. Nor were the Pathan Sultans and the Mogul Emperors behindhand in following a custom so obviously recommended by the climate. We first read of *takavi* grants for the building of wells in the terrible famine of 1345 under Muhammad Tughlak; the principle has been acted upon with increasing liberality



by the British government from 1868; and the Irrigation Commission, 1901-03, recommended a further development of the policy; and also a lower rate of interest, a longer period for the repayment of the principal, and the remission of a part of the loan if the well failed from the first or at a later date. They also proposed a subsoil water-survey and trial borings, quoting as examples the borings in Sholapur district and at Nausari.¹ A more active policy in these directions has begun with the famine of 1907.

Wells are the property of private individuals. So are small tanks and shallow pits which the rains fill with a supply of water that lasts a few months. They are very numerous in Madras, and there are a good many in Bengal also. The comparatively large ones are treated as the joint property of the village. There are a number of more or less natural depressions in the U. P., called *jhils*, which are also similarly owned and utilised. They are apt to fail just when most wanted, when the drought is prolonged, but while the water-supply lasts it is very useful indeed for the crops, especially at a pinch. The area irrigated by each is small, but because of their numbers, the total area helped, just as in the case of wells, is considerable. The large lakes, on the other hand, are the property of the state. The cost of constructing them is heavy, but the very large volume of water stored up in them can be distributed for miles. These *storage irrigation works* were not unknown to pre-British India. The Sudarshan (सुदर्शन) lake near the Girnar, an irrigation reservoir created by damming up a small stream, served the tillage of neighbouring villages for four centuries, until it was destroyed by a storm in 150 A. D. Rudradāman rebuilt the dam "three times stronger;" a storm burst it once more, it was again repaired in 458 A. D.; and then this 'Lake Beautiful' sinks below the horizon

1 Ch. 5 section 2, and ch. 7.



of history.² These facts are recorded on the celebrated fragment of the Asoka pillar near Junagadh. And for southern India in mediaeval times we have the testimony of Paes how the Vijayanagar monarch had a tank built with the labour of several thousands "looking like ants so that you could not see the land."³ Modern engineering has of course far greater resources and modern states can, by providing a lakh per year, say, from the annual revenue for only ten years, borrow twenty lakhs, which could be spent at once and repaid in thirty to forty years, that is to say, practically out of the new revenue derived from the work when completed. So wherever there is a gorge or other suitable site, and plenty of water running to waste that could be held up by a dam, the dam could be built, provided remunerative uses could be found for the water. Perhaps the most striking of the lakes and reservoirs the British government has built for irrigation purposes, is the Periar Lake three thousand feet above sea-level in the state of Travancore, which stores up the surplus water of the Periar river flowing into the Arabian Sea, and carries it by a tunnel, across the watershed, into the Vaigai river, which flows across the peninsula into the Bay of Bengal near Madura. The work was opened in 1896, and is capable of irrigating two lakhs of acres.

More important than irrigation by means of storage works, is *canal irrigation*. This also has been practised in India in localities suitable to it from a remote past. The province of Sindh, for instance, is full of the channels of old canals. The passage from Megasthenes already quoted would apply also to irrigation of this description. And the Kings of Vijayanagar cut irrigation canals from

2 Vincent Smith *Early India* pp. 132-3. The historian also quotes Megasthenes who has noted that Chandragupta's officers "measure the land, as in Egypt, and inspect the sluices carrying the water into the branch canals, so that every one may enjoy his fair share of the benefit."

3 Sewell,



The Tungbhadra as well as built large lakes, where possible. But perhaps the greatest surviving monument of Ancient India in this class of work is the 'Grand Anicut' or weir in the Kaveri delta, which is believed to have been originally constructed in the first centuries of the Christian era. The Jamna Canal of Firoz Shah Tughlak and the Agra Canal of the Mogul Emperors were the most extensive works of the kind attempted in Muhammadan India. But the inundation and perennial canals of British engineers have far surpassed any pre-British works of the kind both in magnitude and utility. The construction of productive irrigation works of this type out of loans might have proceeded at a quicker rate, but for the failure of two great projects at an early date in the history of irrigation. Sir Arthur Cotton's Tungbhadra project was undertaken by the Madras Irrigation and Canal Company in 1863 with a capital of one million pounds and a guarantee of five per cent; only a small section of it, however, was ever constructed, and the company had to be bought off by the government in 1883. Sir Arthur's Orissa canal scheme was undertaken by the East India Irrigation and Canal Company in 1860, without any guarantee, but the Company could not raise the necessary funds, and had to be bought off in 1868. Hence it was that the construction of irrigation works could not be proceeded with by means of companies; government had to construct them itself out of loan funds and surplus revenues. Sir John Lawrence began this new policy with the repair reconstruction and extension of the West Jamna Canal; the renovated canal was able to irrigate five lakhs of acres, and subsequent extensions have increased its capacity still further. The Agra Canal also from the Jamna was restored and improved, and it was opened in 1874. The first original work constructed by the British government,—begun 1848, opened by Dalhousie 1854—was the Ganges Canal, followed up later by the Lower Ganges Canal, opened 1878, each of which became capable of watering over eight lakhs of

acres. But works of this character cannot be judged solely with reference to the area irrigated by them. The great triumphs of modern engineering skill in this line are to be seen in the Punjab. The Himalayan snows are perennial stores of water, which, as they melt, send continual supplies down the innumerable streams which coalesce into the noble rivers that ultimately fall into the Indus. The slope of the land is also all that the heart of the engineer could desire, and extensive tracts in the province have a soil that without water is desert sands, but with water yields rich crops of a high quality year after year. The Punjab canals had in 1905 the capacity of irrigating over five million acres, and during the last fifteen years this has almost doubled. What this means in terms of concrete plenty and prosperity, the canal colonies of the Punjab reveal at a glance and in the most convincing manner. The best example is the Chenab Canal Colony in the Rechna Doab. With an area of 3900 square miles, in 1892 it was inhabited by 70,000 nomads. In nine years it was transformed into a busy hive of 791,000 flourishing agriculturists; and by 1912, the population had risen to 1,111,000. The indirect gain from relief of pressure to the congested areas of the Punjab was nearly as great. The Triple Canal Project recommended by the Irrigation Commission (1901-3) and sanctioned in 1904, has combined into one the Upper Jhelam, Upper Chenab, and Lower Bari canal systems at a cost of over seven million pounds, and was declared open in 1912. The great service rendered by the Irrigation Commission (1901-03) in recommending greater expenditure on irrigation works and a more liberal policy about advances for wells has been already mentioned. Perhaps their greatest service resided in changing the attitude of government altogether as to the proper view to take of the costliness as well as the utility of irrigation works in regions unfavourable to their construction. The Sindh canals for instance irrigated two and a half million acres at a capital cost of two million pounds.



The canals in Gujrat and the Deccan irrigated no more than 340,000 acres and at a capital cost of over four million pounds.⁴ A simple arithmetical calculation showed how much more productive a pound was when spent in one part of the presidency than in the other. The Commission argued, however, from the direct losses the recent famines had inflicted on people and State alike; they took the district of Sholapur as an example, which had cost on an average Rs. five lakhs a year on famine relief for a period of thirty-three years, added to this the further loss due to loss of revenue and the lowered economic condition of the people, and thus argued that quite a different standard of profit and loss applied to irrigation schemes in regions which had the double misfortune of offering little scope for such schemes, and at the same time of necessitating a very high expenditure upon them.⁵ And they drew up an extensive programme recommending various schemes for every province. The total cost they put at forty four crores, only one-third on productive and the rest on intermediate and unproductive⁶ works, and they anticipated that the works would take not less than twenty years to complete, and would, when completed, irrigate six million and a half acres. With regard to the Bombay Deccan in particular, they said that the abundant rainfall on the Ghats could be stored—at a price—in suitable sites and carried thence to the districts in need of it. The Government accepted most of their recommendations, discovered in working along the lines they had indicated that the possibilities of irrigation works were greater even than those the Commis-

4 *India in 1919*, p. 116.

5 Report ch. 4 secs. i and ii.

6 Productive—certain to yield at least 5% within 10 years of completion; unproductive—certain not to do so; intermediate—works about which neither statement could be made (§ 125).



sion had in view,⁷ and have been following a more active programme of construction during the last two decades. The completion of the Triple Canal system in the Punjab has been already noted. Protective irrigation works, on which the Commission laid such stress have also advanced considerably. Of these the Nira Right Bank Canal which will irrigate two lakhs of acres when complete, and the Godavari and the Pravara schemes, sanctioned in 1906 might be specially mentioned. To take a more general view, in 1902-03 there were only 350,000 acres irrigated by protective works; and of these there were 49000 acres in the U. P., 59000 in the Bombay Deccan, and 85000 in Madras. By 1918-19 the total for British India had doubled, the Deccan having gained 63000 acres, Madras 23000, and the U. P. as many as 162000. Lastly, students of the subject should note that although a big canal flowing like a river through several districts and throwing out thousands of distributaries in a carefully designed network, or a big lake in picturesque scenery giving out miniature rivers for miles carried across all obstacles, might strike the imagination, and although the capital sunk on these extensive works amounted to colossal figures, the small well and the petty tank of the cultivator also rendered a service by no means negligible. Just as the population inhabiting our small villages was in the aggregate hundreds of millions, because although each village was so small there were several lakhs of them, so also the total area irrigated by our wells and tanks, the work of the people, with only a little help in recent years from the state, was very large indeed, and for the same reason. The Irrigation Commission calculated in 1903 that in 1877-8 the total irrigated area in British India was thirty

7 In 1918-19 there were 15 major works under construction, 7 awaiting sanction, 11 projects under investigation, all together estimated to cost 60 crores India in 1919, p. 114.



three million acres, out of which private works irrigated twenty two and a half millions while the state works irrigated only ten and a half; the proportion of private to state irrigation was as 68:32. In 1902-3 the total in their opinion had increased to 44 millions, and out of that private works irrigated twentyfive millions and a half while the state works irrigated eighteen and a half million acres; the proportion at that date was thus 58:42. At the end of 1918-19 the area irrigated by state works had grown to over twentyfive million acres. Even if we assume that the growth in the area irrigated by private works was at the same rate as in the former period, it must be put down at very nearly twenty-nine millions, or an area larger than the state irrigated area by over three million acres.

CHAPTER X

FINANCE.

§ 48 *State needs.* There is really no limit to the needs of the modern state. It wants from the people all they can spare for its purposes, and restrains itself with difficulty at the margin,—wide or narrow according to the habits and circumstances of the people—where political discontent and the increasing friction of collection advise a halt in no uncertain terms. Wars have become fewer, it is true, and shorter, but armies and navies have grown continuously and the advance of science, and the rising prosperity of the people with the rise in the standard of living necessarily resulting, have made them more and more costly. The devastation of war itself has become less frequent, but the burden of being prepared for the eventuality of war has grown, until in some cases at least, the inability to support it longer has precipitated war, as

the less unbearable alternative. The nations at the apex of prosperity and progress have led the way, and all others have had to follow, more or less.

As population grows, the cost of roads and communications grows; the advance of science revolutionised transport during the nineteenth century, and the railways, ships, canals and ports of modern times have a capacity and efficiency undreamt of by former ages, but the cost too has grown to undreamt of heights, and, whatever the theory, the practice has grown of placing these indispensable services more and more under state direction. As population grows, the cost of preserving health and maintaining and improving sanitary conditions grows, the proportion of orphans, failures, disabled persons, and aged persons, with none to support them, grows beyond the means of private charity, sporadic efforts break down, and the state has to undertake these duties on uniform national lines. In economic activities, properly so called, the distinctive modern note is production on a large scale for which labour has to be concentrated in masses working through the instrumentality of machines growing in numbers and variety, each needing specialised skill to yield the net maximum of output; the raw material has to be obtained from the ends of the earth and often in enormous quantities; and the finished product has to seek distant markets, for the locality where it is turned out cannot possibly consume even a small fraction of it. All this implies elaborate organisation with delicate adjustments. The labourer has merely to obey orders as the mere soldier has to, in an army operating on a vast front, and here, too, whatever the theory, the logic of facts is inexorable, and the practice grows of greater inspection control and support by the state on uniform national lines. The maintenance of internal peace and order also becomes costlier as population increases, and as crime learns to prostitute the various advances of modern knowledge and the wonderful facilities of modern society to its own ends.



Sensibility to suffering, appreciation of cause and effect, and the feeling that the struggle for existence is getting very keen have also grown, and one of the joint products is an ideal of education more complex and exacting than had been possible in the past. How far this growing ideal can be reduced to practice remains to be seen, but the whole meaning of human existence is to work for the attainment of ideals, and, whatever the theory, again, in practice this sphere too is falling more and more into the hands of the state to direct, control, and improve. In one word, the modern state is more and more expected to be the educator of rising generations in order that they at least might have a progressively better world to live in than we and our forbears have had to suffer from: a world of less suffering and more knowledge, a world where insight is surer, and character less inadequate to the strains, the calls, the opportunities, the visions, and the dedications of life. The State, in fine, the modern man enthrones in his heart as Secular Providence, and the state bureau is the only temple to which he willingly brings offerings, full of hope. Is this all a delusion? Who knows? The ultimate truth of life and thought, philosophy and humanity, can never be seen free from doubts and mists and dark indefinable masses in the background; those to whom the faith and the hope are given will walk by their light, while they possess the urge of youth, while those others, their brothers, to whom the light has been denied, will still follow at a distance, grouching and grumbling.

§ 49 *Expenditure.*—I WARS AND WAR-SERVICES
Sir J. Kaye complained in 1853: "It is a truth to be wept over by every friend of humanity that within the last fifteen years whilst some five million pounds have been spent on great national works, thirty millions have been spent in wars."¹ The East India Company had incurred a public debt of over £ fifty millions when the



sceptre passed from its hands, and the Mutiny added to it over £ forty millions. But by 1858 British conquests in India had reached the natural frontiers of the country, and the only war on a large scale which India had to wage during the period from 1858 to 1914, was the Afghan war of the Disraeli Ministry (1878-80). This cost over £ twenty-two millions, out of which England paid five. Lord Dufferin's Burmese expedition (1885-6) and Lord Curzon's Tibetan expedition (1903) were not much bigger than some of the various expeditions, campaigns and blockades which have had to be frequently undertaken on the N. W. frontier between the Indus and Afghanistan proper.² There have been quite a number of these, in fact, there have been periods during which this No-Man's Land has been almost continuously disturbed for a number of years at a time, but the total cost has not been really heavy, especially when we consider the length of the period covered, and the training in actual warfare afforded to our troops.³

Less easy to defend was the burden England imposed upon India upto about 1900, by employing our troops on Imperial objects outside India, and paying for them either not at all, or very inadequately. On more than

2 The most important were—the Umbeyla or Black Mtn Campaign, 1862-3; the Bhutan War, 1865; the Gilgit Expedition (occupation of Hunza and Nagar), 1891-2; the Re-occupation of the Kurram Valley, 1892; the Chitral Expedition, 1895; the Tirah Expedition, 1897; the Mahsud Blockade, 1901; the military and naval blockade of the Makran coast upto and inside the Persian Gulf for several years from 1910 to suppress gun-running; the Abor Expedition, 1911-12.

3 In how many of these cases was Government fully justified in a resort to arms? The Tibetan expedition has been almost universally condemned, and the last Burmese War will always appear to some minds to have been a case of Imperial land-grabbing. Even the frontier expeditions have not escaped hostile criticism. These, however, are questions of high policy, and though very important in themselves, are to be kept apart, as far as possible, from questions of finance. So far as any of these wars was unjustifiable, the money spent upon it was of course wasted, and there was so much less available for better objects



one occasion the Government of India protested vigorously, as had the Court of Directors before them, for the practice had originated before 1858; but it was easier for the British Ministry and parliament to impose their will upon the Secretary of State for India than upon the Board of Control; or we may describe the position in another way by saying that the Government of India had a distinctly lower status and influence under the Act of 1858 than had their predecessors the East India Company through their two organs, the Court of Directors and the Court of Proprietors. The Act had provided, we have seen, that whenever Indian troops were employed beyond the frontiers of India, the matter was to be brought to the notice of parliament at an early date, and that no such expenditure was to be imposed upon India without their consent. Even this express provision was disregarded on more than one occasion; so that the behaviour of the richest empire the world has known towards this poor dependency, was in these matters not only mean and unfair, but also illegal at times. This shabby page of British Imperialism began with the Abyssinian War of 1867,⁵ and was not closed until the Boer War at the end of the century inaugurated a fairer

4 E. g. The Perak Expedition (1875). As to this, Lord Northbrook told the Welby Commission—"I protested. No Address was moved in the House, so that the law was broken." (Dutt, *Victorian Age*, p. 563). Again, as to the Sudan, "the continued employment of the Indian troops at Suakin as a garrison was not covered by the Address" (p. 564).

5 The Governor General, Sir John Lawrence, wrote, November 4, 1867: "Surely this is neither a question of hiring nor lending, but simply one of payment by the country which employs the troops... all the expenses of the British troops employed in the Mutiny who came from England, were paid out of the revenues of India. I recollect very well, that in 1859 and 1860, India was even charged for the cost of unreasonably large numbers of men who were accumulated in the depots in England, nominally for the Indian service.... In the present case, India has no interest whatever in the Abyssinian expedition, and... she should pay none of its cost." Bosworth Smith, *Life*, ch. 28 (Nelson: p. 513).



treatment of the subject from England. The change might be attributed not so much to the men in charge at the moment, Lord Curzon and Lord George Hamilton, as to the cumulative effect of the strong criticism repeatedly expressed on the matter, and especially by the official and unofficial witnesses before, the Select Committee on Indian Finance 1871-4, and the Welby Commission on Indian Expenditure, 1895-1900.⁶

Least defensible of all, as involving not only a large burden, imposed upon India as an additional annual tax, but also issues graver by far than the mere money cost of it, was the policy that deliberately saddled her with an army much larger than her actual needs, and constituted, moreover, so as to insure the permanent military supremacy of the ruling power at an incalculable sacrifice to the people thus brought completely under subjection. The aim was to maintain a force ready to take the field at a moment's notice, large enough to hold the frontier until reinforcements could arrive from England, and at the same time, another force large enough to hold the country down with ease. In order to obviate all possibility of another conflagration like the Mutiny, the proportion of British troops to Indian was fixed at 1:2; the equipment and training of the Indian troops were kept inferior; the proportion of British officers was increased, the prospects of the Indian to rise in the army were kept lower even than in the days of the Company; the British troops were to be short service men in the prime of life, and troopships ploughed the seas perpetually to bring up fresh relays of British youth to replace the older soldiers; the Indian troops were kept longer in the ranks, and special care was taken to see that there did not accumulate in any part of the country large numbers of men trained in the army,

6 For these see Dutt, *Victorian Age*, bk II ch 10 and bk III ch 11. This is a good instance of a change in practice, without any change in law, brought about by juster notions gradually prevailing.



discharged and discontented ; and, lastly, the recruiting of Indian soldiers was carried out on a system that can only be described as increasingly anti-Indian. The more the system is studied as a whole and in all its details, the more plainly does it reveal an utter distrust of the Indian, and at the same time a firm determination to employ all the means that the clearest and the shrewdest intellect could devise to hold him down for ever as a conquered subject. This army, this unique creation of British Imperialism, must certainly be pronounced a great achievement of practical statesmanship. It has throughout performed successfully the functions for which it was designed, and has also been able to lend a hand, as we have seen, in the defence and the expansion of the Empire in Africa and Europe⁷ as well as in Asia. The cost of it has been heavy, almost too heavy for the country to bear ; and the moral cost, if the view here presented be at all sound, so far outweighs the material, that to say much about the latter would be almost a waste of time and space. Still, some indication of the money cost, however brief, can hardly be omitted from this section. The period under review began with an army of 186,000, 62,000 British and 124,000 Indian troops, costing Rs. sixteen crores a year. In 1885-6 it was increased to 211,000, 71,000 British and 140,000 Indian troops, and cost Rs. eighteen crores a year. In 1894-5 it was further increased by 9,000, 3,000 British and 6000 Indian troops, which meant another two crores per year. The pay of the British soldier and the charges to be paid for him to England have been increased more than once. The pay of the Indian soldier was also increased from the 1st January 1899. And barracks, military works, and equipment have swallowed up large sums every decade. Perhaps the costliest period was the

⁷ Disraeli had called up an Indian contingent to Malta, 1877. The services of the Indian army, British and Indian, in the Great War in France, Belgium and Gallipoli are too recent and too well-known to need detailed reference.



decade from 1899 to 1909, during which fifteen millions were spent upon these necessities. The average net cost of the Military Services under all heads during the three years preceding the war was over nineteen and a half million pounds per year.

II FAMINES. The loss to the people from famines is far greater, we have seen, than the indirect and direct loss to the state, and this latter again is far greater than the direct and indirect expenditure the state is obliged to undertake because of famines. In this section we can only deal very briefly and roughly with the last and the lowest of these three amounts, nor can we take account of more than one part of it, viz. the direct expenditure. It has been shown in an earlier section that the cost of direct famine relief to the state during the decade from 1868 to 1877 was Rs. fifteen crores, and so a Famine Insurance Fund was constituted from 1878 amounting to Rs. one crore and a half per year. No such sum, however, could be provided on account of the Afghan War before 1881-82. During the decade 1873 to 1882 the amount spent on Famine Relief and Insurance was a little over £ seventeen and a half millions; from 1886 to 1890 only Rs. one crore and sixty eight lakhs altogether could be provided, but the larger provision in the remaining years of the decade brought up the total to a little under £ six millions; thus, adding to this amount the two million pounds actually provided in 1881-2 and 1882-3, we have for the so called Famine Insurance Fund an actual expenditure of only £ eight millions during the first twelve years after the Fund was constituted, whereas the additional taxation imposed for the purpose was on the understanding that £ twelve millions would be allotted. And this concrete financial criticism is all the more damaging in that it accepts all the sums actually debited to this head as rightly debited, although objection could be reasonably taken against

more than one of them. To resume our statement of the direct cost of famines. During the next decade (1893-1902) the full crore and a half was provided only in the first year; only three crores were allotted during the next three years. Then followed the great famine of 1896-7 which cost Rs. seven crores and a quarter in direct relief; and the greater famine of 1899-1900 which cost over Rs. ten crores in direct relief. During the decade 1901 to 1911, not ten but eleven million pounds and three-quarters⁸ had to be allotted to this head of expenditure, mainly because of the famine of 1907-08.

III RAILWAYS AND IRRIGATION As has been noted above, Sir John Lawrence started the policy of state construction of "productive"⁹ works out of loans. Before his time the expenditure on ordinary irrigation and public works out of revenue had risen from £ one third million in 1849 to over £ four millions in 1858. When it exceeded six millions in the year 1867-8, it was perceived that the treasury could not provide the amount out of ordinary revenues, still less go on enhancing it, without an increase in the burdens of taxation that would be unbearable, especially as the sum the government had to find annually to make up the guaranteed interest of 5% to the railway companies, was also increasing year by year. "Protective" public works—railways and canals—began to appear in the accounts from 1881 as a result of the recommendations of the Famine Commission of 1880, and we have seen above how the Famine Insurance Fund was

⁸ For the figures in this chapter, see the decennial issues of the *Moral and Material Progress and Condition Reports* the Imperial Gazetteer, and for figures later than 1911-12, the annual *Financial Statement and Budget*, all government publications; and from 1914, the handy *Indian Year Book*, already referred to more than once, published by the *Times of India*.

⁹ Sir J. Lawrence called them "extraordinary;" the epithet "productive" was substituted and the policy developed in some detail by a committee of parliament in 1879.



created by additional taxation in order that such schemes could be pursued more or less steadily, and progressively realised. Throughout the period under review government have consistently borrowed as much money as they could in England and in India, and they have kept themselves well supplied on the whole with railway and irrigation schemes to spend it on. And it must be admitted that where vast sums and large undertakings spread over years are involved, the pursuit of a steady policy like this makes on the whole for economy to an incalculable extent. Railways, we have noted, have been the favourite investment; irrigation schemes obtained very much less of the money available, for a whole generation. But we have also seen that from the beginning of the present century much larger sums have been allotted to irrigation, mainly because of the rude experience of the famines of 1897 and 1900 and the plain moral deduced from it by Sir Colin Scott-Moncrieff's Commission. The public debt has grown from about £ 92 millions in 1861 to 157¹⁰ in 1882. But by the latter year £ 43 millions of capital had been sunk by the state in railways and 21 millions, more in major irrigation works of a productive character; so that the burden of the debt was then no more than what it had been in 1861. During the twenty years from 1882 to 1902 the debt increased nominally to £ 211 millions; but it had been really reduced to £ 72 millions, as by that year the capital spent by the state on railways and irrigation had reached the figure of £ 139 millions. Finally by the end of 1913-14, the last year before the Great War, the debt had swelled nominally to £ 274 millions; but again we have to enter on the other side of the account £ 45·5 millions spent by the state upto that date on irrigation works, and a railway property which, inclusive of the guaranteed railways purchased by the state, was worth at least £ 330 millions on that date.

10 The rupee debt being converted at Rs. 10. or Rx. 1 = £ 1. In the figures for 1902 and 1913-14 it has been calculated at Rs. 15 = £ 1.



Thus the Government of India is as a property-owning corporation a wealthy party whose assets exceed the liabilities by over £ one hundred millions. And many Englishmen entertain the opinion, not only that this growing wealth has been created by British foresight, persistence, supervision, and control, but also that Indians do not possess nor are they capable of acquiring the qualities necessary for the efficient management and steady improvement of this property, so valuable in itself and so beneficial to the entire population. On the other hand, Indians can acquire confidence in themselves and inspire it in others, only in proportion as they get the chance of managing and developing large concerns, involving millions of property and employing hundreds and even thousands of men in various capacities.

§ 50 *Expenditure: Ordinary Civil.* IV PUBLIC WORKS of a non-military character and other than railways or irrigation works, were provided out of current revenues, and the expenditure varied according to the character of the year. They were taken out of the hands of the Military Board by Dalhousie in 1855, and separated from State Railways and Irrigation by Lawrence. New civil buildings, repairs to communications, new communications, repairs to buildings, and establishments, are the principal sub-heads. Buildings range from the Secretariat at Delhi to a *chowki* in a petty village. Roads are metalled or ordinary, with bridges throughout their length, or only at some places; or they are banked and surfaced roads, or only banked, or only cleared, and drained only more or less partially. All these are regularly maintained. There were not forty thousand miles of metalled, nor one hundred and forty thousand miles of unmetalled, roads in British India by 1901-02; this record no one could regard as at all satisfactory for our vast country. The net expenditure incurred by the State varied; it was £ 2·7 millions in 1902-03, £ 3·8 millions in 1882-3, £ 4·4 millions in



1862-3, and £ 5.1 millions in 1911-12; the average for the three years just preceding the Great War was £ 5.4 millions.

V (a, b) CIVIL DEPARTMENTS AND MISCELLANEOUS. The general heading Civil Departments comprised ten sub-heads: (1) General Administration, (2) Courts of Law, (3) Jails, (4) Police, (5) Ports and Pilotage, (6) Education, (7) Ecclesiastical, (8) Medical, (9) Political, (10) Scientific and Minor Departments. Let us consider briefly the more important of these, mainly from the point of view of finance.

(1) *General Administration* meant the upper Civil Administration from the Secretary of State and his Council down to the Commissioners of Divisions. Exceptional expenditure prompted from motives of high policy, such as on a Dehli Durbar, a Jubilee celebration, or a visit from a member of the Royal family, was also entered under this head. Apart from the occasional fluctuations thus arising, the cost under this head remained stationary for a long period; for, as we have seen, there was no change of importance in the upper administrative organisation of British India from 1858 to 1893; there has been no extension of boundaries, either, except in the case of Burma. Curzon's partition and constitution of the N. W. F. P. province, Morley's enlargement of the executives and legislatures, the visit of His Imperial Majesty, and the repartition of Bengal and the formation of Dehli as a separate province, were on the other hand all crowded together in one decade, and the expenditure under this head, £ 1.3 millions in 1901-02, became £ 2.6 millions by 1911-12. Some economy had been effected since, and the average for the three years ending with 1913-14 was £ 2.2 millions. The new Government of India Act with its enlarged executives and legislatures will of course involve another large increase, commencing with 1920-21; but for the first time in the history of British India a substantial, and let us hope an



increasing, proportion of the total will come into Indian hands and circulate inside the country.

(2,3) *Law Courts, Law Officers, and Jails.* This head need not detain us. The net cost has for many years been in the neighbourhood of half a million pounds for jails, and five times that amount for law and justice.

(4) *Police.* The Police Department began in 1782, when Lord Cornwallis took away the police functions of the zamindars and entrusted them to the District Magistrates. Several *darogas* were appointed for each district, each *daroga* had twenty to fifty armed men under him, and this civil force apprehended offenders and brought them up to the district magistrate for trial. In Madras and in Bombay, on the other hand, the indigenous system of the village *patel* and the village watchman was continued. The presidency towns were the first to obtain a special police force for the preservation of peace and the arrest of offenders, Calcutta leading the way in 1829. For the mofussil Sir Charles Napier organised a semi-military force for police functions in Sindh, placing it under officers directly subordinate to the district magistrates. This was almost the only success of his administration of the province. His system was copied in Bombay and the Punjab, after the Mutiny it was introduced into Agra, and Madras (1859), and the Police Act of 1861 made it uniform all over British India; and the special department for the suppression of Thuggee (1830), to which the function of suppressing and extirpating Dakaity had also been assigned (1839), took its place inside the larger organisation. This special branch was not abolished until 1904, when under the recommendations of the Police Commission of 1902-03, a new branch was started instead, the Criminal Investigation Department, well-known by its shorter title, the C. I. D. Every province has an Inspector General of Police; under him are Deputy Inspectors-General, one for each division or



circle. The entire police force in a district is under the District Superintendent, who in the performance of his duties behaves as a subordinate of the District Magistrate. And each district is subdivided into several charges, each under an Assistant Superintendent. Upto this grade in the department all the officers are European British subjects, and the great majority, moreover, selected as the result of the annual competitive examination held for the purpose in England from 1894. Below this imperial service the Police Commission just mentioned created the provincial branch, the officers of the highest grade being called Deputy Superintendents, entrusted with practically the same functions as the Assistant Superintendents. Each of the *talukas* under the charge of an Assistant or Deputy-Superintendent is subdivided into circles, with an Inspector directly responsible for it. And the lowest unit of the organisation is the area entrusted to a Sub-Inspector, who is the lowest police officer. Under him are the rank and file of constables. The police force of the presidency towns is organised on similar lines, though some of the grades are styled differently. The Railway Police and the C. I. D. are branches organised on parallel lines. And some of the provinces—Burma, Assam, the Punjab, and N. W. F. P.—have military police in addition to the ordinary civil force.

Apart from the village watchmen, the police force numbered under a lakh and a half upto 1880 and cost about Rs. two crores and twenty lakhs. In the eighties better training arrangements were made, the proportion of officers was raised, and the net cost by 1891 was Rs. three crores and forty lakhs. In 1901 the force numbered 163,000 men under 517 European officers, and the cost was Rs. thirty lakhs more. Then came the Police Commission and the reforms recommended by it. The numbers rose by 1911 to one hundred and ninety thousand, under 650 European and 234 Indian officers (Deputy Superintendents), the pay was improved, and the net cost also



increased by Rs. three crores. And during the triennium ending with the outbreak of the Great War, the average net cost was about Rs. six crores and ninety lakhs.

(6) *Education.* The total expenditure on the public educational institutions in British India, which being Government institutions are wholly controlled by the Education Department, or being aided by Government are inspected and partially controlled by the same agency, is derived from Government funds (including the funds of municipalities and local boards), or from fees, or from subscriptions and endowments by private individuals, or from other miscellaneous sources. The growth in the expenditure upon education from public funds has been at a gradually increasing rate. From Rs. 91 lakhs in 1873-4, it grew to one crore and eight lakhs in 1881-2, two crores and seventy-seven lakhs in 1901-2, and four crores and six lakhs in 1911-12. The total expenditure from all sources grew from four crores and two lakhs in 1901-2 to seven crores and eighty-seven lakhs in the official year preceding the Great War, and has gone on increasing at an average rate of over thirty-two lakhs per year since; the rate of growth in the contribution from public or government funds has been nearly Rs. twenty lakhs a year, and that of the burden borne by private funds (fees &c.), has been a little over Rs. twelve lakhs a year. The distribution of the expenditure over the entire field of education can be seen from the following table:—

In lakhs of Rupees.

Year	...1881-82	1891-92	1901-02	1911-12	1918-19
University Ed. ...	18	33	46	87	159
Secondary Ed. ...	48	99	127	209	367
Primary Ed. ...	76	96	119	207	353
Special Ed. ...	9	17	23	54	84
Direction and					
Inspection...	17	22	25	48	62
Buildings &c. ...	9	22	23	97	142
Scholarships ...	5	7	9	13	24
Miscellaneous ...	4	8	27	72	108
Total	1,86	3,04	3,99	7,87	12,99

1 For the figures for 1918-19 see *Indian Education in 1918-19* published by the Government of India. The total for 1901 in the table is three lakhs less than the figure mentioned a little earlier. But there are many discrepancies in the official publications themselves.



It should be noted that Special Education comprises principally technical and industrial schools, training schools, medical schools, schools of art, and commercial schools; and that under Buildings &c. are included furniture and all varieties of scholastic apparatus, appliances, models, instruments &c., as well as buildings proper. A mutual comparison of these forty-five figures, vertically and horizontally, will of itself suggest many a reflection and criticism. The defects of the system both as a whole and in the mutual relations of its various parts lie almost on the surface. Some of them will be dealt with in a later chapter. Here, it would not be appropriate to the main subject to refer to more than two of them. In the first place, look at the unspeakably meagre provision for Special Education. A finance minister cannot draw more and more from the people for the state treasury unless the productive capacities of the people go on increasing; and this end cannot be realised under modern conditions of international competition, without heavy and growing expenditure on a sufficient number of technical institutions of every variety. While it is true in a sense that all sound education is productive, all technical education worthy of the name is directly productive. Well-trained agriculturists, mechanics, artisans, chemists, engineers, ship-builders, and other skilled workers too numerous in their variety to detail, would be productive in a far higher sense than railways and irrigation canals, fisheries and mines, forests and plantations. These other material objects, indeed, are productive only in so far as there are the human agents armed with the necessary skill to make or work and develop them. And to arm an increasing number of the boys and girls as they grow up with the necessary skill is to establish and rapidly develop a well-conceived system of technical and vocational education all over the country, properly correlated to the key-industries, the main occupations, and the economic products and peculiarities of each linguistic



area. How much of this can be done in our vast country with a beggarly eighty-four lakhs a year?

Secondly, compare the expenditure on education as a whole with the expenditure upon the various other objects more or less briefly discussed in these sections. Could not more have been allotted to this, if necessary, even at the expense of one or more of the others? Cannot more, and a faster rate of progress, be provided now and in the immediate future? And if it be really found impossible to do so out of current revenues, why should there not be a thorough examination of Sir M. Vishweshwaraya's suggestion of "a loan averaging about fifteen crores per annum during the next ten years for the development of education and industries" ?²

(8) *Medical.* This is another head of expenditure which badly needs a large and an immediate increase. The death rate in India is high.³ The death-rate of women within the child-bearing age-limits is higher. The rate of infant mortality is dreadful. Our bloated cities are areas where diseases rage like forest-fires. And yet our rural areas, scanty in resources because of the want of work, are pouring their life-streams into these stinking slums in increasing volume. Malaria takes off about a million people per year, and the numbers who recover only to lead lives lacking in vigour and hope cannot be counted. Now and then there is an epidemic of fevers, when more than two millions die of it in less than a year, as in 1908. Such an epidemic is followed, moreover, by a year of a lower birth-rate. The influenza carried off six millions in 1917.

2 *Reconstructing India*, p. 109; See also pp. 168-9, 260-269, &c.

3 See the diagrams in *India in 1919*. It has been argued that the death-rate has been rising for some time—See, e. g. *Gokhale*, first Budget Speech, 26-3-1902, Appendix. There is expert authority accepted by the Census Commissioner, 1911, for the view that the vitality of the people is declining—See P. K. Wattal, *Population Problem*, ch. 3. In so far as these opinions are really well-founded, there is all the greater need for a rapid development of medical and sanitary provision.



The average mortality from plague since it broke out first in August 1896 works out at five lakhs a year, though the later portion of the period with its reduced numbers has reduced the average for the whole. Cholera, which can take a heavy toll only from cities pilgrimages and fairs, has become less frequent with better water supply and improved conservancy and medical treatment, but still it killed seven lakhs in 1907 and nearly six lakhs in 1891, and the year is rare in which it kills less than two lakhs. Small-pox is about the only scourge whose ravages have fallen off during the British period. Vaccination was introduced early in the sixties of the last century. It had to contend against the ignorant prejudices and superstitions of the people. In 1864-5 only 556 persons were vaccinated in the whole of North India. From such microscopic beginnings, however, the activities of the department have grown until they reached fair proportions. By 1880-1 the annual vaccinations were over four millions, and the next two decades doubled the number.

Perhaps the first civil hospital in British India was opened at Madras in 1679; the Calcutta General Hospital was opened in 1795. The number of hospitals and dispensaries⁴ has grown at a snail's pace. There were 1247 in 1881, 1809 in 1891, 3,402 in 1901, and 4128 in 1911. The population of British India was in 1911 over 244.45 millions. Does that give one hospital to 59,168 people? By no means. Bombay is the only major province with a higher urban population than 11.8 % and even in Bombay over four-fifths of the people are rural. At the other extreme stands Bihar and Orissa, backward and mediaeval

4 These hospitals and dispensaries are grouped into six classes State Public institutions, State Special, Police, Forest and Surveys, Canals, and others, further subdivided into private Aided, private Unaided, and Railway institutions). Out of the total, more than half are maintained wholly or partly from municipal and local boards funds. There were in all 83 hospitals and dispensaries in Calcutta, Madras and Bombay at the beginning of the century.



with a vengeance, if you associate progress and modernity principally with towns; for this province has only 3.7 % living in towns out of its population of thirty-four millions and a half; and, of course, very few of our four thousand hospitals are in villages.

It may be remembered that the East India Company thought of a proper system of laws and law-courts only when parliament threw India open to Englishmen. It is equally curious to discover that improvements in the general sanitation of the country were seriously thought of only when the Army Sanitary Commission, 1863, pointed out that the army itself could not possibly be expected to keep better health without them. Sanitary Boards and Commissioners were appointed. But what could these foreigners utterly ignorant of the language ways and medical and hygienic conceptions of the people, obsessed moreover with the fads and fanaticisms of new science, achieve? It is all very well to call the Indian village a dung-heap with stagnant water befouled by men and cattle, in which men and cattle bathe, and out of which they drink together. It is all very well to call the Indian villager ignorant superstitious and conservative. It is not for the reformer to twitch his nostrils and turn away. Such as it is, that is the world he has to work in work for and better, as far as possible. And if he only brings sympathy and understanding to his labour of love, he will find it, with all its faults, very human and plastic. Real progress dates only from the extension of local self-government by Lord Ripon; but it is substantial as yet only in municipal areas, though as their population goes on increasing, the old solutions and arrangements cease to answer, or the welcome reform of one generation comes to be regarded as a legacy of evil by the next. Municipal and district board activities and institutions for health and sanitation, we shall, however, have occasion to deal with in the following chapter. Sanitary Engineers have been appointed from 1888, and sanitary works in

town and rural areas, sanctioned by the Sanitary Board and wholly or partially financed by government, are carried out and maintained under their supervision. Thoroughgoing changes in the organisation were introduced under the recommendations of the Indian Plague Commission of 1898. The Indian Pasteur Institute at Kasauli started work from 1900, and similar institutions have been opened in other parts of the country. The Plague Research Commission, 1905-07, proved that the infection did not travel directly from man to man, and that the problem of fighting and eradicating plague was the problem of fighting and eradicating the rat-flea; and important changes in the methods of dealing with the epidemic and the areas where it prevailed followed, many useless troublesome and unpopular measures being discarded. The Imperial Malaria Conference, 1909, has led to the formation of Central and Provincial Committees and the establishment of a Central Malaria Bureau at Kasauli for research and the training of officers. And this has been followed up by the appointment in the provinces of touring malaria experts with adequate staffs and equipment to investigate the conditions in specially affected areas, and advise as to the proper remedies. Thus, Dr. Bentley's report about Bombay City in 1911, for instance, has led to the filling up of wells and tanks, the laborious structures of an age when the water-works had not yet come into existence. A scientific study of tropical diseases began in India with the Parel Central Research Institute (1901), which was moved to Kasauli in 1904. The Bombay institution confined itself thereafter to the preparation of anti-plague vaccine. These and similar activities have been financed by Imperial grants from 1908-09 onwards, amounting to over a million pounds in the first five years,⁵ a portion non-recurring for capital expenditure or exceptional use, but

5 By the end of 1918-19 the Imperial grants to Medical and Sanitation amounted to Rs. thirty crores.



the balance promised to continue for several years. And from 1910 when Sir Sankaran Nair became the member of the Imperial Executive Council for sanitation as well as education, an active policy has been inaugurated for the sanitary and hygienic improvement of towns and villages. Every town with a population of 100,000 or more is to have a whole time Health Officer, every municipality is to have a Sanitary Inspector, post-graduate studies in the necessary subjects are to be encouraged, there will be travelling inspectors for rural areas, and the entire service is to be open to Indians with the necessary qualifications. The expenditure from government funds, central provincial and local, was Rs. seventy lakhs in 1882-3, eighty-eight lakhs in 1891-2, over a crore in 1901-2; for the triennium ending with 1913-4, it averaged Rs. one crore and forty lakhs. The single head has since been split up into two—(a) Medical, (b) Sanitation; the gross expenditure on (a) from 1914-15 to 1918-19 has averaged £ nine and a half lakhs, and that on (b), £ six lakhs nearly; thus giving a total for both of Rs. two crores and thirty-two lakhs. From one crore in 1901-2 to two crores and a third in less than twenty years is by no means a rate of progress to satisfy those who at all realise the life and death importance of medical aid and sanitary improvements in our vast rural land, teeming with a population weakened by disease and poverty, and disheartened by ignorance and oppression.

(9) *Political*. Under this head is entered the expenditure of the political and foreign department of the Government of India upon Residents, Agents, and their establishments in Native States, political subsidies, such as was paid to Amir Abdur Rahman Khan of Afghanistan, the maintenance of refugees, State pensioners, and State prisoners⁶, and similar objects. Occasionally a Boundary Commission, a special Mission, or a Negotiation swells the

6 And, after anarchism appeared in India, political detainees.

total. The amount exceeded £ one million for the first time in 1906-7, was in the neighbourhood of that figure from 1911-12 to 1916-17, but was over £ two millions for the next two years, owing to India's contribution to the expenditure upon the South Persia Rifles and similar items due to the Great War. On the other hand, the income from the tributes and contributions received from Native States has generally amounted to £ six lakhs a year, and this sum might be fairly treated as a partial set-off.

(10) *Scientific and Minor Departments.* This head covers the Department of Agriculture, the Civil Veterinary Department; various Survey departments-geological, magnetic, meteorological, linguistic, archaeological, ethnographical; several central institutions-the Central Museum, the Central Research and X-ray Institutes, the Imperial Library, the Bureau of Commercial Intelligence; and other miscellaneous activities such as the census, the supervision of emigration, the inspection of mines, explosives, and factories, etc. The expenditure as late as 1891-2 was less than Rs. six lakhs a year. But the Agriculture Department started in 1881 got an impetus during Lord Curzon's regime, agricultural colleges and researches have grown apace with excellent results, improved seed, improved methods and scientific processes of protecting the crop from pests etc. have been produced and are being popularised by demonstrations and propaganda, the various highly intricate problems connected with Indian agriculture are being envisaged more concretely, continuously and earnestly by a larger number of minds better equipped than ever before in Indian history, and as we have seen in an earlier chapter, the department is already urging government and people to advance scientifically towards the rapid attainment of results of incalculable beneficence. Some of the other departments and activities enumerated above are of still later origin, and while several of them are necessarily on a limited scale, some are developing at



a vigorous rate. The total gross expenditure has naturally grown fast; it was nearly £ 5 lakhs by 1901-2, nearly £ one million by 1911-2, and with the single exception of the year 1915-16, has continued growing year by year; it was a little over £ one million and a half in 1918-9, and the Agriculture Department has nearly always had more than half the outlay.

Europeans often express dissatisfaction at what they consider the very inadequate appreciation for services like the above, by educated Indians. But there is more in the matter than meets the superficial eye. In the first place Government reports are not easily accessible and official accounts are as a rule unreadable. Secondly, Indian education has been far too literary and abstract in character. Thirdly, a good many years necessarily pass in what might be called prospecting and pioneering work; while on the one hand, a conscientious government does not increase expenditure and establishments except in directions offering reasonable prospects of substantial results, on the other hand, meagre allotments and small establishments can rarely produce results, and, to the lay mind not accustomed to look before and after with the hopeful vision and enthusiasm of the expert, are likely to appear a mere waste. Besides, until they do achieve results, a consummation that might not be attained for decades, these experts and their official mouth-pieces rail at the backwardness of the country, the ignorance superstition and conservatism of the people, and the depressing apathy of the surroundings, in every variety of tone and gesture. Under these circumstances, it is hardly a matter for surprise that educated India should emphasize a single aspect common to all such activities and departments, as to which it finds the government attitude indifferent to the point of criminality. Educated India is not at all against the importation of real and indispensable experts or of keeping them as long

as they are really indispensable. But the foreign expert gives less than twenty years of active service and that too in broken periods. He takes away all his experience, training, faculty, and reputation with him to benefit other lands, while he is still in the prime of life. There is also the possibility of his not giving the benefit of all the secrets and processes he has discovered or perfected while here, to the land to which he feels little attachment in spite of all it does for him, since it is not in human nature to feel much attachment for a land where he and his children cannot settle down. Under such conditions, the average individual responds only to the cash nexus and behaves accordingly. Hence it is that from the days of V. N. Mandlik and M. G. Ranade, Indian patriots have felt that Indian resources had much rather not be developed at all than developed only at the hand of foreign experts, to give rise only to an increasing exploitation of the country by the foreigner. Any strengthening of the jute industry or the tea plantations, for instance, while they continue, as from the beginning to the present day, monopolies in the hands of foreigners who, moreover, resist Indian aspirations with all their might, and have proved themselves incapable of any real sympathy for Indian labourers and subordinates, Indian opinion does not look upon as pure gain. There can be no real industrial development or economic advance until the new industries or occupations are from the top to the bottom in Indian hands, so that the skill, processes and organisation involved are all likewise in competent Indian hands. Experts might be brought now and then, here and there, and assigned certain tasks, as in Japan or any other country; but they should be servants employed only for a period, during which the training up of the Indian or Indians associated with them should be an integral part of their duties. There is no industrial advance worthy of the name, which is not a complete transplantation and succe ss-



ful culture of foreign skill into our own country.⁷ A mere increase in the mileage of railways or in the bulk and the value of the production is one thing, a real progressive advance is quite another. Hence it is, and not at all because of such unworthy feelings as jealousy or colour-prejudice, that exponents of the Indian view have become more and more insistent on the subject of the race and domicile of the agency employed. In the dissenting Minute already referred to in an earlier section, Sir Abdur Rahim wrote:

"The proper standpoint, which alone in my opinion furnishes a satisfactory basis to work upon, is that the importation of officials from Europe should be limited to cases of clear necessity (para. 50). In the second group (of the services) should be placed appointments in which the administrative aspect of the work (to be done) is more or less subsidiary, and for which differentiated and specialised qualifications of a professional, scientific or technical character are required. As such qualifications are capable of being sufficiently definitely ascertained there is no good reason why in this class of appointments Indian candidates when properly qualified should not be appointed to the fullest extent available in India. I would place in this group all...judicial appointments, and appointments in the education, agriculture, civil veterinary, forest, geological survey, factory and boiler inspection, mines, mint and assay, pilots (Bengal), public works and railways, Indian finance, military finance, medical, telegraph (engineering), and the Survey of India departments" (para. 54).⁸

V (b) *Miscellaneous* covers the heads of territorial and political Pensions, civil, furlough, absentee, and superannuation Allowances, Exchange, Stationery and printing, special Commissions of Inquiry, etc. It is not necessary to give any details about these heads in an elementary book like this. But connected with the subject of Exchange and indeed with the whole topic of Expenditure is the much-debated matter of the HOME CHARGES. The expenditure of our government is necessarily incurred partly here, and

⁷ Readers ignorant of economics might think that the above proposition goes too far. They will find ample justification for it in List, *National System of Economics* and similar works.

⁸ *Islington Comm. Rep.* I pp. 411, 413.

partly in England. This must continue to be the case, to some extent at least, as long as India is within the British Empire. We have borrowed a large portion of our public debt from England; and the interest has of course to be paid every year. This must continue to be the case as long as England is for us, as it has been all along, the cheapest market to borrow from. A conflict of interest between England and India arises with regard to the remaining items. The larger the number of foreigners employed in India in civil or military capacities, permanently or for short periods, the larger the charge for pensions, leave and furlough allowances, etc.; items which are really a part of the pay due to them under their contracts with us. From Dadabhai Naoroji onwards, the Indian contention has been that it should be a cardinal principle of the policy of the government, to employ the fewest possible foreigners, and keep these charges as low as possible. The reply to this has been that this was not merely a question of the money cost; the British were bound to give to India a Western, modern, progressive, efficient, British administration, this was the inner meaning of the phrase "the British Connection", which could only be maintained and developed thus, and the indirect benefits to India were far greater than the cost. And the rejoinder has been—it was perfectly true that this was not merely a question of the money-cost, for the losses to India, direct and indirect, are far greater than the cost. The money if spent upon Indians would circulate and fructify within the country. The experience and the reputation, if won by Indians, would remain available even after they retired from service, and would elevate India in the estimation of the world. And as G. K. Gokhle observed in 1905:—⁹

"This question is to us something more than a mere question of careers. When all positions of power and of official trust and responsibility are the virtual monopoly of a class, those who are outside that



class are constantly weighted down with a sense of their own inferior position, and the tallest of them have no option but to bend, in order that the exigencies of the situation may be satisfied. Such a state of things, as a temporary arrangement, may be accepted as inevitable. As a permanent arrangement it is impossible. This question is thus to us a question of national prestige and self-respect, and we feel that our future growth is bound up with a proper solution of it."

How far the new constitution put into force, 1920-21, and the new era commencing, will alter the case, and how fast, the future will show.

Again, in connection with our international trade the shipping, the banking, and the agency without which it could not go on, were for a long period exclusively British; and when other nations like Germany, Japan and America obtained a share, all these other foreigners together accounted for only a small though a slowly increasing share of it. Even in their case the payments were to a large extent made through England, and all these items have gone to swell the Home Charges as the volume of the international trade has increased. The government attitude on this section of this subject has throughout been—"What can we do? It is the course of the trade: it is the natural course of things." Or, "We are convinced free traders: it is really for the best; and to act otherwise is against our principles." Here, again, the Indian view has been that a national government would necessarily have behaved very differently; Indian shipping, banking, and agency business would have been helped by it to make a start and to grow up until each was strong enough to compete unaided, and thus there would have been not only a progressive reduction of this item in the Home Charges, but a real industrial and economic advance.

Another amount in the Home Charges is due to the purchase of military, railway, and government stores in England. Government is necessarily such a large buyer, that in the case of some articles it could easily have built



up its own factories and produced for itself, what it needed.¹⁰ In that case, the price paid would have remained in India, Indian labour would have been benefited from the first, and the indirect gain would have been all the greater if the factories as they developed had been Indianised, and thus had raised up one industry after another in the country. Instead, our government simply bought all it needed from England for a long period. As a rule, much more of Indian money was annually spent in England than the English capital annually borrowed on Indian account. The production of some of the military requirements in India itself in government factories, and the purchase locally of a few other articles, have been changes in the practice, introduced from the eighties of the last century. How far we shall go in this direction and how fast in the era now dawning, the future will show.¹¹

Lastly, Exchange; from about 1870 to 1898 our treasury lost a great deal on the exchange of rupees into sovereigns, for any coin outside the boundaries of the state who has adopted it as legal tender, is worth only the precious metal contained in it, payments in any country have to be made in the legal tender of that country, the legal tender of England is the sovereign which is a gold coin, while the rupee is a silver coin, and as the gold-value of silver fluctuated largely with a downward tendency and actually fell considerably¹² during the period indicated,

10 The Mogul Government was a large producer. See J. Sarkar *M. Administration*, pp. 13-15.

11 See, for Home Charges, Morison: *Economic Transition in India*, chs 8 and 9.

12 Rates of exchange—Rs 1=1s 11 1/2d in 1871, 1s 7 9/16d in 1878, 1s 4 8/9d in 1887, 1s 1 1/4d in 1894, 1s 3 9/16d in 1898; thereafter 1s 4d. At 1s 6 5/8d, 1s 5 1/4d, 1s 4d, and 1s 3d, £ 1=Rs 13, 14, 15, and 16 respectively. The cost to India of Home Charges totalling £ 20 millions, for instance, would be Rs. 20 millions more at each of the latter, than at the immediately preceding, rates.



more and more rupees had to be paid out of our treasury to make up the same number of sovereigns for our payments in England. In 1893, the government, after prolonged consideration and with much hesitation, fixed the rupee at one-fifteenth of a £ (1s. 4d.), and ceased to coin fresh rupees for a time. By 1898 the rupee rose to this gold value and it remained at that level to the beginning of the Great War. During this later period, therefore, there was no loss to the treasury from exchange and, on the other hand, there was a considerable gain through the coining of fresh rupees in enormous quantities from silver purchased at market-rates.

§ 51 *Income.* A State derives an income from its properties and from trade and other activities, just like a private individual. It also takes by law, 'at stated intervals, a definite part out of the property or the annual income of various classes of its citizens: this is its income from *taxation*, which it derives by virtue of its right and power as a sovereign to coerce its subjects; and in modern states the income so derived forms by far the greater portion of the whole. We therefore begin with a brief account and discussion of the principal heads of the **TAXATION INCOME** of our government from 1858 upto date.

The most important of these is:—I **LAND REVENUE**. This is a tax on agricultural incomes; levied in India from times immemorial, being the most natural of taxes in a country predominantly agricultural. The Permanent Settlement with the zamindars was a tax on their rents or agricultural incomes, which, in 1793 when first fixed was, we have seen, as high as ten-elevenths of these incomes, but has fallen in process of time to one-fourth or less. The land-revenue realised from U. P., C. P., and the Punjab is also a tax on rents the proceeds of which have increased with the progressive growth of rental incomes

1. By explicit law in modern constitutional states; by custom or by executive order in others.



in those provinces, as the settlements there were subject to enhancement at each revision; but a progressively larger fraction of the income has remained with the land-owning shareholders, a decreasing fraction has been taken into the treasury; the fall has been from over eighty to under fifty *per cent.* The land revenue in the ryotwari provinces is a tax upon agricultural incomes collected from the cultivators themselves. The fact that in these parts of British India there are few non-cultivating land-owners leasing out their fields to tenants for rents, cannot alter the character of the land revenue they pay, from the point of view of public finance. It might be conceded that pure economic rent does not raise the price of agricultural produce; and that therefore land-revenue not exceeding such rent in amount yields an income to the state without pressing either on the ryot himself (when he does succeed in winning from the land a profit over and above wages and costs), or on any one else. This argument, however, means that in a poor agricultural society mainly composed of peasant proprietors, land-revenue is almost an ideal tax, or that it is almost the only tax possible; not that it is not a tax at all. Finally, a school of economists or socialists preferring a society without landlords, whom they look upon as the worst possible kind of monopolists, have urged a social policy of eliminating them by the fiscal expedient of taxing the entire rent or surplus profit or unearned increment from the land. Such a policy may be desirable in some countries at some periods of their history; let us even grant, for the moment, that it may be universally desirable. The expedient proposed may also, for the sake of argument, be granted to be both legitimate and effective. Considerations like these, however, have nothing whatever to do with the fiscal character of land-revenue. In the science of public finance, whatever the state takes as a state, by virtue of its authority over its subjects, that, but for the action of the state, would have remained with the subjects, is a tax and



can be nothing else.² The gross income to the State under this head apart from the income credited to Irrigation, has grown slowly from a little over £ 13.25 millions in the quinquennium 1861-5, to nearly £ 14.75 millions in 1881-5, a little over £ 18.75 millions in 1901-5, and a little over £ 21.25 millions in 1911-15. We have seen that under the expenditure head of General Administration is entered the expenditure upon civil officers from the Secretary of State for India down to Commissioners of Divisions. The expenditure upon officers of lower grades employed upon District Administration, Survey and Settlement, Land Records, and all other work directly connected with the collection of land-revenue, from the Collector and District Magistrate down to the lowest employee, is entered against this revenue head; in the quinquennium 1911-15 this amounted to almost £ 3.9 millions per year. This amount will show some increase in the current quinquennium because of the increase in salary recently granted to the upper ranks, European and Indian. Substantial increases in the salary of the lower ranks are even more necessary; in fact they have been long over-due: a rupee in the hands of the *talati* (तलती) or *kulkarni* (कुळकर्णी) has no more purchasing power than the same coin has in the hands of the *mamlatdar* or the Assistant Collector.

II TAXES ON NON-AGRICULTURAL INCOMES.

Cesses on agricultural incomes over and above the land-revenue will be more appropriately dealt with, very briefly, in the next chapter. We pass on to the Income Tax properly so called, and other taxes similar to it.

² See *Baden-Powell*, p. 49: "land-revenue operates as a tax, the discussion a profitless war of words." *Strachey* ch 9 presents the official view that land revenue is "not taxation properly so called," supported by wobbling quotations from Mill and Fawcett. *Alston* ch 2 § 19 indicates very briefly the historical genesis of the view of European socialists.

There was a deficit of £ 30 millions for the years 1857-9, an anticipated deficit of over £ 6 millions for 1860-1, while the annual revenues did not amount to £ 37 millions, and the public debt had also risen because of the Mutiny. A trained financier and economist with a reputation to lose was for the first time appointed to the governor-general's council as member for finance, he and Lord Canning cut down expenditure as far as possible in all departments, and a proper system of keeping accounts and auditing them was created. His principal changes in taxation were two: a reform of the customs duties, which is dealt with in a later section of this chapter, and the introduction of an Income Tax for five years. This was fixed originally at four per cent on incomes above £ 20. But the minimum was raised to £ 50 in 1862 and the rate was reduced to three per cent from 1863. Abolished in 1866, it was revived from 1869 to 1872. The taxable minimum income was raised to 75% in 1871 and 100% in 1872; the rate was $2\frac{1}{2}\%$ in 1869, $3\frac{1}{8}\%$ (6 pies in the rupee) in 1870, and 2 pies in the rupee in the last two years. Sir Richard Temple³ calculated that from 1860 to 1872 it had brought £ 14.5 millions to the treasury. In 1867 and 1868 a substitute for the income tax was attempted in the form of a license or certificate tax on trades, handicrafts and professions; and after the famine of 1877, a license tax was re-imposed with considerable latitude to the provinces to fix their own gradations and rates. These efforts to adapt the income tax to Indian conditions were, however, failures, and a regular income tax of the modern type was imposed by Act II of 1886. The principal reason for the step was the large permanent increase in our military burdens. The governor general also adverted to the inequitable character of the existing fiscal system, since well-to-do classes like the commercial and legal professions and the higher government officials from himself downwards

3 *Men and Events*. See ch. 9, 10, and 15 for a bright account of the finances of British India upto 1873-4.



were contributing little, if anything at all, to the treasury⁴. Under the Act, all agricultural incomes, military officers drawing less than Rs. 6000 per year, and civil incomes below Rs. 500 were exempted. The last minimum was raised to Rs. 1000 in 1903, and Rs. 2000 in 1919. The rate was, roughly, four pies in the rupee upto incomes of Rs. 2000, and five pies for higher ones. The amending Act (V) of 1916 introduced graduation by fixing the rates at five pies in the rupee for incomes from Rs. 2000 to Rs. 5000, six pies for higher incomes upto Rs. 10,000, nine pies upto Rs. 25,000, and one anna in the rupee for incomes of Rs. 25,000 and higher. Companies' profits were to pay the highest rate. The super-tax Act (VIII) of 1917 related to incomes above Rs. 50,000 per year and imposed an additional tax on the excess, at rates advancing from one anna in the rupee to three annas, by half an anna for every fifty thousand rupees. And by the amending Act (XIII) of 1920, the super-tax on Companies' profits exceeding Rs. 50,000 was limited to one anna in the rupee, and in the case of undivided Hindu families, was to be charged on incomes in excess of Rs. 75,000. The yield has risen from Rs. one crore and one-third in 1886-7 to Rs. one crore and two-thirds in 1892-3, Rs. two crores in 1900-01, and Rs. two crores and a third in 1908-09. For the first seventeen years from 1886 the increase was less than Rs. five lakhs annually; from 1903 to 1913-14 it was Rs. eleven lakhs annually⁵. But it is an ill wind indeed that blows no good at all to any one. The Great War brought exceptional profits to various trades and occupations and the Income Tax receipts rose from Rs. 314 lakhs in 1915-16 to Rs. 566 lakhs in 1916-17, Rs. 725 lakhs in 1917-18 and Rs. 845 lakhs in 1918-19: and the Super Tax besides yielded Rs. 222 and 319 lakhs respectively in the last two years.

⁴ Proceedings of the G. G.'s legislative council, 1886-7, p. 19. V. N. Mandlik was a member and suggested a revival of the import duties on cotton goods instead.

⁵ S. M. Pagar, *Indian Income Tax*, p. 185.



§ 52 *Commodity Taxes.* There are Municipal taxes on houses and lands, animals and vehicles, which are taxes on property; and on trades and professions, which are taxes on income. These will come up for consideration in the next chapter. We pass on to taxes on commodities. These might be levied from the retail vendor, or at the boundaries as the commodity leaves our country or enters it. Excise is the general name for the first, Customs for the second. Under both heads there are some commodities which are taxed because it is desirable that people should be prevented from consuming them in large quantities, and an easy method of doing so is to raise their local price artificially by taxing them. Intoxicants like alcohol, opium and hemp, for instance, are very injurious to body, mind and character and destructive of domestic and social happiness. At the same time, their use as medicines in infinitesimal quantities in suitable forms and under medical advice is unavoidable in the treatment of diseases and general debility and in the alleviation of unbearable excitement, fatigue, or pain. And human nature is so weak that man gets habituated to the use of such dangerous drugs very quickly, and then wants to go on increasing their consumption by more frequent and larger doses, regardless of consequences. Hence it is a recognised portion of the general moral and regulative functions of Government to control the production and trade of such articles, and since that involves expenditure, to recover it by taxing these articles themselves. So far there is hardly room for any difference of opinion on the subject. But modern European States have obtained by their taxation of these commodities a large net income besides. The burden of the state, it has been argued, has got to be distributed as equitably as possible over all classes of subjects including the poorest, taxation on commodities or indirect taxation is felt less than taxation of incomes and properties or direct taxation, where the masses consume such commodities in large quanti-



ties, such taxation both operates as a check on consumption and yields a large revenue, the state by employing this single expedient thus secures two objects both excellent, and if such taxation is to be given up and the state expenditure to remain on the same level, the only alternative would be to tax incomes or properties or necessities or harmless luxuries at higher rates. The opposite view, on the other hand, has been that if the state be really in earnest about its moral and regulative functions, the only right policy for it is to try to wean away its subjects from such vicious habits completely and at the earliest possible moment; and that even fiscally, a population freed from such debasing indulgences would produce far more wealth and could spare far more out of it for collective purposes than while addicted to them. It is not at all surprising that the Government in British India should so far have been guided by the sentiment of the English people and the practice of the English State in this matter; but as it becomes more and more Indian in character it will naturally respond more and more to Hindu and Muhammadan sentiment.

III EXCISE. Under this head is included the revenue derived from license and distillery fees and duties on sales, rents from contractors, owners of toddy palms, &c., acreage rates in the Punjab from the cultivators of poppy, and fines, confiscations and other miscellaneous items. The principle of "a reasonable amount of deference to local public sentiment" has been attended to from 1874 "but the application was left to the discretion of the local authorities" ⁶ for many years. After the report of the Indian Excise Committee, 1905-06, the legislation and administrative practices on the subject

6 *Moral and Mat. Rep.*, 1891-2, p. 250. For an earlier statement of the government attitude and policy see the quotation in *Strachey* at pp. 184-5. From 1884 to 1904 the consumption of country liquor declined from 4.95 London proof gallons per 100 of the population to 4.06p while the taxation rose from Rs. 2-10-7 per gallon to Rs. 4-7-8.

were over-hauled, and the attitude and policy of our Government since then with regard to the consumption of alcoholic drinks appear from the following paragraph:—

"The Government of India have no desire to interfere with the habits of those who use alcohol in moderation; this is regarded by them as outside the duty of the Government, and it is necessary in their opinion to make due provision for the needs of such persons. Their settled policy, however, is to minimise temptation to those who do not drink, and to discourage excess among those who do; and to the furtherance of this policy all considerations of revenue must be absolutely subordinated. The most effective method...is to make the tax as high as it is possible to raise it without stimulating illicit production..., and without driving people to substitute deleterious drugs for alcohol or a more for a less harmful form of liquor."7

Local Committees were also formed to advise as to the withdrawal of licenses and the number and location of retail shops. By 1911 there were 200 of them, many with non-official majorities. The gross revenue has risen from £ 1·95 millions in 1862 to £ 3·61 millions in 1882 £ 4·06 millions in 1901, and £ 7·61 in 1911; the cost of collection from £ 166,000 in 1901-2 to £ 419,000 in 1911. The average annual revenue and cost were £ 8·45 millions and £ 443 thousands respectively for the five years 1911-1915.

IV CUSTOMS. The history of our income from import duties falls naturally into two sections. The articles on which excise duties were levied, must when coming in from other countries be obviously subjected to a corresponding duty at the point of entry; and as the excise duties were raised from time to time, proportionate changes must also be made in these import duties. There were again certain commodities, such as arms and war supplies, which for political reasons had prohibitive import duties placed upon them throughout our period. Lastly, the nineteenth century witnessed a rapid growth of industries all over the European world; a growth



accompanied by a protective policy in all the leading countries except England. This enabled the manufacturers of particular articles or group of articles to secure large profits in their own countries, and they combined into gigantic trusts and cartels, obtained bounties from their own governments, continuously developed their scale of production, and dumped huge quantities of their make on foreign markets at prices which under-cut the home-made article in countries backward in those particular industries. In the face of such an unfair competition, import duties sufficient to raise the price of such articles in our markets to our usual level is the only remedy. The import duties on bounty-fed beet sugar imposed in 1899 and maintained for some years were of this character. The history of the remaining import duties falls into two periods, 1859 to 1882 and 1894 to the end of the Great War. The intervening twelve years was a period of free imports, during which only one new duty was imposed, that on petroleum, from 1888.⁸

To defray the cost of the Mutiny a uniform tariff of ten *per cent ad valorem* was introduced in 1859; very few articles were to be admitted free and on the other hand some were taxed as high as 20 %. This had to be modified, however, the very next year. Our first Member for Finance, James Wilson, was a free trader, and in his first and only budget, he increased the free list and reduced the rate in several cases from 20 % to 10. His successor, Samuel Laing, lowered the general rate itself to 7½ % (1864). Three years later the principle was introduced of levying duties only upon specified articles, and their number was considerably reduced. And in 1875 the general rate was further lowered to five *per cent*. The income from the duties on cotton goods in 1876-77 was £ 811,000, about two-thirds of the total income from imports of the class under consideration. Famine and

8 The Burma mineral oil industries began about this date.



the Afghan War followed, a Famine Insurance Fund with fresh taxation was projected, and India was in no position to sacrifice this annual income of a million pounds and a quarter. But, as we saw in Chapter IV, the Lancashire Cotton Industry raised its influential voice in parliament against it, and between 1878 and 1882, we gave it up altogether, since it was not worth while to keep up the establishment for collection merely for the sake of a third of the whole. The cotton imports rose from £ 35 millions a year upto 1878 to £ 47 millions a year for the four years 1878 to 1881 and to £ 51 millions a year for the next three years, and the quantities imported were larger than these figures showed, as it was a period of falling prices.⁹

The great and continuous fall in the gold value of silver and the growing loss on exchange to the Indian treasury upon its increasing payments in England, obliged government to examine all possible ways of increasing income and reducing expenditure. A reimposition of import duties appeared to be the least objectionable course.¹⁰ Faced with a large deficit in 1894-5, the Government revived the general import duties of 1875, with a few alterations; iron and steel goods were to pay only 1%, petroleum was to pay two annas per gallon, and railway materials, printing materials (with the exception of paper), books, industrial and agricultural machinery, raw materials, gold and some other articles were to be admitted free. Cotton goods had to be excluded from the Act. But it appeared by the end of the year that these duties did not bring in sufficient revenue, that a deficit of over a crore would remain unless cotton imports were also taxed, and Lord Rosebery's ministry then in office with Henry Fowler (afterwards Lord Wolverhampton) as Secretary of State for India, consented to a 5% duty on cotton goods also, but with a countervailing excise equal in amount upon

9 Strachey, pp. 191-8.

10 Report, Herschell Committee, 1893, paras 35-46.



such manufactures of the Indian cotton mills as might compete with the imports (December 1894). The arrangement did not satisfy Lancashire, who knew their power and were determined to have their own way. Lord Salisbury became premier with Lord George Hamilton as Secretary of State for India in the middle of 1895, and the latter wrote to the Governor General in Council that "the duties should be placed on such a footing as will not infringe pledges that have been given or afford ground for continued complaint and attack." An amending Act was passed in February 1896, under which cotton yarns and twists entered free, and all cloth paid an import duty or a countervailing excise of $3\frac{1}{2}\%$, according as it came from abroad or was manufactured at power mills in India.¹² And this iniquity was enforced in the sacred name of Free Trade and with professions of sympathy for the poor Indian ryot! Is it any wonder that other nations feel constrained, now and then, to question John Bull's sincerity?

No redress was possible for twenty years. Soon after the commencement of the Great War the Indian Legislative Council passed unanimously Sir G. Chitnavis's resolution that India was eager to demonstrate her unity with the Empire and wished to share in the heavy financial burden of the war upon England (8th September 1914). And early in the following year it adopted with equal enthusiasm another resolution to support England regardless of the sacrifices it might entail (24th February 1915). The first two years of the war were, however, years of deficits, and the financial commercial industrial and trans-

5th September: Dutt, *Victorian Age*, p. 540. Summary of the debate in the Indian legislative council, 3rd February, pp. 541-4.

12 Income from these cotton duties, import and excise:—1897-Rs. 78 lakhs and 11 lakhs; 1902-05, 111 lakhs and 22 lakhs per year; 1912-15, 174 lakhs and 52 lakhs per year; note that while the import duty proceeds grew from 10 to 22 the excise proceeds grew in the ratio of 10 to 47: from being one-seventh of the income from cotton imports, the cotton excise income came to be $\left(3\frac{1}{29}\right)^{\text{th}}$



port dislocations due to a world-wide conflagration were on an unprecedented scale and naturally caused intense anxiety. By a piece of extraordinary good fortune, the war burst upon us at a time when the Indian helm, political and financial, was in the hands of men gifted with rare balance of mind, Lord Hardinge and Sir William Meyer. In the budget for 1916-17 the import duties were increased $16\frac{2}{3}$ to 50%, the duty on sugar was doubled, and other measures were also adopted to increase the revenue; of these the income-tax and super-tax measures have been already dealt with; the cotton duties were left untouched. And as soon as equilibrium was thus restored, and even a surplus of £2 $\frac{3}{4}$ millions secured, the Government of India offered a free gift of £100 millions to England, adding that the balance of £3 $\frac{1}{4}$ millions necessary to make up an annual provision of £6 millions for the interest and sinking fund of the gift, would be raised by an increase of the import duties on cotton goods from 3 $\frac{1}{2}$ to 7 $\frac{1}{2}$ %. The Secretary of State in Council approved the scheme, the cabinet gratefully accepted the offer, and the amending Act (VI of 1917) was passed on the 7th March. Lancashire tried her utmost to procure delay, or an equivalent increase of the excise duty, even suggesting a reduction in the amount of the gift in order that the cotton duties might not have to be enhanced. An influential deputation waited upon the Secretary of State on the 12th March; a less formal deputation had an interview with the premier the next day. And when Government proposed a resolution in parliament on the 14th, consenting to the Indian gift and the financial provisions accompanying it, Lancashire moved an amendment "regretting that the provisions should include an alteration in the established system of duties on cotton goods thereby throwing an unnecessary burden upon the people of India and causing a controversy between different parts of the Empire which it was most inexpedient to raise during the war." The Government of India had proposed the increase the



previous year also, along with the general enhancement of duties mentioned above, but Mr. Asquith was premier then, and his ministry had preferred not to raise so controversial an issue. The Lancashire members, therefore, urged him and his following to stand firm. Mr. Asquith, however, pointed out that India's proposal then was connected with ways and means for the purpose of balancing her own budget. When she was advised not to raise the question for such a purpose, she had accomplished her object otherwise; in doing so she had exhausted all possible expedients of increasing her income, and even created a surplus. Her proposal on the present occasion was quite a different proposition, it was for the laudable purpose of helping England to win the war, and must be judged on the merits. And he added that what she had done was entirely within her competence. The only way to alter it now was for parliament to ask her to repeal or re-amend her recent Act, a course so high-handed that it had never been adopted in the entire history of the connection between England and India. But he also suggested that Government should add to their resolution a declaration that the matter "should be considered afresh when the fiscal relationships of the various parts of the Empire to one another and to the rest of the world came to be reviewed at the close of the War," and this the premier accepted. Far more decisive than the arguments advanced in the debate was the consciousness present both in parliament and outside that to defeat the ministry on such an issue would mean their resignation and a general election, and that no alternative ministry was possible. This was the reason why all the sixty-two Irish nationalists present at the debate, whose one desire was to embarrass England as much as possible, voted for the amendment. But this was also the main reason why even of the forty-two Lancashire members present, seventeen supported the government, and that the amendment was thrown out by 265 votes to 125.

Export duties have so far had a very subordinate place in our tariff. At the general revision in 1875 rice indigo and lac were the only articles of importance upon which export duties were continued; and the two latter were dropped from 1880. An export duty on jute was imposed as a war measure in March 1916, and was doubled the next year. A nominal duty of half a pie per pound was levied on tea from 1903 and the proceeds were handed over to the industry to help them in their efforts to extend the market for their produce; this was raised to Rs. 1½ per 100 lbs. in 1916. And in September 1919 a duty of fifteen per cent was imposed upon the export of raw hides and skins with a rebate of two-thirds on their export to countries within the Empire. It remains to be seen how the principle of a preferential tariff thus accepted for the first time is going to fare in our customs history in the near future.

V, VI SALT AND OPIUM. One great benefit India has reaped from her unification has been the removal of innumerable transit and import duties at the boundaries of the hundreds of states into which she had been politically divided in the pre-British period. A heavy duty has been imposed instead upon salt and in order that this could be realised at a minimum of cost and trouble both to Government and people, its production and import have been rigidly controlled. The history of the tax begins with Lord Clive who started a state monopoly in the manufacture in order to increase the emoluments of the civil and military servants of the East India Company and thus compensate them for the gains from 'presents' and private trade which they had to forego under their covenants. The Court of Directors, however sanctioned the creation of the monopoly but annexed the entire income to the state treasury.¹³ Under these circumstances the new department was naturally a failure and



brought little profit until Warren Hastings reorganised it in 1780. The monopoly and control were introduced into Madras from 1806 and into Bombay from 1837. By 1862 the gross proceeds had risen to nearly seven crores and by 1872 to over nine crores. The burden on the people was at the rate of Rs. 3-4-0 in Bengal, Rs. 3-0-0 in North India, Rs. 1-14-0 in Bombay and Madras and about three annas a maund in British Burma upto 1877. In order to prevent the cheaper salt of the maritime provinces in the south and of Rajputana in the west and Kohat in the extreme northwest from being smuggled into North India, a barrier of mounds, ditches, and thorny bushes was created from 1842, about 2300 miles long, from Attak to the Mahanadi, protected by semi-military posts, which required 14000 men, at an annual cost of 162,000 l. But between 1869 and 1871 the Sambhar Lake and other Rajputana sources of salt were brought under control by treaties with the Chiefs, railway transport replaced transport by road, the Central India portion of the barrier was abolished in 1874, and the remainder, with the exception of a few miles round Koha in 1879. The reduction of the duty to Rs. 3 a maund in Bengal, to Rs. 2-12-0 in North India, and the increase of it to Rs. 2-8-0 in Madras and Bombay from 1878-9 was an essential part of the change. The increase in the southern maritime provinces was defended on the ground that while it affected only fiftyeight millions of people, the reduction in the North would benefit nearly fifteen crores. In 1882 the duty was fixed uniformly at Rs. 2 a maund except in Burma and round Kohat but in 1888 fiscal needs necessitated an increase to Rs. 2-8-0, and it remained at this extremely high level for fifteen years. Imports from Cheshire and Aden, Egypt, Turkey and Germany increased; this superior salt only the rich could afford; the proceeds from the tax were Rs. six crores and a half annually for the four years upto 1887-8; they jumped up to Rs. seven crores and three-quarters in 1888-9, and

rose to Rs. nine crores and a quarter by 1902-03; but the poor man and his cattle did not get enough salt. The National Congress passed a resolution year after year praying for a reduction, Pherozshah Mehta in the enlarged Legislative Council urged economy in the barren heads of expenditure, and a simultaneous reduction of taxation and increase of provision for the beneficial heads of expenditure.¹⁴ In the budget debate of 1902 G. K. Gokhale reviewed the financial history of the period and pointed out that taxation had been raised, not only to meet extraordinary charges for war and famine relief, but also to meet the losses due to the falling rupee and the reduced income from opium, and that in consequence as soon as the rupee became stabilised and the opium revenue recovered, from 1898, large and continuous surpluses were realised, which were "a double wrong to the community, a wrong in the first instance that they exist at all, and also a wrong because they lend themselves to easy misinterpretation," misplaced optimism, and administrative extravagance.¹⁵ And Gokhale was not only unanswerable in his financial arguments, he had also the born statesman's genius for selecting the right moment at which to press them. January 1st, 1903, witnessed Edward VII's Coronation Durbar at Dehli, at which Lord Curzon announced that the budgets of the very next and following years would provide "measures of financial relief for the population."¹⁶ The salt tax was reduced to Rs. 2 a maund in 1903, Rs. 1-8-0 a maund in 1905, and Rs. 1-0-0 a maund in 1907.¹⁷ The annual income fell

14 Budget Speech, 28-3-1895; the passage referred to will be also found at p 458 of *Speeches*, and p 340 of Mody's *Sir P. Mehta*, vol I. The last also quotes a passage from the reply of Sir A. Mackenzie, Lt. Gov., Bengal, which is a fair specimen of the intolerant narrowmindedness of the average civilian of the period.

15 Speech, 26-3-1902; see also budget speech 30-3-1904.

16 *Raleigh II* p 18.

17 'The reduction of the salt duty...is right, if there is to be any decency in taxation at all'—Morley to Minto, 15-2-1907: *Recollections II* p. 202.



from Rs. nine crores and eighty lakhs in 1902-03 to a little over Rs. five crores in 1908-09. The average for the five years ending with 1915-16 was Rs. five crores and thirty lakhs. And there was an enhancement of the duty in 1916-17 as a war measure to Rs. 1-4-0 per maund. Sir W. Meyer's reason for not raising it higher was that the increased tariff introduced at the same time would also "to some extent fall upon poor consumers."

The East India Company found the cultivation of opium a monopoly of the State in Bengal, and took its administration into their hands from 1781. They farmed the revenue from this source, but from 1799 Lord Cornwallis converted the business into a State Department under a commissioner. Behar and Benares were the principal districts; the acreage under the crop varied but was usually five to five lakhs and a half. Advances were given free of interest to the cultivators and the entire produce was taken over by the department and opium manufactured from it, partly for retail sale in India through licensees, but mainly for sale in bulk to exporters. There were also large tracts growing the plant in Malwa in Native State territories, and imports thence into British districts were strictly controlled and heavily taxed. This supply was also partly consumed in India itself and partly exported. The income to the State from the quantity consumed in India was an excise. The income from the export was a gain to the Indian treasury derived from the foreigners in China and elsewhere, who were the ultimate consumers. Opium chests, each containing 140 lbs of the drug were sold by monthly auction by the government, and as the prices and the number of chests sold per year fluctuated, the income also varied. It was about Rs. eight crores per year for many years after the Mutiny. From about 1881-2 began a period of serious fluctuations. The income was as high as Rs. ten crores in 1880-81 and only Rs. four crores and a quarter in 1902-03. From 1903 there was a revival.



But the puritan agitators, already referred to in Chapter IV, had great influence with the liberal party, at the general election of 1905 which resulted in the rout of the conservatives; the liberal leaders had given firm pledges on the subject, and although a motion in the House of Commons in May 1906 was talked out,¹⁸ the request of the Chinese Government that the export from India be reduced by 5100 chests per year was accepted in 1907, for three years. China claimed that she was reducing poppy cultivation within her territories as fast as possible and urged that India should help her in her endeavours to reform her subjects by stopping the export altogether in ten years. Sir A. Hosie, consul general at Tientsin, deputed to report on the facts, found that poppy cultivation was actually decreasing there, and a final agreement was thus made with China in May 1910, under which our exports to that country were to cease entirely by 1917.¹⁹ On the other hand, our exports to other countries—the Netherlands Indies, the Straits Settlements, Hong Kong, England, Siam, &c.—have increased, and this has to some extent reduced our losses. The average annual income for the period from 1903 to 1910 was Rs. 6½ crores; for the triennium 1911-3 it was Rs. 5½ crores; and for the next three years, a little under Rs. two crores.

§ 53 *State Profit from Services* performed by it for which the subjects deriving personal benefits pay fees at the time of appropriating the benefit and in proportion to its amount, is the third and last source of a regular flow of wealth to the treasury in modern states. The Government of India performs several such services.

VII RAILWAYS AND VIII IRRIGATION have been dealt with already. All that need be added about the latter is that the net income from major productive works has always been handsome, and that the income from the

18 Morley, *Recollections*, II p 172.

19 Montagu, budget speech, 25-7-1911.



irrigation works throughout British India, though falling, as protective works with their far larger capital cost and far lower income are increasing, has still been rarely below 8%.¹

IX FORESTS, just like the above two, have a value to the community far in excess of the mere money profits realised. They moderate the climate, feed the rivers, raise the sub-soil water level, store up rain water and retard its flow off the land, afford grazing to countless herds, are the home of many species of beasts and birds, furnish various minor products and conveniences to villages in their neighbourhood, and are of increasing utility in many ways, besides yielding, with proper care, increasing supplies of the timber, fuel, pulp, manures, fodder, juices, gums, paints, varnishes, roots, medicines, and other marketable produce, from which is mainly derived the income that pays for their care and upkeep and leaves in addition a growing surplus. This has risen from Rs. fourteen lakhs in 1865 to Rs. eighty-six lakhs in 1901, and a crore and three quarters in 1918. It should go on rising at a much quicker rate in the future.

X MINT AND PAPER CURRENCY. The trade and contract operations of a civilised population with industries and economic activities growing in volume and complexity need a large and an increasing quantity of money or currency in three forms: standard or full value metallic coins as legal tender units for ordinary payments, token coins in which there is much less metal than their face or legally fixed value for fractional payments, and paper substitutes to save the trouble and time of counting in large payments or the trouble and expense of transporting coins for payments to be made at a distance. As credit and mutual confidence extend, business morality

¹ Irrigation Report for 1919-20:—total capital outlay, including outlay on works under construction—Rs. 763 lakhs and a half; total net income—Rs. 61 lakhs.



develops a set of conventions, adherence to which becomes a point of honour, and other currency substitutes and conveniences emerge like bank-notes, cheques, *hundis* (हुंडी), and bills. These multiply fast, they soon outgrow the total legal currency available many times over, elbow the legal currency almost out of sight, and appear to operate nearly all the exchanges of the community almost by themselves. The business community, too, strengthen this appearance and spread this delusion, since it is to their own profit to transact the maximum of business with a minimum of legal currency. It is, nevertheless, nothing but a delusion. This conventional currency is only a fair weather medium of exchange. The moment it encounters a breath of suspicion, it flies back in a flash to the person who originally uttered it, and bursts like a bubble unless he can prove his ability to replace it in full by legal currency. Conventional currency, therefore, is a mere shadow; however vast, however serviceable, it has no potency of its own; legal currency is the substance, which it is the duty as well as the exclusive privilege of the state to supply and maintain in *cent per cent* purity. Gold or silver, chemically pure, is not hard enough to stand rough usage. Even our best ornaments, for instance, are all the better for two to three *per cent* of alloy, and coins which have to stand far greater wear and tear and worse handling than any ornaments must contain a little more of alloy. The Indian rupee is eleven-twelfths fine, that is, contains 15 grains of alloy and 165 of fine silver in its total weight of 180 grains. The silver half-rupee, quarter-rupee, and two anna piece are also standard coins. Only the other coins in circulation are tokens. To keep the currency at the legally fixed standard of weight and purity, worn out coins have to be withdrawn from circulation from time to time. There is therefore the recurring expense on the one hand of this withdrawal of light and defaced coins and their replacement, and on the other hand the profit from new coinage which is



proportionally greater in respect of tokens than of standard coins. The prices of metals fluctuate just like those of other commodities, and the mint might also make a small profit by purchasing the bullion it needs at low prices. Lastly, a mint is called free, when private individuals can take their bullion to it and get it coined, the mint only making a small charge for refining the metal brought to it. The total net income from all these sources must, however, be kept as low as possible. Currency is a necessary of life in civilised countries, it must be made uniformly available to the people as nearly as possible at cost price, and the justification for making this service a monopoly of the state resides in the fact that in private hands the temptation to debasement would be irresistible, while even a slight, almost imperceptible debasement might mean not only a large profit to the coiner, that is, a large indirect tax on the community, but it would inevitably lead to loss of confidence in the purity of the whole currency in circulation, the coins which were better than others or supposed to be better would be hoarded, and a loss would be inflicted on the people far in excess of the actual amount of the debasement.

Our mints were free upto the 26th June 1893, on which date they were closed to the public by Act VIII of 1893. All subsequent coinage has been solely on government account, and this has brought a large profit, the whole of which has been kept distinct from current treasury funds as a reserve, called the Gold Reserve upto 1906 and the Gold Standard Reserve thereafter. Suppose Rs. 120 crores coined during the twenty-one years from the closing of the mint to the beginning of the Great War at an average profit of Rs. 0-4-3 per rupee,² the reserve would

2 "The rupee contains $\frac{3}{4}$ oz of silver.... When silver is at 32d an oz. the cost of a rupee to the Government is about 12'24d" (Keynes, *Ind Currency and Finance*, p. 37n). This means a profit of 3'76d on every rupee coined, with silver at 32d an oz. But from 1893 until it began to rise again as a consequence of the Great War, silver was never as high as 32d, and was in the neighbourhood of 24d for several years. The coinage profits of our government have thus been much larger than 3'76d per rupee. While silver was at 24d, the coinage profit was 6'82d per Re.



amount to £ 25 millions; as a matter of fact, it was £ 25.72 millions, on the 31st March 1915.

Of course the closing of the mint, the divorce of the value of the rupee from that of its bullion contents and fixing it by fiat at one-fifteenth of a sovereign, meant the substitution of a gold exchange standard for a natural standard, or, in other words, the conversion of the rupee into a token coin. The original intention was to develop out of this temporary expedient resorted to very reluctantly, a natural gold standard as soon as possible, but that intention was shelved and the state glided into an acceptance of the temporary expedient as itself, the goal. This has had far-reaching consequences of an incalculable magnitude, but of a character so complex, that it is impossible to deal with them in an elementary book like this.

Currency notes issued through a Government department and payable to bearer on demand in legal tender coins, were first introduced into British India by Act XIX of 1861. India was at that time a vast country, almost a sub-continent, and was for this purpose sub-divided into several circles, Calcutta (Cawnpore, Allahabad and Rangoon), Bombay (and Karachi), Madras, and Lahore; the notes of each circle were to circulate within it, Government were not bound to pay cash for the note of any circle beyond its boundaries, although in practice they rarely objected to do so; and they could be issued against the Government rupee securities upto a maximum of Rs. 600 lakhs, but for every additional note issued, the necessary amount was to be held in rupees in a reserve called the Paper Currency Reserve. Amending Acts and Notifications raised the amount which could be issued against securities to Rs. 700 lakhs in 1890, Rs. 800 lakhs in 1891, Rs. 1000 lakhs in 1896, Rs. 1200 lakhs in 1905, and Rs. 1400 lakhs in 1911. As communications improved, trade expanded and India became economically unified, the system of circles was found to be a hindrance and was



given up. Five rupee notes were universalised or made payable anywhere in India in 1903, ten and fifty rupee notes in 1910, and the hundred rupee note also in the following year. The character of the cash reserve has also been altered so that it could consist partly of rupees, partly of gold coins and partly of gold and silver bullion. During the war notes of smaller value were also introduced, of which the one rupee note has become fairly popular. The amount of the notes issued against securities had also to be raised to Rs. 20 crores in 1916, nearly fifty crores in 1917, over sixty crores in 1918, and over 99 crores and a half in 1919, and an increasing proportion of the securities were English. The interest earned by these securities, is the income realised by the state for the performance of this service. And in so far as the notes circulate freely and no difficulty is felt by the holder in obtaining cash for them whenever he chooses to ask for it, the note issue may be claimed to be performing its function efficiently.

XI POSTS AND TELEGRAPHS perform services that come home to the meanest individual in the population. A low and uniform rate, within the means of the poorest, for every letter or telegram conveyed irrespective of the distance involved, is only possible to a centralised department covering the whole country with its agents. And, as every one knows, the department also carries parcels, transmits money, encourages thrift amongst the masses by its savings banks, pays pensions, issues life insurance or endowment policies to Government servants, sells quinine in pice packets, and has also established telephone exchanges and lines in various places. The postal section of the department yielded an income almost from the first, which grew from Rs. 9 lakhs in 1860 to Rs. 20 lakhs in 1900. The telegraph department worked at a loss in the beginning but earned a profit of Rs. 13 lakhs in 1880 which grew to Rs. 44 lakhs



in 1900. The income from the department as a whole jumped up from 1915, and for the four years from that date has averaged Rs. 142 lakhs. And, of course, the gain to the people is far in excess of the mere profit to the treasury.

XII STAMPS AND REGISTRATION. Civilised life develops a multitudinous variety of property and services and civilised people are continuously entering into contracts and effecting exchanges with one another in respect of all such forms of property and service. Out of such contracts and exchanges disputes also are apt to emerge pretty frequently, either between the parties themselves, or their legal successors, or one of these and a third party who finds rightly or wrongly that his own rights and interests have been more or less ignored or injured. But security of property, reasonable performance of contracts, and reasonable freedom to revise or cancel contracts with fair compensation to parties adversely affected by the exercise of such freedom, are of the essence of a civilised society. And in the settlement of the innumerable conflicts of interest and disputes thus constantly arising, clear precise and dated evidence is required at every step. The registration³ of agreements contracts and deeds, imposes full deliberation and publicity upon the parties and secures the automatic creation and record of unimpeachable evidence, which either prevents disputes or proves of incalculable value in their settlement. And when a party goes to court it is only right that, unless he can prove his inability to afford it, he should be charged a fee in some proportion, however infinitesimal, to the value of the claim he advances. The cost of the registra-

³ When a party has to go to law, his document would not, in some cases, be admissible as evidence unless it had been registered at the time it originated; moreover, in the case of a document not written on stamp paper, i. e. on which the fee leviable had not been originally paid, the party going to law has to pay not only that fee, but a penalty besides. No document is registered that is not written on stamp paper or not properly signed and witnessed.



tion department should be met entirely out of the income from registration fees. And if the volume of the business it has to deal with leaves a surplus, however low the scale of the fees charged, there is no better use for such a surplus than to treat it as a contribution towards the expenditure upon the judicial department, which is certain to be heavy and in excess of the income derived from court fees. Stamps and Registration yielded a net revenue of Rs. 2.76 crores in 1875, Rs. 4.78 crores in 1896, and Rs. 8.82 crores in 1916.

Alston, *Indian Taxation*:—for the whole of this Chapter.

CHAPTER XI

FINANCIAL DECONCENTRATION: LOCAL

SELF-GOVERNMENT

§ 54 *Mayo to Hardinge*. We have seen that from the Regulating Act onwards parliament tried to unify British India more and more under the single authority of the Governor General in Council. The presidency governments were depressed more and more into administrations or mere agents of the central authority and the process was completed by the Charter Act of 1833. Twenty years later witnesses from the provinces, examined in connection with a renewal of the Charter pressed for some financial independence especially with regard to public works, but the Act of 1853 introduced no reduction in the Governor General's powers of control.¹ And after the mutiny, the need for economy and the authority of

¹ Sir Charles Wood's speech, 3-6-1853; for extracts see *Mukharji* I p 128-32.



The Viceroy and his Council and especially of the Financial Members of that Council who were appointed directly from England were, relatively speaking, greater than ever, and the provincial administrations sank so low that they could not increase any salary, or create any post or even "rebuild a stable that had tumbled down,"² without the sanction of the Government of India. Such over-centralisation, however, was soon discovered to be suicidal. No agent would reduce expenditure below, or obtain an income above, the customary amount, if he was left no discretion as to the use of the money saved or earned. And if the agent's proposals on changes that were either indispensable though involving extra expense, or likely soon to yield a net gain, were repeatedly vetoed by an authority too far off and too ignorant to be able to enter into their merits, he would soon lose heart in his work and all sense of responsibility about it. It was necessary, therefore, to restore some initiative, discretion, and sense of responsibility to the provinces, and the first step in this direction was taken by Lord Mayo's Government in 1871. For this purpose several of the spending departments were, so to speak, lumped together into one, to be known thenceforward as Provincial Services; and the Government of India made a single consolidated grant to each province for these Services collectively, a grant that added to the normal income from them was just sufficient to cover the normal expenditure. The provinces were given a certain amount of freedom in the administration of these Services and were assured that they would be permitted to carry forward as their own to the ensuing year whatever balance they created by better administration. The departments thus provincialised were Education, Jails, Police, Medical Services (in part), Registration, Printing and Public Works. Of these Registration was the only head that yielded a net income. The next important step was taken by Lord Lytton's Government in 1877. In-



stead of a fixed consolidated grant, other heads yielding a net income were handed over to the provinces; Excise, Land-revenue, Forests, Income Tax, and Stamps were among the heads so transferred, along with the expenditure heads of Law and Justice, General Administration and Minor Departments. The normal income of some of the income heads was transferred altogether, and a share in the case of others. Some of the productive Public Works were also made provincial. The total provincial allotment in 1871 was about £ 5.5 millions; under the more extensive scheme of 1877 the control of about £ 16 millions of annual expenditure was transferred. Five years later Lord Ripon's Government went further still. All the heads of income and expenditure were arranged under three classes: customs, posts and telegraphs, railways, opium, salt, tributes, the mint, Home charges, and the military department continued wholly Imperial; civil departments and provincial public works became wholly Provincial. The rest became Divided Heads, that is, the net income was to be shared between the central and provincial governments in proportions definitely laid down by the former; and amongst them the head of land revenue was given this unique position, that the amount by which the allotted income from the other heads fell short of the total expenditure transferred to provincial control was made up by the transfer of a carefully calculated percentage of the land-revenue. ³ These settlements

3 Lovat Fraser notes as one result of these financial arrangements that the provinces "were tempted to be over rigid" in their land revenue collections (*Curzon and After* p 357). And *Report I. C. R.* § 109 in pointing out the defects of the system even after it had been fully developed by Curzon, Minto and Hardinge specially emphasizes its bearings upon land revenue and irrigation. "As regard revenues, so long as the G. of I. take a share in the proceeds they have a strong motive for interfering in details of administration. Their interest in land revenue e. g., inevitably leads them to a close supervision over revenue settlements; and the control tends to become tighter in cases where expansion and development, as in the case of irrigation, depend on capital outlay."



were for five years and when first introduced it was fully intended that the government of India would not only confine their own expenditure within the resources they had thus provided for it, but even go to the aid of the provinces whenever any one or more of them suffered from a calamity like famine. But a long series of lean years followed, years, moreover, during which the expense on the army and the loss on exchange increased enormously. At the renewal of the quinquennial contracts on three successive occasions the supreme government seized for its own use a substantial portion of the increase in income which the provinces had created by careful administration. And special contributions were also exacted on more than one occasion during the period. The inevitable result was again to weaken the administrative and financial conscience of the provincial authorities. As Sir A. Mackenzie said in the budget debate of 1897, "the provincial sheep is close-clipped and shorn of its wool, and turned out to shiver till its fleece grows again. The normal history of a contract is—two years of screwing and saving and postponement of administrative improvements, two years of resumed energy on a normal scale, and one year of dissipation of balances, for fear that if not spent they will be annexed by the supreme government at the revision. Now all this is wrong, not to say demoralising."

But the cycle of poor years came to an end, the exchange difficulty was over, the opium revenue revived, and as mentioned in the last chapter, large surpluses were realised year after year. The central government started making grants to provinces, earmarking each for a specified object and making it a recurring annual grant or allowing its utilisation to be spread over years. The object was, as Lord Curzon put it,⁴ that the provincial stokers in charge of the administrative machinery might no longer be handicapped for want of fuel and that the

4 Budget speech, 26-3-1902.



engines might once more be propelled at full speed. In 1904 the entire relations between the supreme and provincial governments were reviewed and a system of quasi-permanent settlements was started, in which the resources handed over to the provinces were for the first time not inadequate to their needs, particularly when the special grants mentioned above which were also continued, and the subsidies⁴ given from time to time to such provinces as needed them, were also taken into consideration. And at this third start the determination was firmer than ever that the amounts resigned to the provinces were not to be touched at all by the supreme authority as far as possible. The famine of 1907 added a new device, as a buttress to the system. The Government of India placed to the credit of the provinces liable to famine, a carefully calculated amount, which was to remain at their credit, until when famine broke out it was to be drawn upon; and famine expenditure by any provinces beyond this amount was to fall equally upon the province and the central government. Finally, in 1912, Lord Hardinge's government simplified the entire system as far as possible and declared it permanent. The expenditure handed over to the quasi-independent control of the provinces under this scheme of financial deconcentration rose from £ 18 millions (out of a total of £ 68 millions) in 1904, to £ 29 millions (out of a total of £ 79 millions) in 1911, and £ 36 millions (out of 123) in 1918. It was not a system of decentralisation in any proper sense of the term. True decentralisation was impossible under a constitution that held the Government of India and the Secretary of State in Council responsible for

4 This policy of giving subsidies and the connected one of making special grants were criticised by more than one province and the Royal Decentralisation Commission (1907-9) examined the matter fully. For the final decisions of the Government of India on this and all other topics arising out of the subject of financial devolution see the G. I. R. on Provincial Finance, No. 27 F, dated 18-5-1912.

every detail as well as for the general methods and broad results of the governance of British India. The Government of India could not consistently with the discharge of its own constitutional responsibilities allow the provinces to tax or to borrow except only in a very small way; and real financial or administrative enfranchisement is impossible except where adequate powers of levying taxes and raising loans exist. No province could have a policy of its own either, without such power. And unless and until the dependence of the provincial executives upon the central was given up, and their dependence instead upon representative legislatures responsible to the people substituted for it, no radical change of system was possible. All that can be claimed for the financial deconcentration of the period from 1904 to 1919 is that it provided less inadequately for the needs of the people than the earlier system that had been introduced in 1871, and that it prepared the ground for the fundamentally different system which the Government of India Act of 1919 has now rendered possible.

Report I. C. R. §§ 102-120.

Mukharji I pp 623-38, 651-67, 719-21.

§ 65 *Presidency Town Corporations*. The history of local self-government in British India begins with the name of Sir Josia Child. He obtained a charter from James II (1687) to set up a corporation at Madras,—a mayor, aldermen and sixty or more burgesses,—who could build a town-hall, a jail and a school-house, improve the roads, and undertake the lighting, conservancy and other duties of a city corporation, and were empowered to tax the inhabitants for such purposes.¹ An octroi or terminal tax was, however, the only impost the inhabitants submitted to, and this first corporation languished for want of resources. Subsequent efforts to keep the presidency towns fairly clean and improve them did not

1 *Ilbert*, pp 21-3,