before very long not less than a crore of rupees annually in addition to the present outlay. If these figures are true it will not do to put them aside because they are startling. It will be necessary to consider them, to became familiar with them to acknowledge their irresistible logic, to take action to redress any existing inequitable inequalities that may have to be admitted when every possible allowance has been made for circumstances that may justly be held to modify the case." I entirely agree with the learned Director when he says that the acknowledged educational needs of India cannot be said to be satisfactorily met so long as the excessive deficiencies of the Province which stands second of all Provinces of the Indian Empire in sise and population, remain unnoticed and unremedied. It is deplorable that when the people are convinced of the value of education and are crying for more schools, the Government should not meet their wants, particularly when their contributions to Government amply justify their demands. I cannot conclude these remarks on Education without referring to the condition of Female Education in these Provinces. It needs no saying that these Provinces lag behind every other Province in the matter of the education of its daughters as of its sons. The last report on Public Instruction shows that in the United Provinces only one girl out of 140 was at school. Last year

Your Honour's Government was pleased to appoint a Committee, on which I had the honour to serve, to report on the state of Female Education in these Provinces and the practical measures which might be adopted to promote it. The Committee made its report after much and careful enquiry. The measures which it recommended and which involved an expenditure of six lakhs received the approval and support of the Director of Public Instruction. But the learned Director being afraid that the Government might not be able to spare that sum, recommended an increase of expenditure of three lakhs only. Your Honour's Government however found itself unable to spare even that sum. In reply to the Director's letter your Government was constrained to say :—

'There seems no prospect that the Government will be able for some time to come to give effect greatly though it values them, to the recommendations of the Committee in their entirety. His Honour regrets that the Government has no funds to make any further allotment for the purpose during the year 1906—07.'

For industrial education an additional sum of Rs. 15,000 only is provided in the Budget. It will thus be seen that every branch of education is starved in these Provinces, and there is no hope of any material improvement unless the Government of India can be

persuaded to make a fairer allotment of Provincial Revenues for expenditure within the Provinces.

I wish now to submit a few remarks upon the question of the employment of Indians in the Public Service in these Provinces. There is a growing feeling that the claims of Indians to higher appointments do not receive here the consideration which they deserve. There are six Judges in the High Court of these Provinces. There is only one Indian among them. In the Madras High Court out of six Judges two are Indians. There are three Judges in the Judicial Commissioner's Court at Lucknow. Not one of them is an Indian. Indian lawyers have so well established their claim to hold the highest appointment in the Judicial service of their country, with honour to themselves and benefit to the public, that the matter does not require to be argued. And there is no lack of Indian lawyers in the United Provinces who could, with advantage be appointed Judges of the High Court or the Judicial Commissioner's Court. I draw artention to this matter in the hope that when the next vacancy or vacancies occur in the High Court or the Judicial Commissioner's Court, the claims of Indian lawyers will be borne in mind, and the Government will show as liberal an appreciation of their worth and work, as is shown in Bengal, Bombay and Madras, and even in the Punjab.

In the matter of District Judgeships also, Indians do not receive a fair share of appointments. Many years ago the Public Service Commission recommended that four District Judgeships should be reserved for and filled up by members of the Provincial Civil Service. But no such member has yet been appointed a District Judge. No doubt there are five Statutory Civilians acting as District Judges in these Provinces; but they hold their appointments by the right of being members of the Statutory Civil Service, and the fact of their holding these posts offers no justification for keeping the members of the Provincial Service out of the appointments which have been reserved for them. There can be no pretence for saying that the Subordinate Judges of the United Provinces are not by ability, training and experience qualified to fill the posts of District Judges. The general excellence of their work as judicial officers is too well established to admit of any question, and is also attested by the number of their decisions which are restored on appeal to the Privy Council. That the ablest and most experienced of them should be passed over and Joint Magistrates of a few years' standing appointed as District Judges over their heads, involves not merely an injustice to the claims of a deserving body of public servants, but is also injurious to the interests of the public. It is regrettable to find that Subordinate Judges

are not often appointed even to officiate for District Judges now. I hope their claims to such appointments, both permanent and officiating, will receive better consideration in the future.

A complaint has been made that the Subordinate Judicial Service of Agra is overworked. I regret to have to endorse that view. The whole service requires to be reorganized and the work to be redistributed. Of all servants of State, Judicial officers ought to be the least overworked. There is need for increasing the staff and also for revising the scale of their salaries, which should be assimilated to that of the subordinate executive service and put on the same level as in Bengal.

Going down to the executive offices, one regrets to hear the complaint that even there the claims of Indians are disregarded, and the most competent among them are passed over on unreal grounds in favour of Eurasian clerks. Such complaints are made in the offices of the Board of Revenue and the Government Secretariat. They are also made in relation to the Commissioners' offices. I understand that not even in one of the eight Commissionerships is the post of Head Assistant to the Commissioner held by an Indian. The managers of estates under the Court of Wards are, with a few exceptions, all Europeans or Eurasians; and the same complaint of partiality to Euro-

peans and Eurasians as against Indians is heard in the Education Department, and generally in relation to all the minor Civil Services. Both my friend the Hon'ble Rai Sri Ram Bahadur and myself drew attention to these complaints two years ago; but I regret to find that matters have not yet improved. I know that competitive examinations are not much in favour in high official circles in these Provinces. But I still feel it my duty to say that they afford probably the best means of putting an end to all complaints of partiality and of securing that every man, of whatever race or creed shall be judged and rewarded according to his merit. The complaints of such servants of the State as occupy humble positions and cannot make themselves heard are apt to be ignored; but the injustice which is done to them rankles in their hearts, and leads to unfavourable comments on the Government. I hope therefore that the Government will be pleased to see that their grievances are duly considered and redressed.

Before I conclude, I wish to make a few observations on the question of the prosperity of the people of these Provinces. I find that a rise in excise income is regarded in some quarters as an indication of prosperity. A rise of nearly half a lakh in the receipts from the Income Tax was similarly ascribed in the last General Report on the administration of these Provin-

ces to the growth of prosperity. In the same summary, however, it was stated that a weak point in the administration of the Income tax is that there are indications of a tendency to squeeze into the lowest grade persons recently exempted for having incomes less than Rs. 1,000. There is nothing to show that the rise in the excise revenue is not due to the fact that the habit of drink is growing upon the people. It is stated in the last General Report on administration that there has been no growth of manufacture worth speaking of, and there is no other evidence of the growth of prosperity among the people. I should be delighted if there was, but I regret to say that I do not see any indication of increasing prosperity. The Hon'ble Mr. Reynolds has observed that those who say that the poverty of the people is growing are not correctly informed. That may be so, so far as Agra is concerned. But the question is whether there or elsewhere in the Provinces the people are as well off as they should be under the British Government the administration of which is carried on by a body of men which is regarded as one of the best civil services in the world. Considering how fertile the country is in its natural resources, how laborious and simple the people in their habits, that the task of promoting their welfare has so long been in the hands of a most enlightened body of men, it is undeniable

that their material condition is far from what it should be, and that it calls for improvement in almost every conceivable direction. Steeped in ignorance, pressed down by poverty living in insanitary surroundings, and decimated by disease, the people cannot be said to be enjoying a healthy, much less a prosperous, existence.

In the remarks which I have submitted to the Council to-day, I have endeavoured to show in how many respects the condition of the people requires to be improved. To put them in a position to tide over seasons of adversity without assistance from the State, to give them a decent degree of education, which lies at the root of all other improvements to improve their sanitary surroundings, a much greater expenditure of the revenues raised from them is essential. And that is only possible if the Government of India will realize the responsibilities of its position, and permit a fair proportion of the revenues of the Provinces to be spent for the benefit of the people. The whole future of these Provinces rests with the Government of India. If it fails to fully recognise our needs and the justice of our claim to a larger share of our revenues, these Provinces will continue to be backward and unprosperous. The present provincial settlement is based upon no principle. When the scheme of decentralization was first introduced the

amount of actual expenditure in each Province was taken as the basis of the settlement, without any regard either to the needs of the Province or to its total contributions to the Imperial Government. All subsequent settlements have been vitiated by the same want of principle and the absence of any policy in determining them. The Government of India have to recognise that as they control the revenues of the Provinces, it is they who are primarily responsible for the advancement of the people. They have also to recognise that measures which have a direct and immediate bearing on the well-being of the people, are entitled to a larger share of the revenues than matters of imperial concern. If this is once recognised the Government of India will cease to feel that it has done its duty by the people of these Provinces when it has given something every now and then by way of a dole or a special grant for special purposes. It is high time it were recognised that 'finance', as a great English writer has remarked, 'is not mere arithmetic; finance is a great policy. Without sound finance no sound Government is possible; without sound Government, no sound finance is possible.' The people of these Provinces have waited long and suffered a great deal. I hope that they will not have to wait much longer to see a sound financial policy, based on a consideration of both the needs and the contributions of the people,

adopted by the Government of India which will make it possible for them to live and prosper as the subjects of a great civilised Government should."

FINANCIAL STATEMENT, 1907

The Hon. Pandit Madan Mohan Malaviya made the following speech at a meeting of the Allahabad Legislative Council held in March 1907 under the Presidentship of His Honour the Lieutenant Governor Sir John Prescott Hewett K.C.S.I., C.I.E.

YOUR HONOUR,—The Financial Statement presented to the Council by the Hon'ble the Financial Secretary has been described by him as the statement of a deficit province. The description would, in my opinion, be complete if we were to say 'of a deficit and distressful province,' distressful in more respects than one, but in none more than in this that it is not allowed by the Government of India to spend a fair share of the revenues raised in these Provinces to promote the well-being of the people.

The statement discloses provincial finance in much the same deplorable condition in which it was a year ago. The revision of the provincial settlement which we were led to hope would be taken up by the Government of India during the year, has been deferred till September, 1907, and the amelioration of our condition has thus been delayed by one year more. It is very much to be regretted that the

Government of India were not able to find time to revise the settlement during the year.

Taking the statement as it stands, the improvement in the revenues of the year, due to the increase of Rs. 32,72,339 in irrigation receipts is not a matter of unmixed satisfaction; as nearly 6½ lakhs of this increase is due to the higher rate imposed on superior crops among which is classed sugarcane. In the present state of the sugar industry these enhanced rates cannot but add to the dis-advantages under which it is labouring. Nor is the increase in stamp revenue a matter of satisfaction, as it is largely the result of growing litigation and of an extension of borrowings—necessitated largely by untoward circumstances. On the expenditure side of the budget, the two or three items of luxury might well have been postponed until some of the pressing wants of the people had been met. Considering the large needs of education, the provision made for it in the new budget is extremely poor. There is little provision for increased sanitation, and none evidently for any expenditure on measures to combat plague, unless it may be included in the small medical budget.

Considering that the medical expenditure is only Rs. 37 per thousand in these Provinces, the provision for medical relief is equally unsatisfactory. The medical budget makes provision for meeting an excep-

tional run of promotion among the senior Civil Surgeons, for improving the compound of the lunatic asylum at Agra, for grants-in-aid of the building of hospitals for women, and for payments of orderlies of Civil Surgeons, but very little is provided for medicines. There is one pleasing feature, however, in the budget which deserves particular notice, namely, the provision for a beginning being made towards the assistance of indigenous industries of the Provinces, for which Rs. 25,000 has been set apart for meeting the cost of measures which may be decided upon later.

In concluding the Financial Statement the Hon'ble the Financial Secretary draws attention to the very unsatisfactory state of our provincial finance. Even with the high estimates of excise and stamp receipts which the Government of India have evidently forced this Government to make, the deficit is reckoned at 4 2/3 lahks. It will probably be considerably larger. The legitimate demands of expenditure have not been provided for. We cannot congratulate ourselves upon the state of our finances. We can only join the Financial Secretary in the hope that the promised revision of settlement will provide us in permanence with adequate sources of income.

Improvement in the condition of the people being the real test of good government, it would be well on the occasion of the discussion of the annual provincial

budget, to consider that, if any progress has been achieved in this direction. The salient features of the situation might at least be noted and considered. Nearly twenty years ago the Government of India ordered 'an enquiry into the economic condition of the agricultural and labouring classes in the North West Provinces and Oudh'. The result of that inquiry showed that the material condition of the people had become worse than it was some decades before, and was extremely unsatisfactory. In answer to the queries addressed to him by the Government, Mr. E. B. Alexander, Collector, of Etawah, wrote: "In all ordinary years I should say that the cultivators live for at least one-third of the year on advances, and in unfavourable years, they have either to increase the amount of their debt to the Bohra or to sell off jewellery, cattle or anything else which can possibly be spared. . . . The landless labourer's condition must still be regarded as by no means all that could be desired."

Mr. White, collector of Banda wrote: "A very large number of the lower classes of the population clearly demonstrate by the poorness of their physique that they are habitually half-starved."

"As a rule, said Mr. Rose, Collector of Ghazipur, a very large proportion of the agriculturists in a village are in debt."

Mr. Harington, Commissioner of Fyzabad, wrote:

"The same authority (Mr. W.C. Benett) remarks : 'It is not till he has gone into these subjects in detail that a man can fully appreciate how terribly thin the line is which divides large masses of people from absolute nakedness and starvation.' I believe that this remark is true of every district of Oudh ; the differences between them consisting in the greater or smallet extent of the always large proportion which is permanently in this depressed and dangerous condition. On the question whether the impression that the greater proportion of the people of India suffer from a daily insufficiency of foods—my own belief, after a good deal of study of the closely connected question of agricultural indebtedness, is that the impression is probably true, as regards a varying but always considerable part of the year in the greater part of India."

These solemn statements of high officials of Government made in confidential reports showed beyond doubt that the condition of the people was lamentable. Has it changed for the better or for worse during the eighteen years that have since elapsed ?

This would be best made clear if the Government would order an inquiry similar to that made in 1888. The testimony of some patent facts would lead to an unhappy conclusion. Foremost among these may be mentioned the increase and decrease in the population which has taken place during the period.

The report of the last census shows that between 1891 and 1901 the total population increased from 46,905,085 to 47,691,782 or by 1·7 per cent only, while the normal rate of increase estimated for these Provinces in 1891 was 3 per cent per year, that is to say that the actual increase has been little more than half the normal rate. Besides this, adding the number of births which took place between 1891 and 1901 to the census population of 1891, and subtracting from it the number of deaths which occurred during the same period, the population should have been in 1901 over 49 millions, but the actual population was little over 47½ millions only *i.e.*, there was a deficit of 16 lakhs. After making every possible correction and allowance Mr. Burn found that there was a deficit of between three to five lakhs and a quarter which could not be accounted for, and he had to say that the deficiency must be spread over the four black years 1894, 1895, 1896 and 1897, which were years of drought and distress. This means that at least between three to five lakhs of people died mainly of starvation and disease brought about by starvation during those four years.

Following closely upon the heels of famine, plague has been working its ravages in these Provinces for the last seven years. More than as many lakhs of people have already fallen victims to it. The deaths in 1905-06 alone amounted to 383,802. Out of 107 towns with a

population of over ten thousand, only eight had no deaths from plague. The total number of deaths record ed during the year was 2,098,300 against 1,654,949 in the preceding year and the death rate was 44 per mile as compared with 36.70 in 1904. The excess of deaths over births per thousand of population was 2·76. Twenty five districts recorded death rates in excess of birth rates. And nearly 27 per mile of the deaths, i.e. half the total mortality, were assigned to fever. The death rate for the whole of India was 35 per thousand, for the United Kingdom 16; for the United Provinces it was 44 per thousand.

These figures tell a sad tale. Making every allowance for differences of opinion as to the causes of the mortality, they certainly do not indicate that healthy growth and improvemeet in the condition of the people which we have a right to expect when large revenues are raised from the people and the country is administered by enlightened and capable men. They rather evidence a deterioration which is truly deplorable. Famine is no doubt caused by a failure of the rains, but it would not lead to any deaths from starvation if the mass of the people were not so miserably poor and their resources not so slender as they are. Nor would fever and even plague claim such a large number of victims, but for the chronic abject poverty of the people which compels them to live in

insanitary surroundings, and is responsible for the general unhealthiness and the low vitality which prevail among them owing to their not always having sufficient to eat.

This is a state of thing which loudly calls for improvement. And the fine measure that I would suggest towards that end would be a reduction of the burden on land. The vast mass of the people of these Provinces depend for their subsistence on land. In the report of the last census of 1901 over 66 per cent of the people were returned as workers, at, or dependents on, pasture and agriculture of all kinds. A reduction in the land revenue demand, which would result in a large measure of the fruits of his industry being left to the tiller of the soil than is the case at present, would be the surest means of effecting an improvement in his position. I would go further and say that nothing else will without it bring about the measure of improvement which is needed. I am supported in this view by the opinion of no less eminent an authority than Mr. J. E. O'Conor, late Director-General of Statistics in India, expressed in the admirable paper which he read nearly two years ago before the Society of Arts in London. Speaking with an experience of forty years, spent on a study of the economic condition of the people, Mr. J. E. O'Conor pointed out that the condition of all classes of persons who depend directly upon lands

calls for much improvement and pleaded earnestly for a change in the present agrarian policy of the Government. It is no complete defence of that policy,' as he rightly observed, to compare the assessment on the land to-day with the assessment in the days of our predecessors. It does not follow that we are very moderate in our demands on the land because we do not take so much as was squeezed from the cultivators by rulers and Governors who were highly esteemed if they did a man the favour of allowing him to live. We ought to arrange to let him live and thrive, not take from him the competition rent of a private landlord.

Mr. O'Cornor went on to point out in clear words the right course which ought to be pursued if the condition of the agriculturist is to be improved. He said :—

"It is doubtful whether the efforts now being made take the cultivator out of the hands of the money lender will have much effect or even if they have the fullest effect that they will materially improve the cultivators' position until a large share of the produce of the soil is left in his hands and he is protected against enhanced assessment by Government officials and against industries more important than all the rest put together, and it should receive from the State more discerning attention than, I am afraid, has as yet been given to it. We must appreciate to the full all that the State is doing,

or proposing to do, in the provision of irrigation, in the provisions of advances for improvements, in lessons on reformed methods of cultivation, in the introduction of new plants and imported implements; but—important as these are, specially the development of irrigation,—I have little doubt that the reduction of land revenue by 25 or 30 per cent, if the reduction is secured to the profit of the cultivator, would be of far more value in the improvement of the class who constitute the bulk of the population and who contribute most largely to the finance of the State."

The second measure that I would recommend would be an extension of a Permanent Settlement of the land revenue to those parts of the Provinces where it does not exist at present. I am sure this will lead to a great and lasting improvement in the economic condition of the people. I acknowledge that we are better off in the matter of land revenue assessment and in having long-term settlements than some other Provinces of India. But I strongly hold that our position, though not so bad as that of some other Provinces, is still bad enough in itself, and a Permanent Settlement is nedded to put a check upon a continual growth of the burden on land, and in order to make an accumulation of capital and the promotion of other industries possible in the agriculturist world.

For the last one hundred years no other large question connected with the land revenue of India has been so much and so thoroughly discussed as the question of a Permanent Settlement of the land revenue demand. Its advantages and disadvantages have been fully considered, and the result of the discussion leaves no room for doubt that such a settlement will tend in a large measure to promote prosperity and contentment among the people. Leaving the history of earlier years aside, we find that shortly after the Mutiny, proposals for such a settlement were definitely put forward by Colonel Baird Smith. In a minute recorded by the then Lieutenant Governor of these Provinces on those proposals, he said :—

"I do not in the least doubt that the gradual and cautious concession of a guarantee of permanency to the settlement of the land revenue in the North-Western Provinces generally will be productive of all the advantages which Colonel Baird Smith, and Mr. Muir in even greater detail have depicted. Judging by the effects of settlement for long periods, it may be safely anticipated that the limitation of Government demand in perpetuity will in a much larger degree lead to the investment of capital in the land. The wealth of the agricultural classes will be increased. The prosperity of the country and the strength of the community will be augmented, land will command a

much higher price. The prospective loss which the Government will incur by relinquishing its share of the profits arising from extended cultivation and improved productiveness, will be partly, if not wholly, compensated by the indirect returns which would be derived from the increased wealth and prosperity of the country at large."

On the 5th July 1862 that large hearted and far-sighted administrator, Sir John (afterwards Lord) Lawrence recorded his opinion in favour of a Permanent Settlement for India. Said he :—

"I recommend a Permanent Settlement because I am persuaded that however much the country has of late years improved, its resources will be still more rapidly developed by the limitation of the Government demand. Such a measure will still further encourage the investment of money in the land."

In a letter, dated the 9th of July 1863, Sir Charles Wood, then Secretary of State for India expressed his entire approval of the proposal of a Permanent Settlement of the land revenue of India. In that letter the Secretary of State said :—

"Her Majesty's Government entertain no doubt of the political advantages which would attend a Permanent Settlement. On the agricultural population the effect will be as pointed out by Colonel Baird Smith the elevation of the social condition of the

people and their consequent ability, not only to meet successfully the pressure occasioned by seasons of distress, but in ordinary times to bear increased taxation in other forms without difficulty; the feeling of ownership or, in other words, the absolute certainty of the full enjoyment of the reward for all the labour and capital which they may invest in the land, will be sure to call out all their energies for its improvement."

The argument which is generally put forward against a Permanent Settlement, namely, the loss for all time to Government of the prospective increase of revenue from land, was fully weighed and disposed of in the following words of wisdom and far-sighted statesmanship :—

"Her Majesty's Government confidentially expect that a people in a state of contentment and progressive improvement will be able without difficulty to contribute to the revenue in other ways to such an extent as more than to compensate for the disadvantage of foregoing some prospective increase from that land."

The conclusion arrived at by Her Majesty's Government was summed up in the following words :—

"Her Majesty's Government are of opinion that the advantages which may reasonably be expected to accrue not only to those immediately connected with the land, but to the community generally, are sufficiently

great to justify them in incurring the risk of some prospective loss of land revenue in order to attain them and that a settlement in perpetuity in all districts in which the conditions absolutely required as preliminary to such a measure are, or may hereafter be fulfilled, is a measure dictated by sound policy, and calculated to accelerate the development of the resources of India, and to ensure in the highest degree the welfare and contentment of all classes of Her Majesty's subjects in that country."

This unambiguous declaration of Her Majesty's Government in favour of a Permanent Settlement led people to believe that the matter was definitely sett ed for ever. It was so regarded by the Local Government in these Provinces. In a minute recorded in 1868 Sir William Muir, the then Lieutenant Governor, wrote as follows :—

"When the subject came finally before the Home and Indian Governments every argument that could be urged for or against the measure was before them, and was duly weighed, and the decision was definitely come to that, under certain conditions, a Permanent Settlement should be conceded. That decision has been pronounced by the supreme authority and has been with every formality promulgated. It is no longer a matter of individual opinion, the merits and demerits of which are open to question or to discussion in official reports."

Sir William Muir issued instructions to the Settlement officers of these Provinces to carry out the decision so arrived at in the settlements which were then in progress. But owing to some unfortunate and inexplicable cause, action was postponed and the decision practically put aside. For many years the question remained in abeyance, and then the Secretary of State for India, in his despatch, dated the 28th March 1883, declared, to the great disappointment of the Indian public, that the policy laid down in 1862 must be formally abandoned. The arguments in favour of the adoption of that policy were so weighty and numerous, that the conclusion is irresistible that the proposal was abandoned because the Government cared more for the Government revenue than for the well-being of the people.

Lord Ripon recognised the evils of periodical settlements, and with a view to minimise them and to secure to the agriculturists some of the advantages of a Permanent Settlement, his Lordship laid down, in his despatch, dated the 17th October, 1882, the principle that in districts which had once been surveyed and assessed by the Settlement Department assessment should undergo no further revision except on the sole ground of a rise in prices. This proposal had this advantage for the Government that it left the door open for an increase of land revenue on the ground of a rise

in prices. But even this was rejected by the Secretary of State for India in his despatch, dated the 8th January, 1885. The result is that while Government of India is rejoicing in surpluses obtained in no small measure by the increase in land revenue, the condition of those who contribute so largely to that revenue has been steadily deteriorating.

It has been repeatedly said by the highest officials of Government that the agriculturists deserve the first consideration at the hands of the Government. To quote only the latest utterance, His Excellency the Viceroy said the other day at Calcutta:—

"Our land revenue tells a tale of increasing wealth to great proprietors, but still more, I hope, of abundance of the necessaries of life to the small tiller of the soil. He is the man we must strive to help. He is to a great extent the backbone of the population of India. On his welfare depends much of the happiness and contentment of the people."

But these expressions of sympathy have not unfortunately brought much practical relief to the people. His Excellency expressed the hope that the small tiller of the soil is provided with an abundance of the necessaries of life. He would be disillusioned if he would order an enquiry into the economic condition of the cultivator. The Government of India are entitled to think that they have been able to administer 'a very

palpable relief' to the small tiller of the soil in having reduced the salt tax by Re. 1 a maund. He will be grateful for it. But the relief that he stands even more in need of is a reduction of the land tax and a guarantee against the enhancement of the tax in future. This would be secured if a Permanent Settlement is effected on a reasonably reduced revenue. In the words of a great writer, 'a Permanent Settlement would have an effect altogether beyond immediate calculation in stimulating the industry, enterprise and self-reliance of the agriculturists, the application of capital, the accumulation of wealth. It would contribute more than any other measure to augment the wealth of the agriculturist. It will cause all other taxes—the miscellaneous taxes to rise except the land-tax, and there will be a sufficient increase of resources from other sources of revenue.' This then is the best means of giving a palpable relief to the agriculturist. And I earnestly hope that the desirability of introducing it will receive an earnest consideration at the hands of the Government.

The next important point connected with the welfare of the agriculturist to which I wish to invite the attention of the Government is the state of the indigenous sugar industry. Sugarcane crops occupy from 1¼ to 1½ million acres of superior land in these Provinces, and produce nearly 50 per cent. of the whole indigenous supply of sugar. Sugar has always been

one of our largest industries. Speaking of sugar in the Viceroy's Council in 1877-78, Sir John Starchey said:—

"It is one of the most important agricultural staples of those Provinces, and it is important not only to the agriculturist and manufacturers and consumers but directly to the Government, which looks greatly to sugar cultivation for its irrigation revenue."

Mauritius sugar had then begun to be imported largely into Bombay, but the competition between it and Indian sugar had not yet reached formidable proportions and no step was taken to check it. Up to 1890 the sugar that was imported into India came almost wholly from Mauritius. After 1890, while the sugar from Mauritius continued to increase the importation from Austria and Germany vastly increased. About the same time the attention of Her Majesty's Government was drawn to the critical condition of the sugar industries in the West India islands brought about by the large imports of the bounty-fed sugar of Europe there. Thereupon Her Majesty's Government called a Conference of the Powers to have the bounty system revised. When the Conference separated without coming to a practical conclusion, the Chamber of Commerce for Upper India and other bodies recommended that the Government should at once take measures to impose a countervailing duty on bounty-fed sugar. This was done, and during the two

years that the countervailing duties were in force, the import of bounty-fed beet sugar was reduced from three millions to little more than a half million cwts. The other Powers agreed, however, later on to modify the system of bounties from September 1903, and the Government of India consequently ceased to levy countervailing duties from that time. With the removal of these duties the imports of the beet sugar have gone up by leaps and bounds ; while the imports of refined cane sugar, chiefly from Java and Mauritius, have also been growing. The imports of the last twelve months would probably not be far short of half a million tons, i.e, will be about one-fifth of the total average production of indigenous sugar.

Mr. Moreland, Director of Land Records and Agriculture, in his article on the sugar industry in the current number of the Agricultural Journal of India points out that the superior foreign sugar can be landed in India at prices which give them an advantage over the cost of sugar prepared by indigenous methods, and he is driven to the conclusion that if the cost of manufacturing sugar connot be reduced, the indigenous industry will be killed, the cultivator will lose a large part of his market and improvements in methods of cultivation will be of little avail when the increased produce is unsaleable. I ackowledge the efforts which

the Government of these Provinces have been making for the last few years to introduce improved methods for the manufacture of sugar. The paper published by Mr. Moreland and the invention made by Mr. Hadi, which the Government is endeavouring to popularise, are no doubt calculated to improve the position of the Swadeshi sugar industry. Every effort should be made to start more factories, to produce cheap and good sugar, according to modern methods. But we should not delude ourselves with the hope that there will be such a sudden, rapid, and considerable development of such factories as will enable the indigenous industry to successfully compete with, and keep out, foreign sugar. The people have not the necessary scientific training and skill needed for the business, nor have they yet been trained to the organization and enterprise of their foreign competitors.

Even when new factories are started on modern lines, the competition of the foreign sugar will still greatly hinder the growth of the indigenous industry. In the last annual report, the Director of the Cawnpore Sugar Works stated that 'the sugar refining industry in India has had to contend against a combination of adverse circumstances which the Board have no hesitation in describing as unparalleled, chief among these being the high prices of the raw material and the enormous import of beet and cane sugar from

foreign countries where Bumper crops had been reaped.' It has been observed by a great English writer that 'a country may be so over-governed by a watchful administration as to lose, to a greater or less extent, the spirit of enterprise or initation, and thereby to be weakened in the legitimate rivalry of nations.' The truth of it is sadly illustrated in the condition of our people ; and it is clear that having regard to the relative positions of the foreign and the native industry, and the generally want of scientific training and enterprise among the people, to rely only upon improved processes of refining and manufacturing sugar to save the indigenous industry from extinction would be unwise. What then is the remedy?

In my opinion the only measure which can at the present juncture save the indigenous industry from being killed by foreign competion is a prohibitive import duty. Even the *Pioneer* admits that such a duty is the only means by which foreign sugar could be kept out of the country ; but I regret that it opines that it may be taken for granted that no such duty will ever again be imposed. I venture to submit that the removal of the countervailing duties was, as subsequent events have proved it, a great mistake. Failure to impose an import duty even now would be a greater mistake and will have disastrous results on the happiness and contentment of a large number of the people.

The position of the sugar industry is now much worse than it was in 1899, when the Government of India thought it fit to protect it by imposing countervailing duties on foreign sugar. In the last Administration report, the Government of these Provinces says that 'the sugar industry remains depressed, and under existing conditions, cannot withstand the competition of foreign sugar.' In a letter which His Honour the Lieutenant Governor of the North Western Provinces addressed to the Government of India in 1899, he pointed out how the importation of bounty-fed sugar had injured and was injuring the indigenous industry, and what His Honour urged then, is true even to-day, *i. e.* that—

"It is of much importance to these provinces to preserve their sugar industry on the basis of present arrangements than to have a cheap foreign sugar supplied to the consumers of the refined article."

The arguments then advanced by Sir James Andrew Westland to justify the imposition of an import duty on bounty-fed sugar apply with greater force to the case of foreign sugar to-day. I connot do better than quote here the concluding words uttered by Sir James Westland in introducing the Bill in 1899. He said :—

"I think therefore the Council may take it as proved that we are in the presence of a real danger

to an important industry, and I trust they are sufficiently convinced that the time has come when if we are to protect our sugar industry in this country which is extremely important, it is necessary for us to take measures against bounty-fed importation. Of course we might wait a little longer ; we might wait till our refineries are still further closed, and till the raiyats are so impoverished as to give up cultivation altogether ; but it is better in these matters, I think, to take protective measures before-hand, because it is far more easy to revive and encourage an existing industry than to restore one which has been by adverse circumstances extinguished."

I would only substitute the word 'foreign' for 'bounty-fed' in this quotation, and would earnestly request Your Honour to commend the wisdom of these words to the Government of India.

I hope, Sir, that the recommendation that I have made will not be summarily rejected because it offends against the doctrines of free trade. Even Mr. Mill considered it expedient that protection should be given to certain industries in a new country provided that the country had good natural resources for the successful prosecution of such an industry and the protection accorded to it was only temporary. If a policy of protection is permissible to foster a new industry in a new country, it is more than permissible to protect a

large and ancient industry from extinction by foreign competition. Dogmas apart, neither protection nor free trade is beneficial for every country at every stage of its development. As was once observed by Bismarck free trade is the weapon of the strongest. It suits admirably an industrially advanced country like England; for an industrially backward country like India the policy of protection is a policy of wisdom and safety. I cannot better illustrate my position than by quoting here the remarks made by Count De Witte, the well-known Russian Minister of Finance, at the Congress for a discussion of the trade of Russia in 1903. Said the Count:—

"That the State in the province of consumption should furnish the population with cheap and suitable produce; and in the province of production, develop the productive powers of the country. A protective policy endeavours to attain this object by creating advantageous conditions for developing the national wealth of the country and by this means gradually inciting home competition, which must necessarily reduce the price of products to the normal cost of properly managed production, *plus* a normal profit for capital. Free trade specially furnishes a population with cheap produce by opening their frontiers to the entire world; but the history of the economical development of nations gives hardly any instance in which such a policy

has brought about a development of the productive powers of a nation. In any case the selection of a policy of protection or free trade depends upon conditions which occur at a given period. Hence we find that nations have frequently altered their commercial and industrial systems in the course of their historical development. England created her industry by rigorous protection, and when by this means she had become industrially and commercially stronger than any other nation and therefore, feared no competition, she adopted a policy of free trade and her talented writers began to assure the world that a policy of free trade was based upon invariable and indisputable scientific principles, and ought, therefore to be followed in practice by all nations. And yet, now that some countries, having turned a deaf ear to the theory of free trade, have developed their industries by protection and so become serious competitors to British trade in the world's market, a certain tendency may be noticed in England towards Protectionism. America was one of those countries which were not allured by the theory of free trade. She has acquired unprecedented industrial activity through protection; a voice was heard there calling for free trade, as in England, at the beginning of the last century.'

I am not pleading at this moment for a general import duty; nor am I asking for a protective duty

to foster a new industry. All that I am pleading for, is protection to a large existing industry which is exposed to the danger of extinction from foreign competition. I venture to think that no free country in the world would hesitate to adopt such a measure as I recommend, to protect such a large and valuable national industry as our sugar industry. And I hope that the Government of England will allow the Government of India to impose such a duty. Happily for us there is no conflict of interests in this matter between England and India, as England does not produce any sugar; and no other nation can raise any reasonable objection to the proposal. The Government of India can well say to all, as it said in 1899 through Sir James Westland, that 'we only wish to protect our own industry; and we claim the same right to preserve our industry in this country as foreign nations no doubt claim to preserve and encourage the sugar industry and sugar cultivation in their own territories.' The Government recognised the wisdom of protecting indigenous sugar by an import duty in 1899. I hope they will recognise it equally well now. Of course the protection of such a duty as I recommend will be needed only for a time, that is to say, during the time in which the indigenous industry must be developed by the co-operation of the Government and the public, so to be

able to compete successfully with the foreign article without any protection.

It is satisfactory to note that the sentiment against the use of foreign sugar, and, in favour of the use of swadeshi sugar, is growing in intensity and spreading in the country. Earnest efforts are being made in various places through sabhas, societies and panchayats to discard and discourage the use of foreign sugar either on religious or economic grounds. But these efforts, and the sacrifices they involve, though commendable, cannot by themselves succeed in putting a stop to, or even largely checking the import of the foreign article. And the people will warmly welcome such a protective measure as I have suggested and feel deeply grateful to Government for it.

The interest which Your Honour has been pleased to evince in the cause of swadeshi sugar leads me to hope that all that is possible will be done by Your Honour to preserve and encourage our sugar industry. I hope you will be pleased to consider the suggestion which I have made, and to commend it to the Government of India for early consideration.

The next measure needed to improve the material condition of the agriculturist is agricultural education. The reorganization of the Department of agriculture on a large scale, the provision for the

establishment of an agricultural college with research laboratories at Cawnpore, and for the establishment of agricultural stations, with experimental farms, are all matters for congratulation. But in order to provide for an effective system of agricultural education, it is necessary that we should take a leaf out of the book of Japan, and establish schools all over the Provinces for elementary and secondary education in agriculture. There are 503 supplementary agricultural schools of the elementary grade in Japan. These aim at imparting elementary agricultural knowledge to those who have completed their primary education, and there are 57 secondary institutions which are intended to give a scientific and practical training to the future farmers of the middle class. Graduates of the College of Agriculture at Tokio, which I hope our Agricultural College at Cawnpore will grow in likeness to, mostly become teachers, or engage in research. If similar provision is made here for instruction in scientific agriculture, the Indian agriculturist will be able, as much as his brother in Japan or America or Europe, to grow better and richer crops, to make the soil yield more than it does at present. It is time that such a system were introduced.

"It has been repeated times without number, and it is true, that agriculture must remain the foremost national industry of India. But when this is said,

only half the problem is stated. A purely agricultural country cannot prosper and be self-supporting any more than a merely manufacturing country. Especially when we have a vast continent situated as India is, favoured by nature as few other countries are, with immense natural resources to be developed, and a vast population to be served, it is essential for its prosperity that it should develop manufacturing industries as well as agricultural. It is gratifying to note that a welcome change has come about the attitude of the Government towards the encouragement of indigenous industries. This change was clearly foreshadowed in the memorable speech delivered by Your Honour as the Member of the Government of India in charge of the Department of Commerce and Industry last March in the Viceroy's Legislative Council. Your Honour has, since assuming charge of your present office, evinced much interest in and strong sympathy with the movement for the development of indigenous industries. And I look forward with hope to a great industrial advancement in these Provinces during Your Honour's administration. The first step that should be taken in the direction of industrial development is to make an exhaustive survey of the state of indigenous industries in the Provinces. I need not say much to prove the necessity of such a survey, as Your Honour yourself, speaking in another capa-

city last year, urged Provincial Governments to very short time that has elapsed between your taking charge of your present exalted office and now. Your Honour has already taken the first steps in what I hope will be an exhaustive and fruitful investigation. If I may make a suggestion, I will say that the survey should be made on the lines of the industrial Survey of the Kolhapur State. That Survey was commenced in July 1882 and completed in March 1885, and it placed a mine of valuable information before the Government and the public as to the state of the existing industries and the means of improving and developing them, and also as to the possibility of starting new industries.

The next thing to do will be to appoint a Committee of educational experts and professional men in order to turn the knowledge acquired by the survey to the best account. The Government of India recognized the importance of such a step in the year 1888. And it was with regret that I learnt last week that it was decided two years later that such a survey was not required. But now that the importance of the latter step has been again recognised, thanks mostly to Your Honour yourself, I trust that the further step mentioned above will also be taken. It is not, however, necessary that meanwhile, we should stand still and not advance some steps

forward in pushing technical education in these Provinces.

In view of the particular importance of technical education at the present time, I beg leave to offer a few more observations on it. It is high time that a well-considered and complete system of technical education was introduced into these Provinces. Such a system should provide necessary instruction for all the different classes of persons who may desire to be engaged in productive industry, namely, as mechanical engineers, workmen, foremen, or overseers, and managers or masters. The industries in which they are likely to be employed may conveniently be referred to as manufactures, handicrafts, art industries and agriculture. I have already dealt with agriculture, and I leave aside art industries' for the present. I would confine my remarks now to manufactures and handicrafts. And I submit that there should be at least one institution in these Provinces for giving instruction in the former, and one school in every district for giving instruction in the latter. I am willing that for the present attention may be mainly directed to the textile, industries and the sugar industry, while in what I may call the secondary technical schools which I wish to see started in every district, teaching may be restricted to those handicrafts which are, as it were native to the district, special provision being made for instruction

in handloom weaving in nearly every one of the schools. In the superior institution for the teaching of manufacturing industries which I have mentioned, provision should be made for training managers and foremen, and instruction should be imparted at least in industrial chemistry, mechanical engineering, textile manufacture and sugar refining. I acknowledge with thankfulness the improvement made in the Thomson Engineering College at Roorkee and the further improvements that are in contemplation there. But I submit that a superior Technical College like the Higher Technical School at Tokio is an urgent and pressing want in these Provinces, and I think I make no extravagant or unreasonable demand on Government in urging the establishment of such a college. It is clearly the duty of Government to provide at least one such institution in such a large country as the United Provinces.

As regards secondary technical schools, I think Government should open one such school in every district. I will be content even if one school is started in every division as a beginning, for giving instruction in weaving, dyeing, bleaching, calico-printing, smithy, carpentry, enamelling, etc., Foremen and assistant should be trained in these schools.

I attach particular importance to weaving schools, with a workshop factory attached for imparting in-

struction in the use of improved looms with their accessories. India was probably the first of all countries that perfected weaving. "The tide of circumstances has compelled the Indian weaver to exchange his loom for the plough." But the hand-loom still plays a great part in the economy of the Indian weaving industry. Twice the quantity of cloth manufactured in power-loom mills is still produced by hand-looms. At the time of the last census nearly 9½ of lakhs people were employed in the weaving industry in these Provinces alone. And if improved looms are brought into use on a large scale, the Indian weaver will still have a bright future before him.

I am thoroughly alive to the necessity of substituting as far as possible, machine power for hand power, if we are successfully to fight our skilled and powerful competitors of the West. But I am not among those who think that our ancient cottage industries must be given up as useless. We ought to remember that not more than a comparatively small fraction of the population can ever be absorbed in great manufacturing enterprises. And the problem of ameliorating the condition of the mass of our artizan population will remain unsolved unless they are instructed and trained so as to become more skilled in their crafts, so as to be qualified to earn at least living wages. In this connection it is relevant to cite the opinion of Prince Kropatkin

who argues that 'centrifugal forces already so far possess the upper hand that, not only in agriculture but in most branches of manufacture, the small business intelligently ordered and combining personal industry with the utilisation of scientific resources can outstrip great industries alike in productivity and profit.' Another writer, Mr, J.A. Hobson, rightly observes that :—

'The nation that all the manufactures are being absorbed by the factory system and are passing into the firms of great industries, that all the workers will gradually become employees of huge joint-stock companies, employing the most highly evolved machinery and the most scientific organization is a false generalisation which finds no support from the current statistics of occupations. . . . . When turning our eyes away from the dramatic rise of Trusts and Companies we survey more calmly the industrial field, we perceive not merely the survival of large clusters of small businesses in the older industries but the growth of new industries on a basis of small production. Those who contemptuously dismiss the small or domestic workshop as a morbid and absolescent form kept alive by cheap labour, and the "sweating system" ignore the more important causes making for the persistence of small privately ordered business. . . In the metal trades of such centres as Birmingham and Sheffield a vast amount of industry remains in the hands of small men.'

The conditions of India render the preservation and revival of our hand industries peculiarly important, and hand-loom weaving being by far the most extensive of these, and being easily capable of great development I venture to make a special appeal to the Government to establish model weaving schools and hand-loom factories at suitable localities in these Provinces.

It is also necessary that manual training should be introduced in all general schools. Speaking of the importance of manual training Professor Wiliam James of Harvard says :—

"The most colossal improvement which recent years have seen in secondary education lies in the introduction of the manual training schools; not because they will give us a people more hardy and practical for domestic life, and better skilled in trades, but because they will give us citizens with an entirely different intellectual fibre. Laboratory work and shop work engender a habit of observation, a knowledge of the difference between accuracy and vagueness, and an insight into nature's complexity and into the inadequacy of all verbal accounts of real phenomena, which, once brought into the minds, remain there as life long possessions. They confer precision. They give honesty. They beget a habit of self-reliance. They occupy the pupil in a way most congruous with

the spontaneous interests of his age. They absorb him and leave impressions durable and profound. Compared with the youth taught by these methods, one brought up exclusively on books carries through life a certain remoteness from reality; he stands, as it were, out of the pale, and feels that he stands so; and often suffers a kind of melancholy from which he might have been rescued by a more real education."

In America and many other civilized countries, which have developed a national system of education on scientific lines, a well educated man must have been trained in the use of his hands. And so should he be here.

I cannot conclude my remarks on this subject without inviting the attention both of the Government and the public to the great industrial development that has taken place, in the last twenty-five years in Japan, and to the admirable system of industrial education which has brought about that development. It has a great lesson to teach us. Less than thirty years ago, Japan was, as India still is, essentially an agricultural country. It has now become a great industrial and commercial country. The agricultural exports of Japan including raw silk formed 51·6 per cent of her total exports in 1890. They had fallen to 37·8 per cent, in 1902, whilst her industrial exports had risen from 18 to 38 per cent. These exports consisted

of woven goods, cotton yarn and raw silk, paper porcelain and earthenware, lacquered ware and matches. This change has been brought about by the system of industrial education introduced in Japan.

Industrial education in Japan may be dated from the establishment in 1873 of what is now the Engineering College at Tokio, followed by that of the Higher Technological School of Tokio which was established in May, 1881, and which received its present appellation on the 10th May 1901. In course of time industrial schools of secondary and elementary grades were established. The result was that in 1898 the Minister of Japan had the satisfaction to remark in his report: 'Industry is now passing from a limited scale of development to a more organized system on a large scale.' The Government fully recognized their duty of training competent teachers and for that purpose increased the number of higher technical schools.

Industrial education now imparted in Japan is divided into three grades:—

(1) The Lowest, or elementary grade of which there are 44 supplementary technical schools and 33 apprentices' schools. The expenditure on these schools amounted in 1902 to Rs. 2,13,255;

(2) Of intermediate, or secondary grade of which there are 25 industrial schools, which received in 1902 more than Rs. 93,000 from the Government; and

(3) Of the advanced grade, in which there are the three higher technical schools, the Engineering Department of the fifth higher school and the Engineering Colleges of the Imperial University.

The general subjects taught in supplementary technical schools include morals, Japanese, arithmetic; the special subjects, physics, chemistry, practical geometry, drawing, mechanics, dynamics, dyeing, weaving, applied chemistry, industrial designs &c. The industrial schools which were 25 in number in 1902 trained foremen and managers 'who have played a considerable part in the industrial development of Japan.' "The Higher technical schools," says the writer from whose report I have taken these facts "attach great importance to practical skill, and are equipped with numerous workshops and the newest apparatus and books so as to keep their students abreast of industrial progress." The most famous of these schools, namely, that of Tokio, had in 1902, 61 instructors and 957 pupils, and the expenditure on it amounted to only Rs. 1,23,66. Thus the money which the Government of Japan spends on the Higher Technological Schools at Tokio and the numerous secondary and elementary technical schools amounted in 1902 to less than 4½ lakhs. Is it too much to ask of the Government of these Provinces, which raises nearly 12 crores of rupees from the people, to spare such a small sum to build up a

system of industrial education like that of Japan? There is no branch of public education which deserved more immediate attention. The Government might well take that system as a model and a guide and make it the harbinger of a new era of national prosperity for the people entrusted to its care.

But both agricultural and industrial education should be built upon the foundation of a general primary education. And yet how deplorably backward we are even in the matter of such education. It is satisfactory to learn that the Government of India contemplate making primary education free all over the country. This would be a step in the right direction. But what is needed further is that primary education should be made compulsory as it is in England and Japan. It would do us good to look again at the progress which Japan has made in this matter also during the last thirty years only. It was then more ignorant than we were. But there were 27,000 primary schools in Japan in 1902, with over 50 lakhs of children receiving instruction in them; in the United Provinces, we had last year only 9,799 such schools, with only 4 lakhs and eleven thousand scholars; The total State expenditure on primary education in Japan in 1902 was nearly 5 crores a year. In the United Provinces it was only 14 lakhs a year! If we cannot rise to the scale of Japan at present, can there be any excuse for keeping

the expenditure on education so low here as it is? Our late Director of Public Instruction repeatedly pointed out that the expenditure on education was lower in these Provinces than in any other Province of India and he showed that an addition to that expenditure of 80 lakhs a year was needed to put us on the same level with the sister Province of Bombay. But in spite of our repeated earnest representations, the Government of India have not yet seen their way to permit us to appropriate a sufficient portion of our revenues to meet even this most pressing expenditure. We have been contributing large revenues every year to the Imperial Exchequer. We have been crying for more schools, for more education. But it has not been given to us. It is our misfortune, not our fault, that we continue to be the most ignorant Provinces in the Indian Empire!

Nor is our position better in the matter of local and municipal finance. The condition of local and municipal finance is no doubt slightly better now than it was a few years ago, but it cannot yet be said to be satisfactory. These bodies are still living from hand to mouth. They are not in a position adequately to discharge the many important duties that are cast upon them; and while, as I believe, they have reached the limits of their resources, even their primary needs are not yet sufficiently provided for. What is

needed is that in the first place the resources of both Municipal and District Boards should be considerably augmented not by periodical doles from the Supreme or the Provincial Government, but by definite annual subventions for general or special purposes. These may be either in the shape of assignments of the proceeds of some Imperial tax or of grants-in-aid. In the second place they should be totally relieved of all plague expenditure.

That Local and Municipal Bodies stand in need of such assistance cannot be disputed. The receipts of all the Municipalities in the United Provinces in the year 1905-06 did not exceed 72 lakhs, while their expenditure, restricted as it was, came to little over 71 lakhs. Out of a total municipal revenue of 72 lakhs the contribution from Government amounted to only Rs. 2, 34,000 or 3¼ per cent.

The expenditure on education was 3 lakhs, or 4/6 per cent, on medical relief a little less than 1¾ lakhs, or 2½ per cent, and on sanitation, including water-supply, drainage and conservancy, it was less than 31 lakhs, or 43 per cent, inclusive of capital outlay on water and drainage works. And no serious and far-reaching steps seem to have been taken to check the ravages of plague which has for years been decimating the entire province. Nor can the incidence of municipal taxation per head of population be said to be low,

as Rs. 1-8-3 in addition to the Imperial taxation of nearly Rs. 3 per head per annum is by no means a small sum to pay for the mass of the poor people of these Provinces. The bulk of rates is derived from Octroi, and indirect impost which at once causes vexation, restricts trade and is somewhat demoralising as it affords much scope for corruption. The sugar industry of the Province is already very unfavorably situated, and while the recent enhancement of water rate on sugar-cane cultivation does not exactly act as an inducement for extended cultivation of that crop, it is stated that, 'at Fyzabad the levy of Octroi, which is indefensible, will shortly be replaced by a tax on the refining industry.'

Such are the experiences to which needy Municipal Boards are being driven. In several towns new taxes were imposed in the year 1904-05, a year during which in several places consumption of even grain was low on account of plague, as is stated in the Government resolution on Municipal administration. The Government says in that resolution that 'there is a very general demand for the extension of water-works and supply in the larger places, and much more money could be profitably spent if more were available.' Funds are surely needed in many places for expenditure on drainage and sewerage works also, but evidently they are not forthcoming. 'A large number of towns' says

the Government resolution from which I am quoting, 'have schemes under consideration or ready to be put in hand, but in most cases funds are not immediately available. In four places the work of drainage which is going on is part only of complete schemes which at present have to be carried out piecemeal owing to the amount of money involved. In Benares, for example, estimates amounting to 20 lakhs have been approved by the Government, while Lucknow and Allahabad are drawing up schemes which will probably cost not less than 20 lakhs and 6 lakhs respectively. Fyzabad is as yet unable to round off its projects to completion but the anticipated cost is large.'

The Government says in its resolution:—Upon the satisfactory large diminution in plague charges Allahabad has most reason to congratulate itself, as its expenditure was reduced by over Rs. 32,000; But Benares, Cawnpore and Mirzapur were also called upon to spend much less than in the previous year. It is possible to take another view of these reductions that in plague expenditure, as they were due not to an abatement of the epidemic but what I venture to call ill-judged economy. Government is pleased to recognize the expanding interest of the people in education but what avails it, if the provision of funds continues to be so meagre as it is at present. The extreme poverty of the progress made is illustrated by the smallness of in-

crease in the number of primary schools, viz. from 374 to 454.

Take again the unsatisfactory character of public health, and the need for a large expenditure on sanitation. The fall in the number of recorded death is hailed by the Government as a 'very satisfactory' improvement, but the provincial death rate is still exceedingly high at 46·51 per mille, while in four places the death rate was above 70 per mille, and in four, above 60. The general health is pronounced unsatisfactory and bad in so many as 17 municipalities, the death rate in many of which was appallingly high.

The Government says of the finances of Agra Municipality:—

'The expansion of the city necessitates the execution of a number of works for which the existing resources are clearly inadequate. But the growing demand for water, calls for further costly extension to the works at an early date; the city drainage must be enlarged; improvement is needed for the northern suburbs; a conservancy tramway is urgently needed; and the construction of a free ganj is under consideration, to name a few urgent works only. It would appear that the Board's normal income is insufficient even to cover its expenditure, if the latter is to be worthy of the town, and to meet the new outlay, more money is certainly required."

The income from local taxation is already high, as the Government admits, being Rs. 2-1-9 per head; that is much above the provincial average. To levy fresh taxation is therefore out of the question. If the many useful works mentioned are to be carried out help must come from the Provincial Treasury. Of Allahabad, I can say nearly as much as Government says of the urgent needs of the Agra municipality, but its financial condition hardly admits of more expenditure even on its primary requirements. Of another first class city, Benares, where the mortality was 67·99 per mille the Government says :—

'The situation is still unsatisfactory; even with a curtailment of the expenditure on urgent public works, the Board was unable to avoid a deficit, which, if abnormal figures be excluded, would work out at about Rs. 25,000. Should it be found impossible to revive the pilgrim tax in a modified form, the Board will have to devise some other means of increasing its income without delay, for drainage, water-works and conservancy all need money."

I hope the pilgrim tax will not be revived in any form; help ought to come from the Government. Of Lucknow, it is said, 'it is difficult to see how the drainage is to be completed with the Board's present resources.'

In summing up, the Government says that 'for

drainage, improvement of wells, and other water-supply, pavement of lanes, conservancy and general extension of sanitary supervision, more money is needed. The Government has made grants to the limit of its capacity and has brought the necessity of further help to the notice of the Government of India. The important towns of Agra and Benares, to name no others, are in need of large sums for the most pressing projects, of the execution of which there is for the want of these funds no immediate prospect.'

I do not quarrel with the statement that this Government has reached the limit of its capacity in making grants to the Municipal Boards, and I thank the Government for its action in bringing the necessity of further help to the notice of the Government of India. What I lay stress on is the immediate necessity of such further help. As I have already pointed out, Government grants during the year 1904-05, the latest year for which figures are available, did not come to more than 3¼ per cent. of the total receipts of the municipalities, and this is a very small fraction indeed. Government having recognized the principle of making such contributions, I very much wish that it would go much further than it has yet done in this direction. This is done in European countries, and the needs of the situation in India, and in these Provinces in particular, more imperatively demand it. As

Professor Nicholson, one of the greatest living authorities on the subject, has pointed out in one of his recent books, for the last sixty years every Government in England, Liberal and Conservative, has admitted the necessity of Imperial contributions to Local Bodies. Professor Bastable also observes that 'among the chief changes in the system of local finance in England since 1870 has been the automatic growth of the share of tax revenue assigned to local purposes.'

In 1842-43, in England and Wales, 98 per cent of the money needed for local purposes was raised locally, only 2 per cent was granted by Parliament. By 1891-92, that is, in fifty years, the proportions had changed to 79 per cent. raised by rates to 21 per cent. granted by Parliament. And of the local expenditure of England and Wales for the year 1902-03, only 39 per cent. was raised by rate, while a sum equal to one-fourth of the rates, was contributed by the State from Imperial taxation, the rest being met by tolls and dues, &c.

The above survey of the situation in England in respect of local finance shows clearly the wisdom and necessity for largely supplementing the income from rates by subventions from the Government. This, as I have said before, may be done in one of two ways—by grants-in-aid or by assignment of the proceeds of some Imperial taxation, like the excise or the in-come tax

for local purposes. What is important is that the broad principle on which aid ought to be given to local authorities should be recognized, namely, 'that it is the central Government that is really responsible for certain services, although for administrative reasons it entrusts the carrying out of them to the local authorities, and that therefore these authorities are, so to speak, merely agents for the central authorities, and should, as such receive the necessary cost from the national funds'. I venture to think that having regard to all the circumstances of the situation it will be generally agreed that whatever reforms may be effected in local taxation, a great deal more of assistance and relief must be afforded to local bodies from the Imperial Exchequer. This is true of even rich England; it is still more true of India and of these Provinces.

There is one act of financial justice, and of pressing necessity which it is my duty to urge on the Government. I submit that District and Municipal Boards connot be justly called upon and should not be saddled with the plague expenditure, which is more properly a charge on the Government revenues, as plague is no longer a local calamity, but is spread over the entire length and breadth of the provinces. 'As a general principle of equity,' says Professor Nicholson, 'national charges must be met from national funds, just as local benefits should be met from local funds.' Plague is a